

**AMENDED AND RESTATED SENIOR SECURED CREDIT AGREEMENT**

**BETWEEN:**

**JOURNEY ENERGY INC.**  
**(as Borrower)**

**-and -**

**ALBERTA INVESTMENT MANAGEMENT CORPORATION AND THE OTHER LENDERS**  
**FROM TIME TO TIME PARTY HERETO**  
**(as Lenders)**

**- with -**

**ALBERTA INVESTMENT MANAGEMENT CORPORATION**  
**(as Agent for the Lenders)**

**DATED: October 30, 2020**

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**SCHEDULES:**

Schedule "A"	Lender Commitments
Schedule "B"	Form of Borrowing Notice
Schedule "C"	Form of Compliance Certificate
Schedule "D"	Form of Assignment Agreement

**THIS AMENDED AND RESTATED SENIOR SECURED CREDIT AGREEMENT**  
is dated and effective as of the 30th day of October, 2020,

**BETWEEN:**

**JOURNEY ENERGY INC.**, as Borrower

**AND:**

**ALBERTA INVESTMENT MANAGEMENT CORPORATION** and the other lenders from time to time party hereto in their capacities as Lenders

**AND:**

**ALBERTA INVESTMENT MANAGEMENT CORPORATION**, in its capacity as Agent on behalf of the Lenders

**WHEREAS:**

1. The Lenders have previously provided term loan facilities to the Borrower pursuant to the terms and conditions set forth in the Existing Credit Agreement.
2. The Borrower and the Lenders wish to amend and restate the Existing Credit Agreement on the terms and conditions set forth herein.

**NOW THEREFORE**, in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

## **ARTICLE 1 INTERPRETATION**

### **1.1 Definitions**

In this Agreement, including the recitals and the Schedules hereto and in all notices pursuant to this Agreement, unless something in the subject matter or context is inconsistent therewith, the following words and phrases shall have the following meanings:

“**1332993**” means 1332993 Alberta Ltd., a corporation amalgamated under the ABCA and a wholly owned subsidiary of the Borrower.

“**Abandonment/Reclamation Order**” means any order, directive or demand to post security deposits issued by an Energy Regulator which relates to any assets of any Obligor, including any ARO associated therewith.

“**Abandonment and Reclamation Report**” means a report pertaining to the abandonment and reclamation obligations of the Obligors in respect of upstream oil and gas wells, facilities, and pipelines, segmented and in sufficient detail as requested by the Agent or any of the Lenders, acting reasonably, which shall include: (a) the total number of such wells, categorized between active (producing) and inactive (non-producing) wells, and in each case, segregated between (i) operated and non-operated wells and (ii) gross and net wells; (b) ARO related to all such wells (expressed using uninflated and undiscounted values in nominal dollars), segregated between (i) active and inactive wells, (ii) operated and non-operated wells and (iii) gross and

net wells; (c) ARO (expressed using uninflated and undiscounted values in nominal dollars) of the Obligors for active facilities and pipelines, inactive facilities and pipelines and sites requiring reclamation only; and (d) a list of third party operators for non-operated wells, facilities and pipelines of the Obligors (including gross number of wells, facilities and pipelines operated by each of them), but excluding any operators operating wells or pipelines comprising less than 5% of total net wells or 5% of pipelines, of the Obligors, respectively.

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations thereunder.

“**Acceleration Notice**” means a written notice delivered by the Agent to the Borrower pursuant to Section 10.2(b) declaring all Outstandings to be due and payable.

“**Affiliate**” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified, provided that any reference to an Affiliate of a Lender when such Lender is AIMCo shall mean (i) any entity to which AIMCo directly or indirectly provides or will provide investment management services pursuant to the *Alberta Investment Management Corporation Act* and (ii) any entity that directly or indirectly controls, is controlled by or is under common control with one or more of the entities described in clause (i).

“**Agent**” means AIMCo, in its capacity as agent for the Lenders and includes any Successor Agent appointed pursuant to Section 11.11.

“**Agreement**” means this Amended and Restated Senior Secured Credit Agreement, all Schedules attached hereto and any future amendments, amendments and restatements, replacements or supplements hereto or thereto.

“**AIMCo**” means Alberta Investment Management Corporation.

“**AML Legislation**” has the meaning ascribed to it in Section 13.22.

“**Annual Budget**” means the board-approved consolidated operating budget and capital budget of the Borrower delivered pursuant to Section 9.1(d).

“**Applicable Law**” means, in relation to any Person, property, transaction or event, all applicable provisions (or mandatory applicable provisions, if so specified) of federal, provincial, state or local laws, statutes, rules, regulations, official directives and orders of all Governmental Authorities and Governmental Actions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the Person, property, transaction or event.

“**ARO**” means, at any time, the present and future, direct or indirect, absolute or contingent obligations of the Obligors to abandon, restore, reclaim or otherwise remediate the wells, facilities, pipelines, storage sites and other property on, or in respect of, which any Obligor carries on business.

“**Assets**” means the properties, assets and undertakings of the Obligors.

“**Assignment Agreement**” means an agreement in the form attached hereto as Schedule "D".

“**Associate**” has the meaning ascribed to that term in the ABCA.

“**Borrower**” means Journey Energy Inc., a corporation amalgamated under the ABCA.

“**Borrowing Notice**” means a notice in the form attached as Schedule "B".

“**bps**” means 1/100 of 1%.

“**Business Day**” means a day, excluding Saturday and Sunday, on which banking institutions are open for business in Calgary, Alberta, Canada.

“**Canadian Dollars**”, “**Cdn. Dollars**” and the symbol “**Cdn. \$**” each means lawful money of Canada.

“**Canadian Sanctions Designated Person**” has the meaning ascribed to it in Section 2.1(l).

“**Capital Distribution**” means, in respect of a Person:

- (a) any declaration, payment or setting aside for payment of any dividend, return of capital or other distribution on or in respect of any of the share, partnership or trust capital of such Person, including in respect of any Journey Shares or Partnership Units;
- (b) any redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any of the share, partnership or trust capital of such Person (including any Journey Shares, or Partnership Units) or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for share, partnership or trust capital of such Person, including options, warrants, conversion or exchange privileges and similar rights;
- (c) the payment of any principal, interest, fees, redemption amounts or other amounts on or in respect of any loans, advances or other Indebtedness for Borrowed Money (other than Outstandings) owing at any time by such Person to a holder of shares, partnership interests or trust units of such Person or an Affiliate of such holder;
- (d) any loan, advance, payment of management or consulting fees or reimbursement of costs which is made by the Person to or in favour of a direct or indirect holders of shares, partnership interests or trust units of such Person or an Affiliate of such holder;
- (e) the transfer by the Person of any assets for consideration of less than its or their fair market value; or
- (f) (i) the payment of any amount, (ii) the sale, transfer, lease or other disposition of any assets, or (iii) any granting or creation of any rights or interests, at any time, by such Person to any shareholder, partner or unitholder of such Person, Subsidiaries of such Person;

whether any of the foregoing is made, paid or satisfied in or for cash, property or both.

“**Capital Lease**” means, with respect to any Person, any lease or other arrangement relating to real or personal property which would, in accordance with GAAP, be classified and accounted for as a capital lease on a statement of financial position of a lessee, where the lessee is the Borrower or a Subsidiary of the Borrower, but for certainty does not include an Operating Lease or a premises lease, in each case entered into in the ordinary course of business (and, for certainty, no sale/leaseback shall be considered to be entered into in the ordinary course of business).

“**Change in Law**” means the occurrence, after the date of this Agreement, of any of the following:

- (a) the adoption or taking effect of any Applicable Law;
- (b) any change in any Applicable Law or treaty or in the administration, interpretation or application thereof by any Governmental Authority; or
- (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, to the extent applicable to the Lenders, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the Office of the Superintendent of Financial Institutions of Canada or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“**Change of Control**” means any circumstances arising after the date hereof in which a Person or group of Persons, acting jointly or in concert (within the meaning of the *Securities Act* (Alberta)), acquires:

- (a) Voting Shares of the Borrower which, together with all other Voting Shares of the Borrower held by such Persons, constitute in the aggregate more than 30% of all outstanding Voting Shares of the Borrower; or
- (b) the right to elect a majority of the directors of the Borrower.

“**Collateral**” is a collective reference to all property, assets, rights and things (whether real, personal or mixed), tangible and intangible, and the proceeds and products thereof, subjected or intended to be subjected from time to time to any Security Interest under any of the Security.

“**Collateral Agent**” means AIMCo, in its capacity as Collateral Agent under the Intercreditor Agreement and Security Documents, in accordance of the terms of the Intercreditor Agreement, and its successors and assigns.

“**Commitment**” means, in respect of each Lender from time to time, the maximum amount of the Loans that such Lender has covenanted to make under this Agreement as set forth in Schedule "A".

“**Commitment Fee**” has the meaning ascribed to it in Section 8.1(a)(ix).

“**Commitment Fee Loan**” has the meaning ascribed to it in Section 4.1.

“**Commitment Fee Loan Interest**” has the meaning ascribed to it in Section 5.3(b).

“**Commitment Fee Loan Interest Rate**” means, at any time, the interest rate, expressed as a rate per annum, payable to the Agent, on behalf of the Lenders, with respect to Outstandings under the Commitment Fee Loan (subject to Section 4.4), as set forth in the table below for the applicable daily average Edmonton Par Price for the applicable period:

	Edmonton Par Price		
	≤ \$65.00	> \$65.00 to ≤ \$80.00	> \$80.00
Commitment Fee Loan Interest Rate	<i>[interest rate has been redacted]</i>	<i>[interest rate has been redacted]</i>	<i>[interest rate has been redacted]</i>

provided that, to the extent that any Commitment Fee Loan Interest is capitalized and added to the Outstandings under the Commitment Fee Loan in accordance with Section 5.3(b), the Commitment Fee Loan Interest Rate applicable to such capitalized amount shall instead be as set forth in the table below for the applicable Edmonton Par Price:

	Edmonton Par Price		
	≤ \$65.00	> \$65.00 to ≤ \$80.00	> \$80.00
Commitment Fee Loan Interest Rate	<i>[interest rate has been redacted]</i>	<i>[interest rate has been redacted]</i>	<i>[interest rate has been redacted]</i>

“**Commitment Fee Loan Amount**” means, the amount of the Commitment Fee, as such amount may be reduced pursuant to this Agreement.

“**Commitment Fee Maturity Date**” means October 31, 2024.

“**Commodity Swap**” means a financial arrangement, or a physical arrangement (which is not a Prepaid Gas Obligation), entered into between an Obligor and a counterparty on a case by case basis, the purpose and effect of which is to mitigate or eliminate its exposure to fluctuations in prices of petroleum substances.

“**Compliance Certificate**” means a compliance certificate substantially in the form attached hereto as Schedule "C" executed by the Chief Financial Officer.

“**Conditional Warrants**” has the meaning ascribed to it in Section 8.1(a)(vi).

“**Contingent Liabilities**” means, in respect of a Person, any Indebtedness, Liability or obligation whatsoever, whether choate or inchoate, direct or indirect, contingent or otherwise, guaranteeing or assuring, or in effect guaranteeing or assuring, any Indebtedness, Liability or obligation of any other Person, or indemnifying any Person against loss, in any manner, whether directly or indirectly.

“**Contingent Payment Holders**” means Bank of Montreal, Canadian Imperial Bank of Commerce and ATB Financial.

“**Contingent Payment Obligations**” means, collectively, the obligations owing by the Borrower to the Contingent Payment Holders pursuant to the terms of the Debt Satisfaction and Release Agreement and subject to the terms of the Intercreditor Agreement, and in any event not to exceed \$5,750,000 in aggregate over 3 years.

“**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise and “**Controlling**” and “**Controlled**” have corresponding meanings.

“**Control Agreement**” means a control agreement, in form and substance satisfactory to the Agent, executed and delivered by each applicable Obligor, the Lender, and, as applicable, the applicable securities intermediary with respect to a securities account or a deposit-taking institution with respect to a bank account and that provides, prior to an Event of Default, that such accounts will be under the control of each applicable Obligor and, following an Event of Default, that such accounts will be under the control of the Agent.

“**Credit Facility**” means the non-revolving term credit facility established pursuant to Section 3.1.

“**Currency Swap**” means a financial arrangement entered into between an Obligor and a counterparty on a case by case basis in connection with a foreign exchange futures contract, currency swap, currency option or currency exchange or other similar currency related transactions, the purpose and effect of which is to mitigate or eliminate the exposure to fluctuations in exchange rates.

“**Debt Satisfaction and Release Agreement**” means the debt satisfaction and release agreement dated October 30, 2020 among the Bank of Montreal, as agent for the Existing First Lien Lenders, the Existing First Lien Lenders and the Obligors pursuant to which the Existing First Lien Lenders shall accept \$38,000,000 and the Borrower agrees to pay to the Existing First Lien Lenders certain payments over the three years following the date thereof, as full repayment of the Existing First Lien Facilities and satisfaction of all of the Obligor’s obligations under the Existing First Lien Credit Agreement, on terms and conditions satisfactory to the Agent, in its sole discretion.

“**Debtor Relief Laws**” means the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors’ Arrangement Act* (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief laws of Canada or other applicable jurisdictions from time to time in effect.

“**Default**” means the occurrence of any event or condition that constitutes an Event of Default or that would constitute an Event of Default except for satisfaction of any condition subsequent required to make the event or condition an Event of Default, including the giving of any notice, passage of time or both.

“**Drawdown**” means the advance of a Loan.

“**Drawdown Date**” means the Business Day on which the sole Drawdown hereunder occurs.

“**Early Termination Event**” has the meaning ascribed to it in the Conditional Warrants.

“**Edmonton Par Price**” means, on each applicable date of determination, the main Canadian benchmark price for Mixed Sweet Blend (MSW), blended at Edmonton, Alberta, as most recently reported by Natural Resources Canada.

“**Effective Date**” means the date on which the conditions precedent under Section 8.1 have been satisfied.

“**Energy Regulator**” means (a) with respect to Alberta, the Alberta Energy Regulator, (b) with respect to British Columbia, the BC Oil and Gas Commission, (c) with respect to Saskatchewan, the Saskatchewan Ministry of Energy and Resources, and (d) with respect to any other Material Jurisdiction, the regulatory body with responsibility for the oversight of environmental matters in the oil and gas industry in such

jurisdiction; and in each case, together with any successor agency, department, ministry or commission thereto.

**“Engineering Report”** means a detailed report prepared by an independent petroleum engineer or firm thereof satisfactory to the Agent, which report shall, as of its date, set forth the reserves attributable to the petroleum, natural gas and related hydrocarbon reserves owned by the Obligor and which report shall be in form and substance satisfactory to the Agent and shall, as a minimum, set forth the each Obligor’s royalty interests, proved developed producing, proved developed non-producing and proved undeveloped reserves and a projection of the rate of production and future net revenue therefrom.

**“Environmental Laws”** means all Applicable Laws and Governmental Actions regarding the environment or pursuant to which Environmental Liabilities would arise or have arisen, including relating to the Release or threatened Release of any contaminant or the generation, use, storage or transportation of any contaminant.

**“Environmental Liabilities”** means any and all Liabilities for any Release, any environmental damage, any contamination or any other environmental problem caused or alleged to have been caused to any Person, property or the environment as a result of any Release or the condition of any property or asset, whether or not caused by a breach of Applicable Laws, including, without limitation, all Liabilities arising from or related to: any surface, underground, air, groundwater, or surface water contamination; the abandonment or plugging of any well; restorations and reclamations; the removal of or failure to remove any foundations, structures or equipment; the cleaning up or reclamation of storage sites; any Release; violation of pollution standards; and personal injury (including sickness, disease or death) and property damage arising from the foregoing.

**“Equity Interests”** means (a) in the case of any corporation or company, all shares, or capital stock and any securities exchangeable for or convertible into shares or capital stock, (b) in the case of an association or business entity, any and all shares, interests, participation rights or other equivalents of corporate stock (however designated) in or to such association or entity, (c) in the case of a partnership, limited liability company or unlimited liability company, partnership or membership interests (whether general or limited), as applicable, and (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person, and including, in all of the foregoing cases described in clauses (a), (b), (c) or (d), any warrants, rights or other options to purchase or otherwise acquire any of the interests described in any of the foregoing cases.

**“Event of Default”** has the meaning ascribed to it in Section 10.1.

**“Excluded Taxes”** means, with respect to the Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of an Obligor under any of the Loan Documents:

- (a) taxes imposed on or measured by its net income and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located;
- (b) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Lender is located; and
- (c) in the case of a Foreign Lender (other than (i) an assignee pursuant to an assignment pursuant to an Assignment Agreement made when an Event of Default has occurred and is continuing or (ii) any other assignee to the extent that the Borrower has expressly agreed that any withholding tax shall

be an Indemnified Tax), any withholding tax that: (A) is not imposed or assessed in respect of a Loan that was made on the premise that an exemption from such withholding tax would be available where the exemption is subsequently determined, or alleged by a taxing authority, not to be available; and (B) is required by Applicable Law to be withheld or paid in respect of any amount payable hereunder or under any Loan Document to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 10.9(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from an Obligor with respect to such withholding tax pursuant to Section 10.9(a). For greater certainty, for purposes of paragraph (c) of this definition, a withholding tax includes any Tax that a Foreign Lender is required to pay pursuant to Part XIII of the *Income Tax Act* (Canada) or any successor provision thereto.

**“Exercise Condition”** has the meaning ascribed to it in the Conditional Warrants.

**“Existing Credit Agreement”** means the Senior Secured Second Lien Credit Agreement dated September 30, 2019, as amended by a first amending agreement dated March 31, 2020 and a second amending agreement dated June 30, 2020, in each case among the Borrower, as borrower, the Lenders, as lenders and the Agent, as agent on behalf of such lenders, as such agreement may be further amended to the date hereof.

**“Existing First Lien Credit Agreement”** means the amended and restated credit agreement dated September 30, 2020, as amended by a first amending agreement dated December 12, 2019, a second amending agreement dated March 31, 2020, a third amending agreement dated April 7, 2020, and a fourth amending agreement dated April 14, 2020, each among the Borrower, as borrower, Bank of Montreal, as agent and the lenders from time to time party thereto as lenders, as such agreement may be further amended to the date hereof.

**“Existing First Lien Facilities”** means the credit facilities (including the cash management facilities, credit card facilities and swap facilities) established pursuant to the Existing First Lien Credit Agreement.

**“Existing First Lien Lenders”** means, collectively, the lenders under the Existing First Lien Credit Agreement, being Bank of Montreal, Canadian Imperial Bank of Commerce and ATB Financial.

**“Existing Warrants”** means warrants to acquire 1,137,331 common shares of the Borrower as evidenced by warrant certificate number 2019-01, as amended, restated, supplemented or otherwise modified from time to time.

**“Financial Assistance”** means providing or agreeing to provide (either directly or indirectly) financial assistance to any Person including, without limitation, financial assistance by way of a loan, Guarantee, share purchase, equity contribution, pledge or deposit of collateral becoming liable as a co-borrower or co-lessee or any credit support arrangement of any nature whatsoever.

**“Fiscal Quarter”** means the three-month period commencing on the first day of each Fiscal Year and each successive three-month period thereafter during such Fiscal Year.

**“Fiscal Year”** means each Obligor's fiscal year commencing on January 1 of each year and ending on December 31 of such year, or such other fiscal year of the Obligors as agreed to by the Majority Lenders.

**“Foreign Lender”** means any Lender that is not organized under the laws of the jurisdiction in which the Borrower is resident for tax purposes and that is not otherwise considered or deemed in respect of any

amount payable to it hereunder or under any Loan Documents to be resident for income tax or withholding tax purposes in the jurisdiction in which the Borrower is resident for tax purposes by application of the laws of that jurisdiction. For purposes of this definition Canada and each Province and Territory thereof shall be deemed to constitute a single jurisdiction and the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“**GAAP**” means generally accepted accounting principles which are in effect from time to time in Canada including, for certainty, IFRS to the extent adopted in Canada.

“**Governmental Action**” means an authorization, consent, approval, waiver, order, decree, license, exemption, permit, registration, filing, qualification or declaration of or with any Governmental Authority (other than routine reporting requirements) or the giving of notice to any Governmental Authority or any other action in respect of a Governmental Authority.

“**Governmental Authority**” means the government of Canada or any other nation, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency.

“**Guarantee**” means any undertaking to assume, guarantee, indemnify, endorse (other than the routine endorsement of cheques in the ordinary course of business), contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any Indebtedness of any Person; provided that the amount of each Guarantee shall be deemed to be the amount of the Indebtedness guaranteed thereby, unless the Guarantee is limited to a specified amount or to realization exclusively on specified assets in which case the amount of such Guarantee shall be deemed to be the lesser of such specified amount or the fair market value of such specified assets, as the case may be, or the amount of such Indebtedness.

“**Guarantor**” means any Subsidiary of the Borrower, which as of the Effective Date are Journey Energy Partnership and 1332993 Alberta Ltd.

“**Hydrocarbon Rights**” means the entire right, title, estate and interest of any Obligor (whether legal or beneficial, contingent or absolute, present or future) in and to all:

- (a) rights to explore for, drill for, produce, take, save or market petroleum, natural gas or related hydrocarbons;
- (b) rights to a share, when produced, of petroleum, natural gas or related hydrocarbons;
- (c) rights to a share of proceeds of, or to receive payments calculated by reference to the quantity or value of, production from petroleum, natural gas or related hydrocarbons when produced; and
- (d) rights to acquire any of the rights described in paragraphs (a) to (c) above,

and includes interest and rights known as working interests, royalty interests, overriding royalty interests, gross overriding interests, production payments, net profits interests and net revenue interests.

“**IFRS**” means International Financial Reporting Standards including International Accounting Standards and Interpretations together with their accompanying documents which are set by the International

Accounting Standards Board, the independent standard-setting body of the International Accounting Standards Committee Foundation (the “**IASC Foundation**”), and the International Financial Reporting Interpretations Committee, the interpretative body of the IASC Foundation but only to the extent and in the manner in which the same are adopted as GAAP.

“**Indebtedness**” means, with respect to any Person, all the Person’s present and future indebtedness, liabilities and obligations of every nature and kind whatsoever, whether absolute or contingent, material or not, known or unknown, direct or indirect, including indebtedness created, incurred, assumed or guaranteed by such Person, all Indebtedness for Borrowed Money, any obligation arising in respect of any Swap or similar obligation, any payment obligation in respect of any indemnity, the redemption amount of all preferred shares redeemable at the option of the holder, all indebtedness under preferred shares commonly known as “COPRS”, all indebtedness under convertible debentures and all liabilities which in accordance with GAAP would appear on the liability side of a statement of financial position of such Person prepared as at such time.

“**Indebtedness for Borrowed Money**” means, with respect to a Person at a particular time and as determined on a consolidated basis in accordance with GAAP, without duplication, all indebtedness, liabilities and obligations of the Person at such time:

- (a) in respect of money borrowed (whether by such Person or not) including the Outstandings;
- (b) arising pursuant to bankers’ acceptance facilities, note purchase facilities and commercial paper programs, or the stated amount of letters of credit, letters of guarantee and surety bonds supporting obligations which would otherwise constitute Indebtedness for Borrowed Money within the meaning of this definition or indemnities issued in connection therewith;
- (c) evidenced by bonds, debentures, notes or other similar instruments (whether or not with respect to the borrowing of money and whether or not payable by, or convertible into, equity);
- (d) in respect of any lease which would be accounted for as a Capital Lease or synthetic lease or any other obligation under which interest charges are customarily paid;
- (e) held by or payable to a bank, trust or insurance company, financial institution or other Person whose principal business is lending money, and including as a result of any assignment or transfer;
- (f) in connection with the acquisition of assets or receipt of services or both unless the same (i) are payable in normal trade terms in less than three (3) months from the date incurred, (ii) would be classified as a current liability on its financial statements and (iii) are not and do not become the subject of any renewal or extension provisions or arrangements;
- (g) Prepaid Gas Obligations or Production Payments;
- (h) for Contingent Liabilities or Guarantees in respect of any such Indebtedness for Borrowed Money (as hereinbefore defined); or
- (i) for or in respect of redemption obligations with respect to any shares issued by the Borrower or a Subsidiary (excluding shares that may be redeemed in whole or in part in specie) which are not held by the Borrower or its Subsidiaries and which are by their terms or pursuant to any contract, agreement or arrangement:

- (i) redeemable, retractable, payable or required to be purchased or otherwise retired or extinguished, or convertible into Indebtedness for Borrowed Money in any case, prior to the latest Maturity Date of any Lender (A) at a fixed or determinable date, (B) at the option of any holder thereof, or (C) upon the occurrence of a condition not solely within the control and discretion of the Borrower or such Subsidiary; or
- (ii) convertible into any other shares described in (i) above.

“**Indemnified Taxes**” means Taxes other than Excluded Taxes;

“**Intercreditor Agreement**” means the intercreditor agreement dated as of the date hereof by and between the Agent, the Borrower, the Guarantors and Bank of Montreal on behalf of the Contingent Payment Holders, as such agreement may be amended, restated, replaced or otherwise modified from time to time.

“**Interest Date**” means June 30 and December 31 of each calendar year and, if such day is not a Business Day, then the immediately following Business Day.

“**Investment**” means:

- (a) the acquisition (whether for cash, property, services or securities or otherwise) of capital stock, bonds, notes, debentures, partnership or other interests or other securities of any Person or any agreement to make any such acquisition (including, without limitation any “short sale” or any sale of any securities at a time when such securities are not owned by the Person entering into such short sale);
- (b) the making of any deposit with, or advance, loan or other extension of credit to, any other Person (including the purchase of property from another person subject to an understanding or agreement, contingent or otherwise, to resell such property to such person, but excluding any deposit, advance, loan or extension of credit having a term not exceeding 90 days representing a purchase price of inventory or supplies sold by such person in the ordinary course of business);
- (c) the entering into of any Guarantee of, or other contingent obligation with respect to, Indebtedness or other liability of any other person and (without duplication) any amount committed to be advanced, lent or extended to such Person; or
- (d) the entering into of any Swap;

provided that “**Investment**” shall not include expenditures made to acquire direct working interests in Hydrocarbon Rights and related Tangibles in Western Canada.

“**Journey Shares**” means any issued and outstanding shares or securities in the capital of the Borrower from time to time.

“**Lenders**” means each of the parties hereto as a lender on the Effective Date and any Person who after the date hereof becomes a Lender pursuant to Section 12.1, and their respective successors and assigns, and “**Lender**” means any one of them.

“**Liabilities**” means, with respect to a Person at a time, all the Person’s Indebtedness, liabilities and obligations of any nature or kind whatsoever, whether fixed or contingent, absolute or not, determined or undetermined, choate or inchoate.

**“Liability Management Rating”** means, subject to Section 1.9, for any Material Jurisdiction and with respect to the applicable Obligor in such jurisdiction, the environmental liability management rating (or equivalent) governing conventional upstream oil and gas wells, facilities, and pipelines for such jurisdiction, as determined in accordance with the rules and regulations of each applicable Material Jurisdiction and its Energy Regulator for the then relevant period, provided that any security deposits provided to the applicable Energy Regulator will not be considered as part of the deemed assets used in such calculation for purposes of this definition.

**“Loan Documents”** means this Agreement, the Security, the Intercreditor Agreement and all other certificates, instruments and documents delivered by or on behalf of any Obligor in connection therewith from time to time.

**“Loans”** means, collectively, the Tranche Loans and the Commitment Fee Loan, and **“Loan”** means any of them as the context requires.

**“Majority Lenders”** means those Lenders whose Commitments are, in the aggregate, in excess of 50% of the Total Commitment.

**“Make-Whole Amount”** means, the present value of all interest at the applicable interest rate of the Tranche 1 Loan, Tranche 2 Loan and Tranche 5 Loan, that would have accrued on the portion of such Tranche Loans being prepaid from the date of prepayment to the second anniversary of the Effective Date, calculated in accordance with accepted financial practice using a discount rate equal to *[discount rate has been redacted]* plus the yield to maturity implied by the yield, determined by the Agent, acting reasonably, as of 8:00 A.M. on the second Business Day preceding the prepayment date, for the most recently issued actively traded on the run Canadian federal government treasury securities having a maturity closest to the second anniversary of the Effective Date.

**“Material Adverse Effect”** means a material adverse effect on:

- (a) the business, financial condition, operations, assets or properties of the Obligors taken as a whole;
- (b) the ability of the Borrower to repay the Loans or any other amount outstanding hereunder or the ability of any Obligor to pay any of its obligations or contingent obligations under any Loan Document;
- (c) the validity or enforceability of this Agreement or any other Loan Document;
- (d) the ability of any Obligor to perform its material obligations under the Loan Documents; or
- (e) the rights, remedies and priority of the Agent and the Lenders under any of the Loan Documents.

**“Material Contract”** means those contracts and documents which any Obligor is party which, if breached or terminated prior to the end of its term, would reasonably be expected to have a Material Adverse Effect.

**“Material Jurisdiction”** means any jurisdiction where the Obligors, in aggregate, own or operate assets, property and undertaking with aggregate associated undiscounted and uninflated abandonment and reclamation liabilities (expressed in nominal dollars) exceeding \$2,500,000 in that jurisdiction. As of the Effective Date, the only Material Jurisdiction is Alberta.

**“Maturity Date”** means the Tranche 1 Maturity Date or the Tranche 2 Maturity Date, as the context requires.

**“Minor Title Defects”** means title defects or irregularities which are of a minor nature if such defects do not constitute Security Interests (other than Permitted Encumbrances) and do not materially detract from the value or use of any Obligor’s title to such property for the purposes for which it is held, or impair its saleability, or cause a material disruption or reduction in the petroleum, natural gas or related hydrocarbons or cash flow (if any) associated therewith.

**“Net Cash Proceeds”** means, the remainder of (a) the gross cash proceeds received by any Obligor from any sale or disposition of assets less (b) (i) underwriter discounts and commissions, (ii) investment banking fees, (iii) legal, accounting and other professional fees and expenses, and (iv) other usual and customary transaction costs satisfactory to the Majority Lenders, acting reasonably, less (c) Taxes; in each case, only to the extent paid or payable by an Obligor in cash and related to such sale or disposition.

**“Obligors”** means, collectively, the Borrower and each Guarantor, and **“Obligor”** means any of them.

**“Operating Lease”** means a lease of property which would have been classified as an operating lease under GAAP as in effect prior to December 31, 2018.

**“Operator”** means, in respect of any of the Hydrocarbon Rights, such Person as has from time to time been appointed by an Obligor, or its predecessor in title to conduct the development and operation of such Hydrocarbon Rights and as used hereunder, where the context requires, means collectively all such Persons in respect of all of the Hydrocarbon Rights.

**“Other Taxes”** means all present or future stamp or documentary Taxes or any other excise or property Taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

**“Outstandings”** at all times means the aggregate at such time of: (a) the principal amounts outstanding of, and all overdue and unpaid interest outstanding in respect of, the Loans; and (b) the amount of all Indebtedness of any Obligor to the Lenders or the Agent under any Loan Document not included in the foregoing part (a).

**“Partnership”** means Journey Energy Partnership an Alberta general partnership formed under the laws of Alberta whose partners are the Borrower and 1332993.

**“Partnership Agreement”** means the partnership agreement dated as of June 1, 2001 between Thunder Energy Inc. (now the Borrower) and 1332993 pursuant to which the Partnership was formed, as amended as of November 23, 2004, December 1, 2006, December 30, 2006, January 10, 2007, June 26, 2007 and July 4, 2012 and as hereafter amended, amended and restated or otherwise supplemented as permitted hereunder.

**“Partnership Units”** means any issued and outstanding partnership units or interests in the Partnership from time to time.

**“Permitted Encumbrances”** means any of the following:

- (a) Security Interests incurred or created in the ordinary course of business to the extent that the same arise under pooling or unitization agreements;
- (b) all reservations in the original grant from the Crown of any lands or interests therein and all statutory exceptions, qualifications and reservations in respect of title;

- (c) overriding and other royalties payable in respect of Hydrocarbon Rights by any Obligor and which were created or assumed in the ordinary course of business at the time such Hydrocarbon Rights are acquired by the such Obligor and not as a means of raising borrowed monies or becoming, directly or indirectly, liable on or in any way supporting or facilitating the payment, satisfaction or discharge of the Indebtedness, liabilities or obligations of any Person provided that such royalties are either accounted for in the most recent Engineering Report delivered hereunder or do not have any material value in relation to the property affected thereby;
- (d) liens for taxes, assessments or governmental charges not due or delinquent or the validity of which the applicable Obligor shall be contesting in good faith and in respect of which such contest will involve no risk of forfeiture of any material property, asset or undertaking;
- (e) the lien of any judgment rendered, or claim filed, against any Obligor which such Obligor shall be contesting in good faith and in respect of which such contest will involve no risk of forfeiture of any material property, asset or undertaking;
- (f) undetermined or inchoate liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to Applicable Law against any Obligor or any of their respective properties or in respect of which no steps or proceedings to enforce the lien have been initiated or which relate to obligations not due or delinquent;
- (g) liens incurred or created in the ordinary course of business and in accordance with sound industry practice on any petroleum and natural gas rights or production of hydrocarbons therefrom as security in favour of an arm's length Person who is conducting the development or operation of the property to which such petroleum and natural gas right relates, for any Obligor's portion of the costs and expenses of such development or operation provided that such amounts are not due or delinquent;
- (h) easements, rights-of-way, servitudes or other similar rights in and (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which either alone or in the aggregate do not detract from the value of such land or materially impair its use in the operation of any Obligor's business;
- (i) security given by any Obligor to a public utility or any municipality or governmental or other public authority when required by such public utility or municipality or other governmental authority in the ordinary course of the business of any Obligor in connection with such Obligor's operations provided such security does not either alone or in the aggregate materially detract from the value of the property or assets affected thereby or materially impair its use in the conduct of such Obligor's business;
- (j) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit acquired by any Obligor or by any statutory provision to terminate any such lease, licence, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
- (k) Security Interests on, or conditional sales or title retention documents or leases of, equipment or intellectual property granted or assumed to secure only the unpaid purchase price thereof provided such Security Interest is limited to the equipment or intellectual property acquired and is created, issued or assumed concurrently therewith and provided further that in respect of any such Security

Interest the amount secured thereby is not in excess of Cdn. \$1,000,000 and that, at any time, the aggregate amount secured by all such Security Interests is not in excess of Cdn. \$5,000,000;

- (l) the Security;
- (m) all such other claims and encumbrances as are specifically disclosed by notice in writing from the Borrower to the Agent to the extent that the Agent, by specific notice in writing to the Borrower, advises the Borrower that the Majority Lenders agree to accept the aforesaid claims and encumbrances as Permitted Encumbrances for the purposes of this Agreement;
- (n) Security Interests granted in respect of the Contingent Payment Obligations, subject to the terms of the Intercreditor Agreement; and
- (o) Security Interests granted in respect of the Working Capital Indebtedness, subject to the terms of the Working Capital Intercreditor Agreement.

**“Permitted Investments”** shall mean:

- (a) direct obligations of Canada or any province thereof, or of any agency of any thereof, or obligations guaranteed as to principal and interest by Canada or any province thereof or by an agency of any thereof, in any case maturing not more than 90 days from the date of acquisition thereof;
- (b) certificates of deposit issued or bankers’ acceptances issued by any Lender or any other bank or trust company organized under the law of Canada rated A-1 or better by S&P Global Ratings, a division of S&P Global Inc., or P-1 or better by Moody’s Investor Service, Inc., maturing not more than 90 days from the date of acquisition thereof;
- (c) commercial paper rated A-1 or better or P-1, R-1 lower or A-1 or better by S&P Global Ratings, a division of S&P Global Inc., Moody’s Investor Service, Inc. or DBRS, respectively, maturing not more than 90 days from the date of acquisition thereof;
- (d) commercial paper rated A-2 or better or P-2 or better by S&P Global Ratings, a division of S&P Global Inc., or Moody’s Investor Services, Inc., respectively, maturing not more than 30 days from the date of acquisition thereof;
- (e) Voting Shares of a Person whose Voting Shares are listed for trading on a recognized stock exchange in Canada, if (i) such Voting Shares are acquired for the sole purpose of effecting a takeover bid or similar acquisition of such Person to qualify it as a Guarantor, (ii) the Board of Directors, or like body, of such Person, or the holders of all of the securities of such Person, has or have approved, accepted or recommended to securityholders an acceptance of, such acquisition, (iii) the aggregate amount of such Investments are not individually, or in the aggregate, in any 12 month period in excess of \$2,500,000 and (iv) such Person becomes a Guarantor within 6 months of the first date of the acquisition of the Voting Shares of such Person, or such Voting Shares have been sold or otherwise absolutely disposed of by the applicable Obligor within such 6 month period; and
- (f) Guarantees and Indebtedness permitted by the terms of this Agreement.

**“Permitted Swaps”** means Swaps entered into by the Obligors from time to time with the prior written consent of the Agent, in its sole discretion.

**“Person”** means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

**“Prepaid Gas Obligations”** means (i) “take-or-pay” or similar Liabilities of any Obligor whereby such Person as purchaser is obligated to settle, at some future date, payment in respect of petroleum substances, whether by deliveries (accelerated or otherwise) of petroleum substances, payment of money or otherwise howsoever, including all such obligations for which such Person is liable without having received and retained a payment therefor or having assumed such obligations or (ii) a Liability of any Obligor whereby such Person, in respect of payments received by it is obligated to settle, at some future date by deliveries of petroleum substances, the obligation arising from any such payment received.

**“Production Payment”** means:

- (a) the sale (including any forward sale) or other transfer of any petroleum substances, whether in place or when produced, for a period of time until, or for an amount such that, the purchaser will realize therefrom a specified amount of money (however determined, including by reference to interest rates or other factors which may not be fixed) or a specified amount of such product; or
- (b) any other interest in property of the character commonly referred to as a “production payment”.

**“Proportionate Share”** means, at any time and from time to time with respect of each Lender:

- (a) in respect of the Tranche 1 Loan, the proportion that such Lender’s Tranche 1 Commitment bears to the aggregate of all of the Lenders’ Tranche 1 Commitments;
- (b) in respect of the Tranche 2 Loan, the proportion that such Lender’s Tranche 2 Commitment bears to the aggregate of all of the Lenders’ Tranche 2 Commitments;
- (c) in respect of the Tranche 3 Loan, the proportion that such Lender’s Tranche 3 Commitment bears to the aggregate of all of the Lenders’ Tranche 3 Commitments;
- (d) in respect of the Tranche 4 Loan, the proportion that such Lender’s Tranche 4 Commitment bears to the aggregate of all of the Lenders’ Tranche 4 Commitments;
- (e) in respect of the Tranche 5 Loan, the proportion that such Lender’s Tranche 5 Commitment bears to the aggregate of all of the Lenders’ Tranche 5 Commitments;
- (f) in respect of the Commitment Fee Loan, the Commitment Fee Loan Amount, for the Agent, and zero for each other Lender; and
- (g) in respect of the Credit Facility, the proportion that the aggregate of such Lender’s Commitment bears to the Total Commitment;

provided that, from and after delivery of an Acceleration Notice pursuant to Section 10.2, the Proportionate Share shall be the proportion that the Outstandings under the Tranche Loans owed by the Borrower to a Lender bears to the aggregate of all Outstandings under the Tranche Loans owed by the Borrower to all of the Lenders.

**“Release”** means any presence, release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, leeching or migration of any element or compound in or into the indoor or outdoor environment (including the abandonment or disposal of any barrels, tanks, containers or receptacles

containing any contaminant), or in, into or out of any vessel or facility, including the movement of any contaminant through the air, soil, subsoil, surface, water, groundwater, rock formation or otherwise which is or may be (under any circumstances, whether or not they have not occurred):

- (a) contrary to any Applicable Laws, Governmental Action, the terms of any title or operating document, or to any other authorization, permit or license; or
- (b) harmful to any Person, any property or the environment.

“**ROFR**” means, in relation to any of the Hydrocarbon Rights, an option, right of first refusal, right to first purchase, right of first offer or similar right.

“**Security**” means all documents, instruments or agreements directly or indirectly assuring or securing the Lenders in respect of the Outstandings, and any amendments to any of the foregoing; any indentures or instruments supplemental to or an implementation of any of the foregoing; and any and all other documents, instruments or agreements pursuant to which the Agent or any Lender is assured or granted or receives a Security Interest pursuant to the terms hereof.

“**Security Interest**” means any security by way of an assignment, mortgage, charge, pledge, lien, encumbrance, title retention agreement (including, without limitation, a Capital Lease) or other security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, perfected or not.

“**Subsidiary**” means:

- (a) a Person of which another Person alone or in conjunction with its other Subsidiaries owns an aggregate number of Voting Shares sufficient to enable the election of a majority of the directors (or other Persons performing similar functions) regardless of the manner in which other Voting Shares are voted;
- (b) a Person of which another Person alone or in conjunction with its other Subsidiaries has, through the operation of any agreement or otherwise, the ability to elect or cause the election of a majority of the directors (or other Persons performing similar functions) or otherwise exercise control over the management and policies of such Person;
- (c) any trust of which a Person holds 50% or more of the equity or beneficial interests therein;
- (d) any partnership or joint venture of which the Person:
  - (i) is the manager or general or managing partner; or
  - (ii) directly or indirectly, owns more than 50% of the equity or beneficial interest thereof,
 and shall include any Person in like relation to a Subsidiary.

“**Swap**” means any Commodity Swap, Currency Swap, Interest Swap or Term Gas Purchase Agreement.

“**Swap Monetization**” means the termination, restructuring or unwinding of any Swaps (but, for certainty, excluding the termination thereof on the scheduled maturity date thereof).

“**Tangibles**” means, in respect of any Obligor at any time, all right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, of any Obligor (as the case may

be) at such time in and to any tangible property, apparatus, plants, equipment, machinery and fixtures, fixed or non-fixed, real or personal, used or capable of use in exploiting any petroleum substances including:

- (a) systems, plants and facilities used or useful in producing, gathering, compressing, processing, treating, refining, storing, transporting or shipping petroleum substances;
- (b) tangible property and assets used or intended for use in exploration, producing, storing, injecting or removing petroleum substances; and
- (c) all extensions, additions and accretions to any item described in items (a) or (b) above.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Title Defect**” means:

- (a) the exercise or assertion by any Person of an entitlement to an actual or alleged ROFR with respect to any of the Hydrocarbon Rights; or
- (b) a determination or written claim made or threatened by any Person that an Obligor’s right or title to any Hydrocarbon Right is or may reasonably be considered to be void, forfeited, lost or subject to a ROFR, or was never acquired by it, or comprises an interest less than.

“**Total Commitment**” the aggregate of the Commitments, which as of the Effective Date is \$87,350,000.

“**Tranche 1**” has the meaning ascribed to it in Section 3.1(a).

“**Tranche 1 Commitment**” means, in respect of each Lender from time to time, the maximum amount of the Tranche 1 Loans that such Lender has committed to make under this Agreement as set forth in Schedule "A" attached hereto as such amount may be reduced pursuant to this Agreement.

“**Tranche 1 Loan**” has the meaning ascribed to it in Section 3.1(a).

“**Tranche 1 Maturity Date**” means October 31, 2023.

“**Tranche 2**” means has the meaning ascribed to it in Section 3.1(b).

“**Tranche 2 Commitment**” means, in respect of each Lender from time to time, the maximum amount of the Tranche 2 Loans that such Lender has committed to make under this Agreement as set forth in Schedule "A" attached hereto as such amount may be reduced pursuant to this Agreement.

“**Tranche 2 Loan**” means has the meaning ascribed to it in Section 3.1(b).

“**Tranche 2 Maturity Date**” means September 30, 2022.

“**Tranche 3**” has the meaning ascribed to it in Section 3.1(c).

“**Tranche 3 Commitment**” means, in respect of each Lender from time to time, the maximum amount of the Tranche 3 Loans that such Lender has committed to make under this Agreement as set forth in Schedule "A" attached hereto as such amount may be reduced pursuant to this Agreement.

“**Tranche 3 Loan**” has the meaning ascribed to it in Section 3.1(c).

“**Tranche 3 Maturity Date**” means December 31, 2020.

“**Tranche 4**” has the meaning ascribed to it in Section 3.1(d).

“**Tranche 4 Commitment**” means, in respect of each Lender from time to time, the maximum amount of the Tranche 4 Loans that such Lender has committed to make under this Agreement as set forth in Schedule "A" attached hereto as such amount may be reduced pursuant to this Agreement.

“**Tranche 4 Loan**” has the meaning ascribed to it in Section 3.1(d).

“**Tranche 4 Maturity Date**” means October 31, 2021.

“**Tranche 5**” has the meaning ascribed to it in Section 3.1(e).

“**Tranche 5 Commitment**” means, in respect of each Lender from time to time, the maximum amount of the Tranche 5 Loans that such Lender has committed to make under this Agreement as set forth in Schedule "A" attached hereto as such amount may be reduced pursuant to this Agreement.

“**Tranche 5 Loan**” has the meaning ascribed to it in Section 3.1(e).

“**Tranche 5 Maturity Date**” means October 31, 2024.

“**Tranche Loans**” means, collectively, the Tranche 1 Loan, the Tranche 2 Loan, the Tranche 3 Loan, the Tranche 4 Loan and the Tranche 5 Loan, and “**Tranche Loan**” means any of them as the context requires.

“**Tranches**” means, collectively, Tranche 1, Tranche 2, Tranche 3, Tranche 4 and Tranche 5 under the Credit Facilities, and “**Tranche**” means any one of them as the context requires.

“**U.S. Dollars**” and the symbol “**US\$**” each means lawful money of the United States of America.

“**Voting Shares**” means share capital of any class of any corporation or other ownership or beneficial interests of any other Person which carries voting rights to elect the board of directors or other Persons performing similar functions under any circumstances, but shares or other ownership or beneficial interests which only carry the right to so vote conditionally upon the happening of an event shall not be considered Voting Shares until the occurrence of such event, nor shall any shares or other ownership or beneficial interests be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares or other ownership or beneficial interests of another class or classes by reason of the happening of such event.

“**Warrants**” has the meaning ascribed to it in Section 8.1(a)(vi).

“**Working Capital Indebtedness**” has the meaning ascribed to it in Section 9.2(a)(ii).

“**Working Capital Intercreditor Agreement**” has the meaning ascribed to it in Section 9.2(a)(ii).

## 1.2 Headings and Table of Contents

The headings, the table of contents and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

### 1.3 Terms Generally

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise:

- (a) any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein);
- (b) any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns;
- (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof;
- (d) unless otherwise expressly stated, all references in this Agreement to Articles, Sections and Schedules shall be construed to refer to Articles and Sections of and Schedules to this Agreement;
- (e) “month” means calendar month, “quarter” means calendar quarter; and
- (f) “in writing” or “written” includes printing, typewriting, or any electronic means of communication capable of being visibly reproduced at the point of reception, including telex, facsimile, telegraph or electronic mail.

### 1.4 Generally Accepted Accounting Principles

All financial statements required to be furnished by the Borrower to the Agent hereunder shall be prepared in accordance with GAAP. Each accounting term used in this Agreement, unless otherwise defined herein, has the meaning assigned to it under GAAP and, except as otherwise provided herein, reference to any statement of financial position item, statement of comprehensive income (loss) item or statement of cash flows item means such item as computed from the applicable financial statement prepared in accordance with GAAP.

### 1.5 Accounting Terms: Changes to Generally Accepted Accounting Principles

If there occurs a material change in GAAP and such change would require disclosure under GAAP in the financial statements of the Borrower and would cause an amount required to be determined hereunder (the “**Relevant Amount**”) to be materially different than the amount that would be determined without giving effect to such change, the Borrower shall notify the Agent of such change (an “**Accounting Change**”). Such notice (an “**Accounting Change Notice**”) shall describe the nature of the Accounting Change, its effect on the current and immediately prior year’s Financial Statements in accordance with GAAP and state whether the Borrower desires to revise the method of calculating the Relevant Amount (including the revision of any of the defined terms used in the determination of such Relevant Amount) in order that amounts determined after giving effect to such Accounting Change and the revised method of calculating such Relevant Amount will approximate the amount that would be determined without giving effect to such Accounting Change and without giving effect to the revised method of calculating such Relevant Amount. The Accounting Change Notice shall be delivered to the Agent within forty-five (45) days after the end of the Fiscal Quarter in which the Accounting Change is implemented or, if such Accounting Change is

implemented in the fourth Fiscal Quarter or in respect of an entire Fiscal Year, within ninety (90) days after the end of such period. Promptly after receipt from the Borrower of an Accounting Change Notice, the Agent shall deliver to each Lender a copy of such notice.

If, pursuant to the Accounting Change Notice, the Borrower does not indicate that it desires to revise the method of calculating the Relevant Amount, the Lenders may within thirty (30) days after their receipt of the Accounting Change Notice notify the Agent that they wish to revise the method of calculating the Relevant Amount in the manner described above. If the Majority Lenders so notify the Agent, the Agent shall promptly notify the Borrower.

If either the Borrower or the Majority Lenders so indicate that they wish to revise the method of calculating the Relevant Amount, the Borrower, the Agent and the Majority Lenders shall in good faith attempt to agree on a revised method of calculating the Relevant Amount. If, however, within thirty (30) days after the foregoing notice by the Borrower or the Agent of the desire to revise the method of calculating the Relevant Amount, the Borrower, the Agent and the Majority Lenders have not reached agreement in writing on such revised method of calculation, such method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change. For greater certainty, if no notice of a desire to revise the method of calculating the Relevant Amount in respect of an Accounting Change is given by either the Borrower or the Majority Lenders within the applicable time period described above, the method of calculating the Relevant Amount shall not be revised in response to such Accounting Change and all amounts to be determined pursuant to the Relevant Amount shall be determined after giving effect to such Accounting Change.

For the purposes of this Agreement, including all financial calculations to be made hereunder, any lease which would be accounted for as an operating lease under GAAP as in effect on December 31, 2018 shall be, notwithstanding any subsequent change in GAAP, deemed to be accounted for as an operating lease and not as a capital lease or a financial lease (regardless of whether such lease is entered into or assumed before or after December 31, 2018).

## **1.6 Time**

Unless otherwise provided herein, all references to a time in this Agreement shall mean local time in the City of Edmonton, Alberta.

## **1.7 Monetary References**

Whenever an amount of money is referred to herein, such amount shall, unless otherwise expressly stated, be in Canadian Dollars.

## **1.8 Payment for Value**

All payments required to be made hereunder shall be made for value on the required day in same day immediately available funds.

## **1.9 Liability Management Rating Changes**

If:

- (a) as a result of any change in any Applicable Law, any applicable Energy Regulator ceases to use a Liability Management Rating as a means of determining whether a Person is in compliance with

such regulator's abandonment and reclamation policies, regulations and directives in any Material Jurisdiction of any Obligor;

- (b) the method of calculation of any such Liability Management Rating changes in any material respect in any Material Jurisdiction of any Obligor; or
- (c) if the threshold for which (i) license transfers of regulated properties shall be permitted under an Energy Regulator's licensee liability regime in any Material Jurisdiction changes in any material respect or (ii) any security deposits will be required to be provided to the applicable Energy Regulator changes in any material respect,

then, in any such case, at the written request of the Agent or the Majority Lenders to the Borrower or of the Borrower to the Agent and the Lenders, the Borrower and the Agent shall enter into good faith discussions with a view to determining a comparable rating system, calculation or threshold, as applicable, to replace the concept and use of Liability Management Rating as set forth herein, with the intent of having the respective positions of the Lenders and the Borrower after such change conform as nearly as possible to their respective positions immediately prior to such change; provided that, until any such agreement is reached, the Liability Management Rating and all related calculations and thresholds hereunder shall continue to be calculated as if no such change had occurred. Upon the Borrower and the Agent agreeing on such a comparable rating system, calculation or threshold, as applicable, the Borrower and the Lenders shall enter into documentation to amend the provisions hereof to give effect to such agreement and to make all other adjustments incidental thereto. The parties hereto agree that such amendment shall require the consent of the Majority Lenders.

#### **1.10 Amendment and Restatement**

- (a) This Agreement is an amendment and restatement of the Existing Credit Agreement and not a novation of the Existing Credit Agreement. For greater certainty, all Outstandings (as defined in the Existing Credit Agreement) of the Borrower under the Existing Credit Agreement that remain outstanding on the Effective Date shall constitute Outstandings hereunder, as provided in paragraph (b) below, governed by the terms hereof and shall continue to be secured by the security granted under the Existing Credit Agreement for the benefit of the Agent and the Lenders. Such Outstandings shall be continuing in all respects, and this Agreement shall not be deemed to evidence or result in a novation of such Outstandings. This Agreement reflects amendments to the Existing Credit Agreement and has been restated solely for the purposes of reflecting amendments to the Existing Credit Agreement which the Lenders, the Agent and the Borrower have agreed upon. All references to the "Credit Agreement" or similar references contained in the documents delivered prior to the effectiveness of this Agreement in connection with or under the Existing Credit Agreement shall be references to this Agreement without further amendment to those documents. The Borrower confirms that each of the foregoing documents, including without limitation any delivered under the Existing Credit Agreement, remains in full force and effect.
- (b) All Outstandings owed by the Borrower to the Lender pursuant to the Tranche 1 (as defined in the Existing Credit Agreement) of the Existing Credit Agreement as at the Effective Date (immediately prior to giving effect to this Agreement) will be deemed to be Outstandings owing by the Borrower under Tranche 1 of this Agreement. All Outstandings owed by the Borrower to the Lender pursuant to the Tranche 2 (as defined in the Existing Credit Agreement) of the Existing Credit Agreement as at the Effective Date (immediately prior to giving effect to this Agreement) will be deemed to be Outstandings owing by the Borrower under Tranche 2 of this Agreement.

- (c) The parties further acknowledge and agree that all references in the Existing Warrants to the Existing Credit Agreement shall be deemed to refer to this Agreement.

## ARTICLE 2 REPRESENTATIONS AND WARRANTIES

### 2.1 Representations and Warranties

The Borrower represents and warrants to each of the Lenders and the Agent (all of which representations and warranties the Borrower hereby acknowledges are being relied upon by the Lenders and the Agent in entering into this Agreement) that:

- (a) **Corporate or Partnership Existence:** each Obligor which is a corporation or partnership is duly incorporated or formed, organized and validly existing and each is in good standing under the laws of its jurisdiction of organization, and is duly registered and qualified to carry on business under the laws of each other jurisdiction in Canada in which the nature of any business transacted by it or the character of any properties and assets owned or leased by it requires such registration and qualification;
- (b) **Corporate or Partnership Power:** each Obligor which is a corporation or partnership has full corporate or partnership, as applicable, power and capacity to own its properties and assets and conduct its business as presently conducted and to perform its obligations under any Material Contract to which it is a party;
- (c) **Corporate or Partnership Authorization:** the execution, delivery and performance by each Obligor which is a corporation or partnership of each Loan Document to which it is a party have been duly authorized by all necessary corporate or partnership action, as applicable, and are within its corporate or partnership power and capacity, as applicable;
- (d) **Execution and Binding Obligation:** each Loan Document and Material Contract (i) has been duly executed and delivered by each party thereto; (ii) is a legal, valid and binding obligation of each party thereto enforceable against it in accordance with its terms except as enforceability may be limited by general principles of equity and by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (iii) does not and will not violate any provision of law, the articles, by-laws, partnership agreement or other constating documents of any Obligor, as applicable, and will not result in a breach of or constitute a default or require any consent under, or result in the creation of any Security Interest (other than pursuant to the Loan Documents) upon any of its property or assets pursuant to, any indenture or other agreement or instrument or by which it or its property may be bound or affected; and (iv) the execution, delivery and performance by each Obligor of each Loan Document to which it is a party does not require any Governmental Action, license, consent or approval of or notice to or filing with any Governmental Authority (except as have been obtained and which are in full force and effect) and does not and will not contravene any provision of Applicable Law or any Governmental Action applicable to any Obligor, or any of their respective assets;
- (e) **Title to Assets:** each Obligor has good and marketable title to its Assets free and clear of all claims and encumbrances other than Permitted Encumbrances and Minor Title Defects;
- (f) **Default of Other Contracts and Applicable Laws:** no Obligor is in breach or default of, nor has any event or circumstance occurred, which, but for the passage of time or the giving of notice, or both, would constitute a breach or default, under any agreement or instrument by which it or any

of its respective properties, assets or undertakings are bound, and which breach, default, event or circumstance could reasonably be expected to have a Material Adverse Effect;

- (g) **Litigation:** there are no actions, suits or proceedings (whether or not purportedly on behalf of any Obligor) pending or threatened against any Obligor at law or in equity by or before any court, tribunal, governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind which could reasonably be expected to have, if adversely determined, a Material Adverse Effect, and no Obligor is in default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, tribunal, governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign or any arbitrator of any kind which, in the aggregate, could reasonably be expected to have a Material Adverse Effect;
- (h) **Engineering Information:** all engineering data, production and cash flow projections and other data provided to the Agent by any Obligor in respect of the Assets and, if applicable, any other properties, assets and undertakings of any Obligor, fairly and properly reflects the interest of any Obligor each Obligor therein and thereto as of the date thereof, net of all royalties and other burdens affecting same;
- (i) **Financial Condition:** all financial statements of any Obligor now or hereafter submitted to the Agent fairly reflect, as of the dates thereof, the consolidated financial condition of such Obligor and the results of its operations for the periods covered thereby, have been prepared in accordance with GAAP;
- (j) **Material Adverse Effect:** from the date of the latest financial statements submitted to the Agent, no event or circumstance has occurred which would have or would reasonably be expected to have a Material Adverse Effect which has not been disclosed in writing to the Agent;
- (k) **Financial Assistance:** no Obligor has provided any Financial Assistance to any Person or Persons with the exception of (i) Financial Assistance provided by the Borrower to a Guarantor or by a Guarantor to the Borrower or to another Guarantor, (ii) Financial Assistance provided by the Obligors pursuant to the Loan Documents, and (iii) Financial Assistance of the Indebtedness permitted by Section 9.2(a)(vii);
- (l) **Sanctions:** neither the Borrower nor any Affiliate of the Borrower is (i) a Person described or designated under the provisions of the *Special Economic Measures Act* (Canada) or the *United Nations Act* (Canada), or any associated regulations (each a “**Canadian Sanctions Designated Person**”), or (ii) engages in any dealings or transactions with any Canadian Sanctions Designated Person;
- (m) **Subsidiaries:** as of the Effective Date, the Borrower has no Subsidiaries other than the Partnership and 1332993, both of which are wholly owned (directly or indirectly) by the Borrower and there are no outstanding options, warrants or other rights to acquire any shares, limited partnership interests or other beneficial interests in any Subsidiary of the Borrower;
- (n) **Location of Assets, Business and Chief Executive Office:** as at the Effective Date (i) all of the Assets are located in Alberta; (ii) no Obligor carries on business in any jurisdiction other than Alberta; and (iii) the chief executive office of each Obligor is located in Calgary, Alberta;
- (o) **Taxes:** the Borrower and its Subsidiaries, have filed all tax returns which were required to be filed, have paid or made provision for payment (in accordance with GAAP) of all Taxes which are due

and payable, and have provided adequate reserves (in accordance with GAAP) for the payment of any Tax, the payment of which is being contested;

- (p) **Insurance:** each Obligor has in full force and effect such policies of insurance in such amounts issued by insurers of recognized standing insuring its properties and operations and providing such coverage as would be maintained by a prudent oil and gas operator engaged in the same or similar business in the localities where its properties and operations are located;
- (q) **Compliance with Laws:** each Obligor is in compliance with all Applicable Laws, except to the extent failure to so comply could not reasonably be expected to have a Material Adverse Effect;
- (r) **Environmental Laws:** each Obligor has obtained all permits, licenses and other authorizations which are required under all Environmental Laws, except to the extent failure to have any such permit, license or authorization could not reasonably be expected to have a Material Adverse Effect; and each Obligor is in compliance with all Environmental Laws and all terms and conditions of all such permits, licenses and authorizations, except to the extent failure to comply could not reasonably be expected to have a Material Adverse Effect;
- (s) **Environmental Condition of Property:** the properties and assets of the Obligors:
  - (i) are not the subject of any outstanding orders from a government agency or otherwise alleging violation of any Environmental Laws; and
  - (ii) comply, with respect to their use and condition, with all Environmental Laws and all terms and conditions of all permits, licenses and other authorizations, which are required under all Environmental Laws,
 except to the extent that it could not reasonably be expected to have a Material Adverse Effect;
- (t) **Information and Disclosure:** the Obligors have given to the Lenders or the Agent all material information in the possession of or available to them and relevant to the assessment of credit facilities of the type herein contemplated and, in addition, all information necessary to make any statements contained herein not misleading in the light of the circumstances in which they were given, and the Borrower is not aware of any fact or event, the occurrence of which could reasonably be expected to have a Material Adverse Effect. In particular and without limiting the generality of the foregoing, the Obligors have disclosed and provided to the Lenders or the Agent all material documents or agreements entered into by the Borrower or any other Obligor relating to or relevant to the structure of the Borrower and its shareholders and have not omitted or failed to provide any information which would be material to the Lenders' review and assessment of the structure of the Borrower. All information, materials and documents delivered by or on behalf of the Borrower or any other Obligor to the Agent or any of the Lenders in contemplation of the transactions or Security contemplated by this Agreement or as required by the terms of this Agreement were:
  - (i) in the case of all such information, materials and documents (but excluding therefrom any projections), true, complete and accurate in all material respects as at their respective dates; and
  - (ii) in the case of any such projections, prepared in good faith based upon assumptions believed to be reasonable at the time made;

provided that, with respect to any such information, materials and documents provided by a third party, this representation is limited to the knowledge of the Obligor.

- (u) **Events of Default:** no Default or Event of Default has occurred and is continuing;
- (v) **Abandonment/Reclamation Order:** no Obligor is in default of a material nature of (i) any Abandonment/Reclamation Order or (ii) other material directive that it has received from any applicable Energy Regulator;
- (w) **Debt Satisfaction and Release Agreement:** no default, breach or event of default under the Debt Satisfaction and Release Agreement has occurred and is continuing;
- (x) **Material Contracts:** as at the Effective Date, there are no Material Contracts (other than this Agreement and the Debt Satisfaction and Release Agreement); and
- (y) *[representation regarding land charge registration has been redacted].*

## 2.2 Effective Time of Representations and Warranties

Notwithstanding any provision of this Agreement to the contrary, the representations and warranties contained in Section 2.1 shall be deemed to be made on the Effective Date and thereafter such representation and warranties shall be deemed to be made at the time of the sole Drawdown hereunder and as of the date of delivery of each Compliance Certificate, subject to modifications made by the Borrower to the Agent and the Lenders in writing and accepted by the Agent and the Lenders. The Agent and the Lenders shall be deemed to have relied upon such representations and warranties at each such time as a condition of making each Loan hereunder.

## ARTICLE 3 CREDIT FACILITY

### 3.1 Credit Facility

Subject to the terms and conditions of this Agreement, the Lenders hereby establish a non-revolving term credit facility in favour of the Borrower and each Lender agrees to make its Proportionate Share of the Tranche Loans available to the Borrower hereunder in an aggregate principal amount not to exceed such Lender's Commitment. The Tranche Loans shall consist of five Tranches which shall on the Effective Date be drawn down as follows:

- (a) the first Tranche ("**Tranche 1**") in a principal amount of \$22,000,000 (the "**Tranche 1 Loan**") shall be automatically deemed to be fully funded on the Effective Date by operation of Section 1.10(b);
- (b) the second Tranche ("**Tranche 2**") in a principal amount of \$22,000,000 (the "**Tranche 2 Loan**") shall be automatically deemed to be fully funded on the Effective Date by operation of Section 1.10(b);
- (c) a Drawdown under the third Tranche ("**Tranche 3**") in a principal amount of \$15,000,000 made on the Effective Date (the "**Tranche 3 Loan**");
- (d) a Drawdown under the fourth Tranche ("**Tranche 4**") in a principal amount of \$10,000,000 made on the Effective Date (the "**Tranche 4 Loan**"); and

- (e) a Drawdown under the fifth Tranche (“**Tranche 5**”) in a principal amount \$13,000,000 made on the Effective Date (the “**Tranche 5 Loan**”).

The Tranche Loans, Credit Facility and Commitments are not revolving and amounts repaid or prepaid may not be re-borrowed under any circumstances.

### **3.2 Purpose**

The proceeds of the Tranche 1 Loan and the Tranche 2 Loan shall be used to refinance the Existing Credit Agreement in accordance with Section 1.10(b). The proceeds of the Tranche 3 Loan, the Tranche 4 Loan and the Tranche 5 Loan shall be used to solely repay the Existing First Lien Facilities as a full and final discharge thereof. The Commitment Fee Loan shall be used to pay the Commitment Fee.

### **3.3 Funding of Loans**

Each Lender shall make its Proportionate Share of each Tranche Loan by wire transfer of immediately available funds by 1:00 p.m., to the account of the Agent designated by it for such purpose by notice to the Lenders. The Agent will make such Tranche Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower designated by the Borrower in the applicable Borrowing Notice.

### **3.4 Evidence of Indebtedness**

The Indebtedness of the Borrower in respect of the Tranche Loans shall be evidenced by records maintained by the Agent. The records maintained by the Agent shall constitute, in the absence of manifest error, conclusive evidence of the Indebtedness of the Borrower to the Lenders and all details relating thereto. The failure of the Agent to correctly record any such amount or date shall not, however, adversely affect the obligation of the Borrower to pay amounts due hereunder to the Lenders in accordance with this Agreement.

## **ARTICLE 4 COMMITMENT FEE LOAN**

### **4.1 Commitment Fee Loan**

Subject to the terms and conditions of this Agreement, the Agent hereby establishes a non-revolving term credit facility in favour of the Borrower (the “**Commitment Fee Loan**”) and the Agent agrees to make the Commitment Fee Loan available to the Borrower hereunder in an aggregate principal amount not to exceed such Commitment Fee Loan Amount. The Commitment Fee Loan shall on the Effective Date be drawn down and retained by the Agent in satisfaction of the Commitment Fee.

The Commitment Fee Loan and Commitment Fee Loan Commitment is not revolving and amounts repaid or prepaid may not be re-borrowed under any circumstances.

### **4.2 Purpose**

The proceeds of the Commitment Fee Loan shall be retained by the Agent in satisfaction of the Commitment Fee and there shall be no other use made thereof.

### 4.3 Evidence of Indebtedness

The Indebtedness of the Borrower in respect of the Commitment Fee Loan shall be evidenced by records maintained by the Agent. The records maintained by the Agent shall constitute, in the absence of manifest error, conclusive evidence of the Indebtedness of the Borrower to the Lenders and all details relating thereto. The failure of the Agent to correctly record any such amount or date shall not, however, adversely affect the obligation of the Borrower to pay amounts due hereunder to the Lenders in accordance with this Agreement.

### 4.4 Effect of Early Termination Event

If the Early Termination Event occurs, each of the Commitment Fee and the Commitment Fee Loan shall be automatically increased to *[\$amount has been redacted]* and Commitment Fee Loan Interest shall be deemed to have accrued thereon at the Commitment Fee Loan Interest Rate from the Effective Date and any such accrued but unpaid Commitment Fee Loan Interest shall be due and payable in accordance with Section 5.3(b) on the first Interest Date after June 30, 2021, which shall be deemed to be the date on which the Early Termination Event has occurred.

## ARTICLE 5 REPAYMENT AND PREPAYMENT

### 5.1 Repayment of Loans

#### (a) Final Repayment.

- (i) All Outstandings under the Tranche 1 Loan are repayable by the Borrower in full on the Tranche 1 Maturity Date.
- (ii) All Outstandings under the Tranche 2 Loan are repayable by the Borrower in full on the Tranche 2 Maturity Date.
- (iii) All Outstandings under the Tranche 3 Loan are repayable by the Borrower in full on the Tranche 3 Maturity Date.
- (iv) All Outstandings under the Tranche 4 Loan are repayable by the Borrower in full on the Tranche 4 Maturity Date.
- (v) All Outstandings under the Tranche 5 Loan are repayable by the Borrower in full on the Tranche 5 Maturity Date.
- (vi) All Outstandings under the Commitment Fee Loan are repayable by the Borrower in full on the Commitment Fee Maturity Date.

- (b) **Voluntary Prepayments.** The Borrower shall have the right at any time and from time to time to prepay the Loans, in whole or in part, provided that each such voluntary prepayment be in the minimum principal amount of \$1,000,000. The Borrower shall notify the Agent by telephone (confirmed by email not later than 12:00 noon, at least two Business Days before the date of prepayment). Each such notice shall specify the prepayment date and the principal amount to be prepaid. Promptly following receipt of any such notice relating to a payment, the Agent shall advise the Lenders of the contents thereof. Each prepayment shall be applied to the Loans as directed by

the Borrower. Prepayments shall be accompanied by accrued interest to the extent required by Section 5.3 and any additional payment required by Section 5.1(c).

- (c) **Make-Whole Amounts and Premiums.** All prepayments permitted under this Section 5.1 shall be without premium or penalty except that:
- (i) with respect to any prepayment made at any time prior to the second anniversary of the Effective Date, other than in respect of prepayments of the Commitment Fee Loan, the Tranche 3 Loan and the Tranche 4 Loan, the Borrower may, on one or more occasions, prepay all or any portion of the Loans by making a payment equal to 100% of the principal amount of the Loans prepaid, plus the Make-Whole Amount, plus accrued and unpaid interest to, but excluding, the date of prepayment; and
  - (ii) with respect to any prepayment made at any time on or after the second anniversary of the Effective Date and prior to the third anniversary of the Effective Date, other than prepayments in respect of the Commitment Fee Loan, the Tranche 3 Loan and the Tranche 4 Loan, the Borrower may, on one or more occasions, prepay all or any portion of the Loans, at a price equal to 100% of the principal amount of the Loans prepaid, plus a premium equal to *[premium has been redacted]* per annum calculated on a daily basis based on the principal amount of the Loans prepaid for the number of days remaining from the date of prepayment until the third anniversary of the Effective Date, plus accrued and unpaid interest to, but excluding, the date of prepayment.

For certainty, any prepayment made pursuant to Section 5.1(b) at any time on or after the third anniversary of the Effective Date shall be payable without premium or penalty. The parties hereto acknowledge that neither any Make-Whole Amount nor any other amount described in this Section 5.1(c) is a penalty and each is a genuine pre-estimate of compensation for the Lenders in consideration for the early prepayment of the applicable Loan.

## 5.2 Repayment of Loans – Proportionate Share

Each repayment of the Tranche Loans shall be distributed to each Lender in accordance with such Proportionate Share.

## 5.3 Interest

- (a) **Interest Payments (Tranche Loans).** The Borrower shall pay interest on the Tranche Loans owing by it at a rate calculated on the basis of a 365 day year (or 366 day year, as applicable), equal to:
- (i) for the Tranche 1 Loan, *[interest rate has been redacted]* per annum;
  - (ii) for the Tranche 2 Loan, *[interest rate has been redacted]* per annum;
  - (iii) for the Tranche 3 Loan, *[interest rate has been redacted]* per annum;
  - (iv) for the Tranche 4 Loan, *[interest rate has been redacted]* per annum; and
  - (v) for the Tranche 5 Loan:
    - (A) *[interest rate has been redacted]* per annum for the first year after the Effective Date;

- (B) *[interest rate has been redacted]* per annum for the second year after the Effective Date; and
- (C) *[interest rate has been redacted]* per annum for each of the third and fourth year after the Effective Date,

in each case commencing on the Effective Date. Such interest shall accrue daily and shall be payable in arrears on each Interest Date for the Tranche Loans (a) for the period from and including the Effective Date to and including the day preceding the first Interest Date; and (b) thereafter, from and including each Interest Date to and including the day preceding each subsequent Interest Date and shall be calculated on the principal amount of the Tranche Loans outstanding during such period and on the basis of the actual number of days elapsed therein divided by 365 or 366, as applicable.

- (b) **Interest Payments (Commitment Fee Loan).** The Borrower shall pay interest on the Commitment Fee Loan (the “**Commitment Fee Loan Interest**”) owing by it at a rate calculated on the basis of a 365 day year (or 366 day year, as applicable), equal to the Commitment Fee Loan Interest Rate. Such Commitment Fee Loan Interest shall accrue daily and be payable semi-annually within three Business Days after each Interest Date, and shall be calculated on the principal amount of the Commitment Fee Loan outstanding on such Interest Date and on the basis of the actual number of days elapsed therein divided by 365 or 366, as applicable. Notwithstanding the foregoing, by written notice from the Borrower to the Agent not less than 3 Business Days before any Interest Date, the Borrower may elect that the Commitment Fee Loan Interest payable on such Interest Date may be capitalized and added to the principal of the Commitment Fee Loan (and for certainty, no cash payment of Commitment Fee Loan Interest shall be required to be made on such Interest Date).
- (c) **Default Rate.** Notwithstanding the foregoing, if an Event of Default specified in Section 10.1 has occurred and is continuing, then all Loans outstanding shall bear interest, after as well as before judgment, at a rate per annum equal to *[interest rate has been redacted]* per annum plus the rate otherwise applicable to such Loans.
- (d) **Prepayment.** In the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.
- (e) **Deemed Reinvestment Not Applicable.** For the purposes of the *Interest Act* (Canada), the principle of deemed reinvestment of interest will not apply to any interest calculation under the Loan Documents, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.
- (f) **Maximum Rate of Return.** Notwithstanding any provision herein to the contrary, in no event will the aggregate “interest” (as defined in section 347 of the *Criminal Code* (Canada)) payable under this Agreement exceed the maximum effective annual rate of interest on the “credit advanced” (as defined in that section 347) permitted under that section and, if any payment, collection or demand pursuant to this Agreement in respect of “interest” (as defined in that section 347) is determined to be contrary to the provisions of that section 347, such payment, collection or demand will be deemed to have been made by mutual mistake of the Borrower and the Lenders and the amount of such payment or collection will be refunded to the Borrower. If any provision is determined to be contrary to the provisions of section 347 of the *Criminal Code* (Canada), then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted *nunc pro tunc* to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Applicable Law or so result in a receipt by a Lender of interest at a criminal rate. For purposes of

this Agreement, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of the Credit Facility on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Agent will be prima facie evidence, for the purposes of such determination.

- (g) **Waiver of Judgment Interest Act (Alberta).** To the extent permitted by Applicable Law, the provisions of the *Judgment Interest Act* (Alberta) will not apply to the Loan Documents and are hereby expressly waived by the Borrower.
- (h) **Interest Act Equivalent.** In this Agreement, each rate of interest which is calculated with reference to a period (the “deemed interest period”) that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period.

## **ARTICLE 6 SECURITY**

### **6.1 Security**

- (a) The Security will be the following:
  - (i) amended and restated unlimited guarantee (or a joinder thereto) made by each Guarantor in favour of the Agent pursuant to which each such Guarantor guarantees the payment of all Outstandings owing by the Borrower;
  - (ii) amended and restated fixed and floating charge debenture (or a joinder thereto) made by each Obligor in favour of the Collateral Agent and the Lenders pursuant to which each Obligor mortgages, charges and grants a security interest to and in favour of the Agent in all of the present and after acquired property of the Borrower, to be registered at the personal property or other appropriate registry office; and
  - (iii) subject to Section 9.1(dd), a Control Agreement in respect of each securities account and each bank account maintained by an Obligor.

The Security listed above shall be in form satisfactory to the Agent and the Lenders, acting reasonably.

### **6.2 Form of Security**

Without limiting the foregoing, the Security will be in such form or forms as required by the Agent, acting reasonably, and will be registered in such offices in the provinces of Canada or any other jurisdiction as the Agent may from time to time reasonably require to protect the Security Interests created thereby (initially, with respect to the charges created thereby on real property interests in Alberta, as a general charge on land, and with respect to charges created thereby on personal property interests in Alberta, as a security interest in all present and after-acquired personal property; and with respect to other jurisdictions, as nearly equivalent to the foregoing as practicable). Should the Agent determine at any time and from time to time that the form and nature of the then existing Security is deficient in any way or does not fully provide the Agent and the Lenders with the Security Interests and priority to which it is entitled hereunder, the Borrower will forthwith execute and deliver or cause to be executed and delivered to the Agent, at the Borrower’s

expense, such amendments to the Security or provide such new security as the Agent may reasonably request, in a form satisfactory to the Agent, acting reasonably.

### **6.3 Security Effective Notwithstanding Date of Advance**

The Security Interests constituted by any of the Security or required to be created hereby or thereby shall be effective, and the undertakings as to Security Interests herein or in any Security shall be continuing, whether the monies hereby or thereby secured or any part thereof shall be advanced before or after or at the same time as the creation of any such Security Interest or before or after or upon the date of execution of this Agreement, and shall not be affected by the Indebtedness hereunder fluctuating from time to time or the accounts established by the Agent or any Lender ceasing to be in debit balance.

### **6.4 No Merger**

The taking of any Security as provided under this Agreement or any Loan Document shall not operate by way of merger of any of the obligations of any Obligor, or any successor of any Obligor, under any Loan Document, or of any Security Interest, guarantee, contract, promissory note, bill of exchange or security in any other form, whether or not similar to the foregoing, and no judgment recovered by the Agent on behalf of the Lenders shall operate by way of merger or in any way affect the Security provided for in this Agreement, which shall be in addition to and not in substitution for any other security now or hereafter held by the Agent or any Lender whether for Indebtedness hereunder or under any Security. For greater certainty, no judgment recovered by the Agent or any Lender shall operate by way of merger or in any way affect the obligation of the Borrower to pay interest at the rates, times and manner as provided in this Agreement.

### **6.5 Release and Amendment of Security**

- (a) No Lender shall, during the term of this Agreement, discharge, surrender, amend or otherwise modify any Security, without the prior written consent of all of the Lenders, provided that:
- (b) the Agent shall discharge Security provided hereunder at the discretion of the Agent with respect to dispositions which the Agent reasonably determines have been, or are to be, effected pursuant to the permissive provisions of Section 9.2(b) and whether with respect to any Obligor; and
- (c) the Lenders hereby authorize the Agent, and the Agent hereby agrees, to discharge the Security at the Borrower's sole cost and expense forthwith after all of the Indebtedness under the Loan Documents has been unconditionally and irrevocably paid or performed in full and the Credit Facility has been terminated or collateralized to the satisfaction of the Agent.

### **6.6 Registrations and Renewals**

The Borrower shall and shall cause each Guarantor to do all such acts, execute all such instruments and provide such further assurances as counsel to the Agent may reasonably request to ensure that the priority of the Security Interests created by all of the Security executed and delivered to the Agent as contemplated hereby is duly protected and perfected by registration, filing or recordation of such Security or a caution, caveat, security notice or other appropriate instrument at all offices where necessary or of advantage to the protection or perfection thereof including in the Provinces of Alberta, British Columbia and Saskatchewan; and to so cooperate with the Agent and the Agent's counsel in renewing or refiling any registration, filing or recordation required hereby in order to preserve, protect and maintain the priority of such Security Interests, from time to time. Notwithstanding the foregoing, the Borrower acknowledges that the Borrower shall at any time when so directed by the Agent, and the Agent may, on its own initiative at any time that

it determines in its sole and unfettered discretion, cause the fixed charges under the Security or any part or parts thereof to be registered in such manner and at such places as the Agent determines.

### **6.7 Extensions, Etc.**

The Lenders may directly or through the Agent or other duly authorized representatives grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligors or any other Persons, sureties or securities as the Lenders, in their sole discretion, may see fit, all without prejudice to the liability of any Obligor under the Loan Documents or the rights of the Lenders under the Loan Documents.

### **6.8 Permitted Encumbrances and Permitted Indebtedness**

None of:

- (a) the fact that an Obligor is permitted to create or suffer to exist any Permitted Encumbrance or permitted Indebtedness;
- (b) the fact that any representation, warranty or covenant herein may make an exception for the existence of Permitted Encumbrances or permitted Indebtedness; or
- (c) the fact that the Security Interests created pursuant to the Loan Documents are stated to be subject to, or are not required to rank in priority to, Permitted Encumbrances,

shall in any manner, nor in any cause or proceeding, directly or indirectly, be taken to constitute a subordination or postponement of any Security Interest created pursuant to the Loan Documents to any Permitted Encumbrance or to any other Security Interest or other obligation whatsoever, or that the Indebtedness under the Loan Documents is in any way subordinate or junior in right of payment to any permitted Indebtedness, it being the intention of the parties that all Security Interests created pursuant to the Loan Documents shall at all times, to the maximum extent permitted by Applicable Law and subject to the terms of the Intercreditor Agreement, rank as first priority Security Interests in priority to Permitted Encumbrances and all other Security Interests or other obligations whatsoever and that the Indebtedness under the Loan Documents will rank in right of payment at all times at least equally with such permitted Indebtedness.

### **6.9 Fixed Charge Reports and Supplements**

- (a) From time to time upon the request of the Agent, the Borrower shall and shall cause each Guarantor to provide an updated asset report, in form satisfactory to the Agent (including in digital copy form in read-only format, date-stamped and locked), detailing all Assets (including, without limitation, information as to legal descriptions, crown lease numbers and issue dates, zone restrictions, names of freehold lessors, before and after payout working interests and all royalties and burdens), and upon the request of the Agent shall cause the Obligors to execute and deliver such additional or supplemental Security Interests as the Agent may require in order to ensure that all Assets are subject to a first fixed charge Security Interests in favour of the Agent on behalf of the Lenders, and to the extent that schedules are provided for the purposes of such supplemental Security Interests in digital form the same shall be in read-only format, date-stamped and locked.
- (b) In addition, the Borrower shall, forthwith and from time to time on reasonable request of the Agent, grant, and shall cause each Guarantor to grant, to the Agent on behalf of the Lenders and all such

further rights and Security Interests necessary or of advantage to the Agent to permit it to operate the assets of the Obligors in a liquidation of assets as a going concern.

## **ARTICLE 7 PAYMENT**

### **7.1 Time, Place and Currency of Payment**

Payments of principal, interest, fees and all other amounts payable by the Borrower pursuant to this Agreement shall be paid in the currency in which it is due for value at or before 1:00 p.m. (Toronto time) on the day such payment is due. If any such day is not a Business Day, such amount shall be deemed for all purposes of this Agreement to be due on the Business Day next following such day and any such extension of time shall be included in the computation of the payment of any interest or fees payable under this Agreement.

### **7.2 Application of Payments**

Except as otherwise agreed to by all of the Lenders in their sole discretion, all payments made by or on behalf of the Borrower pursuant to this Agreement, so long as no Default or Event of Default has occurred and is continuing, shall be applied by the Agent rateably among the Lenders and the Agent in accordance with amounts owed to the Lenders under the Credit Facility and the Agent in respect of each category of amounts set forth below, and such application to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category:

- (a) **Expenses:** firstly, in payment of any amounts due and payable as and by way of recoverable expenses hereunder;
- (b) **Interest and Fees:** secondly, in payment of any amounts due and payable as and by way of interest under such the Credit Facility pursuant to Section 5.3; and
- (c) **Other Amounts:** thirdly, in payment of any amounts then due and payable by the Borrower hereunder or under any Loan Document other than amounts hereinbefore referred to in Section 7.2,

with the balance to be applied to repay or otherwise reduce Tranche Loans in a manner so that the Tranche Loans and each basis of Tranche Loans outstanding hereunder to each Lender will, to the extent possible, be in the same proportion as the Proportionate Share hereunder.

## **ARTICLE 8 CONDITIONS PRECEDENT TO EFFECTIVENESS OF AGREEMENT AND DISBURSEMENT OF THE ACCOMMODATIONS**

### **8.1 Conditions Precedent to Effectiveness**

- (a) This Agreement shall become effective at such time as the following conditions precedent have been satisfied:
  - (i) **Approval:** approval of the Agent's and Lenders' investment management committee;
  - (ii) **No Default:** as of such time, there exists no Default or Event of Default;

- (iii) **Representations and Warranties True:** the representations and warranties contained in Section 2.1 are true and correct as of such time;
- (iv) **Repayment of Existing First Lien Facilities:** the Agent shall have received a release and discharge from the Bank of Montreal in respect of the repayment in full the Existing First Lien Facilities in accordance with the Debt Satisfaction and Release Agreement;
- (v) **Receipt of Documentation:** the Agent has received, in form and substance satisfactory to the Lenders and in sufficient numbers for circulation to the Lenders, the following:
  - (A) the Debt Satisfaction and Release Agreement;
  - (B) a Borrowing Notice in respect of each of the Tranche 3 Loan, Tranche 4 Loan and Tranche 5 Loan;
  - (C) a duly executed copy of this Agreement;
  - (D) a duly executed copy of the Intercreditor Agreement;
  - (E) duly executed copies of the Security listed in Section 6.1 (in form and substance satisfactory to the Agent in its sole discretion);
  - (F) evidence of registration of the liens created by the Security in all jurisdictions where an Obligor has Assets or conducts business;
  - (G) a certificate of a responsible officer of the Borrower (A) attaching all of the material documentation evidencing the Contingent Payment Obligations (including the Debt Satisfaction and Release Agreement), (B) detailing the legal structure and ownership of the Borrower, the Guarantors and their affiliates, and (C) that no Default or Event of Default shall exist at the time of, or after giving effect to the making of, the Loans and the application of proceeds thereof;
  - (H) a certificate of status or equivalent in respect of each Obligor, issued under the laws of its jurisdiction of formation;
  - (I) an officer's certificate from or with respect to each Obligor certifying any constating documents, bylaws or partnership agreements, as applicable, and providing a certificate of incumbency, and as to other matters customarily provided for therein and as required by the Agent;
  - (J) a certified copy of a directors' resolution of each Obligor that is a corporation with respect to the Loan Documents executed by it, certified as of the Effective Date;
  - (K) a certified partners resolution of the Partnership with respect to the Loan Documents executed by it, certified as of the Effective Date;
  - (L) an opinion of Stikeman Elliott LLP counsel to the Obligors, addressed to the Agent, each Lender and Torys LLP, with respect to this Agreement and the additional Loan Documents provided hereunder in relation thereto;

- (M) an opinion of Torys LLP, counsel to the Agent and the Lenders, addressed to the Agent and each Lender;
  - (N) Registration Rights Agreement among the Borrower and the Agent in respect of future sales of any common shares in the Borrower owned by the Agent and issuable upon exercise of all Warrants in form and substance satisfactory to the Agent and the Lenders; and
  - (O) such other documents and documentation which the Agent may reasonably request;
- (vi) **Warrants:** the Borrower shall have issued:
- (A) warrant certificate number 2020-01 to AIMCo representing the issuance of 4,308,671 common share warrants of the Borrower (the “**Initial Warrants**”), with each warrant exercisable at any time up to October 30, 2024 and entitling the holder to acquire one common share of the Borrower at an exercise price of \$0.16 per share, in form and substance satisfactory to the Agent and the Lenders; and
  - (B) warrant certificate number 2020-02 to AIMCo representing the issuance of 691,329 common share warrants of the Borrower (the “**Conditional Warrants**” and together with the Initial Warrants, the “**Warrants**”), with each warrant exercisable at any time up to October 30, 2024 and entitling the holder to acquire one common share of the Borrower at an exercise price of \$0.16 per share, in form and substance satisfactory to the Agent and the Lenders but subject to the Exercise Condition and the Early Termination Event;
- (vii) **Existing Warrants:** the Borrower shall have issued an amended and restated warrant certificate in respect of the Existing Warrants, in form and substance satisfactory to the Agent and the Lenders;
- (viii) **Approvals:** the Borrower shall have received all required director, shareholder and regulatory (including pursuant to the requirements of Multilateral Instrument 61-101 and the Toronto Stock Exchange) approvals necessary for the execution and delivery of this Agreement and the other Loan Documents and the completion of the transactions contemplated hereby and thereby, including, without limitation, the issuance of the Initial Warrants, in each case in form and substance satisfactory to the Agent and the Lenders;
- (ix) **Fees:** to the extent invoiced at least two Business Days prior to the Effective Date, all reasonable fees and expenses of the Lenders incurred in connection with the establishment of the Credit Facility that have been accrued prior to the Effective Date shall have been paid by the Borrower to the Agent, including a commitment fee equal to \$5,350,000 subject to any applicable increase pursuant to Section 4.4 (the “**Commitment Fee**”); and
- (x) **Material Adverse Change:** as of such time, no circumstance or event has occurred which could reasonably be expected to have a Material Adverse Effect since June 30, 2020 (nor have the Lenders have become aware of any fact or facts not previously known, which, in the opinion of the Lenders, are reasonably likely to have a Material Adverse Effect), and that there has been no material adverse change in the operations or financial condition of any Obligors or of their assets, taken as a whole.

- (b) Each Lender hereby authorizes the Agent to confirm to the Borrower, and the Agent shall confirm in writing to the Borrower, when the conditions precedent set forth in this Section 8.1 have been satisfied provided such Lender has not advised the Agent prior to this Agreement becoming effective pursuant to this Section 8.1 that such Lender is not satisfied that the Borrower has complied with such conditions precedent.

## 8.2 Waiver of a Condition Precedent

The terms and conditions of Sections 8.1 are inserted for the sole benefit of the Agent and the Lenders and may be waived by the Majority Lenders in whole or in part with or without terms or conditions, in respect of all or any portion of the Loans, without affecting the right of the Lenders to assert such terms and conditions in whole or in part in respect of any other Loans.

## ARTICLE 9 COVENANTS

### 9.1 Positive Covenants

During the term of this Agreement, the Borrower covenants with each of the Lenders and the Agent that:

- (a) **Payment and Performance of Indebtedness and Liabilities:** the Borrower shall, and shall cause each Obligor to, pay duly and punctually all Indebtedness as and when due by it hereunder or under any Loan Document and perform all other obligations on its part to be performed under the terms of the Loan Documents at the times and places and in the manner provided for therein;
- (b) **Existence of Obligors:** the Borrower shall cause each Obligor which is a corporation to maintain its corporate existence, and cause each Obligor which is a partnership or trust to maintain its existence, in good standing under the laws of its jurisdiction of incorporation, organization or creation, as the case may be, and shall cause each to duly register and qualify and remain duly registered and qualified as required, under the laws of each jurisdiction in Canada in which the nature of any material business activities transacted by it or the character of any material properties and assets owned or leased by it requires such registration and qualification and preserve in full force and effect all licences, permits and authorizations required in relation to carrying on operations of any other Obligor;
- (c) **Annual Financial Statements:** the Borrower shall furnish to the Agent as soon as available and in any event within ninety (90) days after the end of each Fiscal Year of the Borrower, the annual audited consolidated (which shall be consolidated for all Obligors) financial statements of the Borrower setting forth in comparative form the corresponding figures of the preceding Fiscal Year together with an auditor's report confirming that its examinations of such consolidated financial statements were made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as it considered necessary in the circumstances and that such consolidated financial statements of the Borrower present fairly in all material respects the consolidated financial position of the Borrower and its Subsidiaries as of the close of such Fiscal Year and the results of their operations and the changes in their financial position for the Fiscal Year then ended, in accordance with GAAP;
- (d) **Budget:** within 10 days of approval thereof by the board of directors of the Borrower and in any event prior to the end of each Fiscal Year, the Borrower shall furnish to the Agent copies of its consolidated operating budget and capital budget for the next following Fiscal Year, as previously approved by its board of directors;

- (e) **Engineering Report:** the Borrower shall furnish to the Agent an Engineering Report not later than March 31 of each year, effective not earlier than December 31 of the immediately preceding year;
- (f) **Quarterly Financial Statements:** the Borrower shall furnish to the Agent, as soon as available and in any event within sixty (60) days after the end of each of the first three (3) Fiscal Quarters of each Fiscal Year, the Borrower's quarterly unaudited consolidated financial statements including unaudited consolidated statements of income, changes in financial position and statement of financial position prepared in accordance with GAAP consistently applied;
- (g) **Unaudited Financial Statements:** the Borrower shall furnish to the Agent, as soon as available and in any event within 30 days after the end of each month, unaudited internally prepared monthly financial statements prepared in accordance with GAAP consistently applied;
- (h) **Compliance Certificate:** the Borrower shall furnish to the Agent, concurrently with the provision of the financial statements pursuant to Section 9.1(c) and 9.1(f), and effective as of the last day of such Fiscal Year or Fiscal Quarter, as applicable, a duly executed and completed Compliance Certificate;
- (i) **Other Reports and Information:** the Borrower shall furnish to the Agent, promptly upon receipt or delivery of same as applicable,
  - (i) all material reports which any Obligor receives or provides pursuant to any of the Material Contracts;
  - (ii) upon the request of the Agent, acting reasonably, a summary report detailing all Swaps of the Obligors; and
  - (iii) within 120 days after the end of each Fiscal Year and from time to time upon the request of the Agent, acting reasonably, the Borrower shall provide a report to the Agent, in form and substance satisfactory to the Lenders, acting reasonably, describing the environmental policies and the implementation of such policies and other significant environmental activities of each Obligor during the previous Fiscal Year and confirming compliance with all Environmental Laws;
- (j) **Provision of Information and Right of Inspection:** the Borrower shall, and shall cause each Obligor to provide to the Agent and the Lenders such information relating to its assets, affairs, operations and financial conditions as the Lenders may reasonably request and permit any Person designated in writing by the Agent, at the Lenders' expense prior to a Default or Event of Default and at the Borrower's sole expense thereafter, to visit and inspect the properties of any Obligor, to examine its books and financial records and to discuss its affairs, finances and accounts, all at such times and as often as may be requested; provided however that such Person or Persons representing the Agent shall hold all information obtained as a result of such visit or visits in accordance with the confidentiality provisions and exceptions of this Agreement;
- (k) **Payment of Taxes:** the Borrower shall and shall cause each Obligor to file all income tax returns which are required to be filed, pay or make provision for payment (in accordance with GAAP) of all Taxes which are due and payable, and provide adequate reserves (in accordance with GAAP) for the payment of any Tax, the payment of which is being contested, and provide the Agent upon request with evidence, in form and substance satisfactory to the Agent, of such payment;

- (l) **Insurance:** the Borrower shall, and shall cause each Guarantor to, cause each Operator to maintain in full force and effect such policies of insurance issued by insurers of recognized standing insuring such properties and operations of the Obligors, and as would be maintained by a prudent Person engaged in the same or similar business in the localities where such properties or operations are located and as would be maintained by a prudent oil and gas operator engaged in the same or similar business in the localities where such properties and operations are located, with loss payable firstly to the Agent on behalf of the Lenders, and shall, if required, add the Agent and the Lenders as additional insureds, assign such insurance policies in favour of the Agent and furnish the Agent with certificates or other evidence satisfactory to the Agent of compliance with the foregoing provisions;
- (m) **Defend Title to Assets:** the Borrower shall, and shall cause each Guarantor to, maintain, protect and defend title to the Assets and take all such acts and steps as are necessary or advisable at any time and from time to time to retain ownership by each Obligor of its interest in the Assets in good standing (other than such lease surrenders as any Obligor makes, or such lease expiration as any Obligor allows to occur, in the ordinary course of business and which could not reasonably be expected to have a Material Adverse Effect).

If the Security Interests granted in any Loan Document or the title to or the rights of the Agent or the Lenders in or to any Collateral or any part thereof shall be endangered or shall be attacked, directly or indirectly, or if any legal proceedings are instigated against any Obligor or any Operator with respect thereto, the Borrower shall and shall cause each applicable Obligor to (other than with respect to Minor Title Defects) promptly give written notice thereof to the Agent, and the Borrower shall and shall cause each applicable Obligor to:

- (i) conduct itself diligently to cure any Title Defect that is discovered or validly claimed;
- (ii) take all necessary and proper steps for the defence of title to such properties and the Security granted under any Loan Document; and
- (iii) take such action, including employment of legal counsel, as is reasonably appropriate to the prosecution or defence of litigation with the view to the release or discharge of claim made against the title to any such properties.

The Borrower hereby authorizes, and shall cause each other Obligor to authorize, the Agent, at the Borrower's sole expense, to take all additional steps as the Agent, acting reasonably, determines are necessary or advisable for the defence of such title to any portion of the Collateral or the Security contemplated hereby, including but not limited to the employment of independent legal counsel, the prosecution or defence of litigation and the compromise or discharge of any adverse claims made with respect thereto;

- (n) **Books and Records:** the Borrower shall, and shall cause each Obligor to, keep proper and adequate records and books of account (including lists of accounts receivable showing amounts owing on each account) in which true and complete entries will be made in a manner sufficient to enable the preparation of financial statements in accordance with GAAP as consistently applied (except for such changes in such accounting principles with which the Majority Lenders and the Borrower's independent auditors concur);
- (o) **Notice of Certain Events:** the Borrower shall, and shall cause each Obligor to provide the Agent with prompt written notice of:

- (i) the occurrence of any condition or event which constitutes a Default or Event of Default;
  - (ii) any actions, suits, litigation or other proceedings of which it has knowledge which are commenced or threatened against or adversely affect the Borrower or any other Obligor and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect or which in any event involve a claim in excess of Cdn. \$5,000,000;
  - (iii) the discovery of any contaminant or of any spill, discharge, deposit, escape or Release of a contaminant into the environment from or upon the land or property of any Obligor which has or could reasonably be expected to have a Material Adverse Effect;
  - (iv) any Governmental Action that has been issued or made by any Governmental Authority to the effect that any Obligor or any Operator of a property in which any Obligor has an interest, has failed to comply in any material respect with any Environmental Laws or requiring any remediation, stop work, cleanup or otherwise;
  - (v) the discovery of any Title Defect in respect of any Assets, other than a Minor Title Defect;
  - (vi) the exercise of any ROFR in respect of an Asset after the acquisition thereof by an Obligor (but excluding exercises thereof upon a sale by the Borrower or the Guarantor itself) for a consideration which, when taken together with any other consideration for all ROFRs exercised within the previous 12 months, is in excess of an amount equal to \$2,500,000;
  - (vii) any circumstance or event becomes known which would render any representation or warranty in Section 2.1 incorrect or untrue if then made hereunder;
  - (viii) the unwinding or termination of any Commodity Swap;
  - (ix) any notice of default delivered or received in connection with the Debt Satisfaction and Release Agreement, together with copies thereof;
  - (x) any proposal to change the name of any Obligor or the location of its chief executive office to a place other than the Province of Alberta, and in any event not less than five (5) Business Days prior to any such change; and
  - (xi) any matter that has had, or could reasonably be expected to have, a Material Adverse Effect;
- (p) **Compliance with Laws and Regulations; Maintenance of Permits:** the Borrower shall and shall cause each Guarantor, to the extent it is the Operator of any property or asset, or to the extent it is not the Operator to use all reasonable commercial efforts to cause the Operator to:
- (i) comply with, and manage and operate its properties and assets in compliance with, all Applicable Laws, rules, regulations and orders of Governmental Authorities, including, without limitation, Environmental Laws;
  - (ii) observe and conform in and to all valid requirements, including Governmental Actions, of any Governmental Authority relative to its properties or assets and all covenants, terms and conditions of all agreements upon or under which any of its properties and assets are held;

- (iii) keep and maintain in effect and comply with all permits, approvals, licences and authorizations required in connection with its business or operations; and
- (iv) store, treat, transport or otherwise handle and dispose of all hazardous materials and waste own, managed or controlled by the Borrower, any other Obligor or the Operator in compliance with all Environmental Laws,

except to the extent failure to so comply, observe or conform with any of the foregoing could not, in the opinion of the Lenders acting reasonably, be expected to have a Material Adverse Effect;

- (q) **Facilities:** the Borrower shall and shall cause each Guarantor to use all reasonable commercial efforts to ensure that it has, at all times, access to and the ability to use all gathering and processing facilities and pipelines necessary as a prudent owner of Hydrocarbon Rights in order to gather, process and deliver to market its petroleum substances under commercially reasonable conditions, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect;
- (r) **Additional Environmental Information:** the Borrower shall, and shall cause each Guarantor to, upon the request of the Agent (acting reasonably), make available at all reasonable times its senior officers primarily responsible for its environmental activities and affairs to review such activities and affairs and respond to the inquiries of the Lenders. In addition, the Borrower shall and shall cause each Guarantor to forthwith notify the Agent, and make copies available for inspection and review on a confidential basis by representatives of the Agent, upon receipt of written orders, control orders, directions, action requests, claims and complaints from a Governmental Authority:
  - (i) relative to the defective or unsatisfactory condition of any of the Assets including, for greater certainty, Tangibles, which could reasonably be expected to have a Material Adverse Effect; or
  - (ii) relating to non-compliance with any Environmental Law which could reasonably be expected to have a Material Adverse Effect.

The Borrower shall, and shall cause each Guarantor to, proceed diligently to resolve any such claims, complaints, notices or enquiries relating to compliance with Environmental Law where failure to resolve the same could reasonably be expected to have a Material Adverse Effect;

- (s) **Operational Covenants:** the Borrower shall, and shall cause each Guarantor to, or if it is not the Operator, will and will cause the applicable Guarantor to use all reasonable commercial efforts to cause the applicable Operator to, carry on and conduct its business, and keep, maintain and operate the Assets and process, transport and sell the production attributable thereto, in accordance with Applicable Law and sound oil and gas industry practice;
- (t) **Environmental Audit:** upon the occurrence or discovery of any circumstance, condition or event which in the opinion of the Agent, acting reasonably, may result in any material Environmental Liability to the Borrower or any other Obligor, and in any event after occurrence of an Event of Default which is continuing, the Agent may arrange for an environmental audit to be conducted by an independent environmental engineer or other environmental consultant, at the expense of the Borrower. The Borrower shall cause, or cause the applicable Guarantor to cause, each Operator to, upon reasonable notice and so long as any such engineer or consultant agrees to comply with the health and safety standards generally applicable to the properties or assets to be audited, provide access to its property and assets in order for such engineer or consultant to conduct such

environmental and other inspections as it deems advisable and in that connection to examine the books, records, assets, affairs and operations of the Borrower, such Obligor or such Operator and to make enquiries of government offices concerning compliance by the Borrower, any such Obligor or the Operator with Environmental Laws;

- (u) **Subsidiaries:** the Borrower shall ensure that all of its Subsidiaries are at all times wholly-owned (beneficially) directly or indirectly, including, without limitation, in respect of any Subsidiary that is a trust, that the only beneficiaries thereof are the Borrower or Guarantors, and in respect of a Subsidiary that is a partnership, that the only partners thereof are the Borrower or Guarantors;
- (v) **Further Assurances:** the Borrower shall, and shall cause each other Obligor to, after notice thereof from the Agent, do all such further acts and things and execute and deliver all such further documents as shall be reasonably required by the Agent in order to ensure the terms and provisions of the Loan Documents are fully performed and carried out;
- (w) **Subsidiary Guarantees and Security:** prior to or concurrently with the acquisition or formation of any Subsidiary that is not already a Guarantor, the Borrower will cause each such Subsidiary to provide the Agent with a guarantee and the other Security listed in Section 6.1 in form and substance acceptable to the Agent, acting reasonably, together with such other supporting documentation, registrations and legal opinions as the Agent may reasonably require;
- (x) **Debt Satisfaction and Release Agreement:** the Borrower will promptly furnish to the Agent copies of: (i) all amendments to the Debt Satisfaction and Release Agreement, and (ii) all material notices given or received, and all material reports delivered, by any Obligor pursuant to or in connection with the Debt Satisfaction and Release Agreement to the extent not already delivered pursuant to this Agreement or the Intercreditor Agreement;
- (y) **Energy Regulator Notices:** the Borrower shall promptly upon receipt, deliver to the Agent copies of any material notices received from any relevant Energy Regulator in any Material Jurisdiction relating to non-compliance by any Obligor with applicable Environmental Laws, including any Abandonment/Reclamation Orders and any amendments, supplements or other modifications thereto (together with the estimated cost of compliance therewith), liability assessments, potential or designated problem site notices, requirement to post security deposits and operator insolvency notices, in each case, to the extent material to any Obligor;
- (z) **Abandonment and Reclamation Report Update:** the Borrower shall deliver to the Agent, not later than March 31 of each year, an Abandonment and Reclamation Report;
- (aa) **Semi-Annual Abandonment and Reclamation Report Update:** the Borrower shall deliver to the Agent not later than September 30 of each year, a semi-annual update to the most recently delivered Abandonment and Reclamation Report and details of any matters related to any material changes in the Borrower's abandonment and reclamation policies;
- (bb) **Maintenance of LMR:** the Borrower will ensure at all times that the Liability Management Rating of each Obligor that has a Liability Management Rating is not less than 1.75 in each Material Jurisdiction;
- (cc) **Government Financial Support:** the Obligors will use commercially reasonable efforts to pursue all available financial support of the Canadian government and any Governmental Authority thereunder, to the extent the Obligors would meet the qualification criteria for such financial support;

- (dd) **Control Agreements:** the Borrower shall, and shall cause each other Obligor, to, within the earlier of (i) 90 days after the Effective Date and (ii) 60 days after the date on which any Obligor opens a new securities account or bank account after the Effective Date (but only in respect of such new securities account or bank account, as applicable), enter into a Control Agreement with the Agent and each securities intermediary and deposit-taking institution at which the Borrower, or such Obligor, maintains securities accounts or bank accounts, as applicable; and
- (ee) *[post-closing covenant regarding land charge registration has been redacted].*

## 9.2 Negative Covenants

The Borrower covenants with each of the Lenders and the Agent that it shall not, and shall ensure that each other Obligor shall not, without the prior written consent of the Majority Lenders:

- (a) **Debt Incurrence:** issue, create, incur or assume any Indebtedness for Borrowed Money nor provide any form of Financial Assistance to any Person other than:
- (i) as provided hereunder or secured by any Loan Document;
  - (ii) Indebtedness in favour of a working capital lender (the “**Working Capital Indebtedness**”), provided that the Working Capital Indebtedness:
    - (A) at no time exceeds an aggregate principal amount \$7,000,000; and
    - (B) is at all times subject to an intercreditor, subordination or similar agreement in form and substance satisfactory to the Agent in its sole discretion pursuant to which the Agent and the Lenders will subordinate the Indebtedness under the Loan Documents and the Security to the Working Capital Indebtedness and any Security Interests granted in favour of such working capital lender (the “**Working Capital Intercreditor Agreement**”);
  - (iii) the Contingent Payment Obligation in an aggregate principal amount not exceeding \$5,750,000 and only while the Intercreditor Agreement is in effect;
  - (iv) Indebtedness arising from a Capital Lease by an Obligor of personal property, provided that at the time such Indebtedness is incurred, such Indebtedness when aggregated with all Indebtedness under all other Capital Leases then outstanding, (calculated in accordance with GAAP) does not exceed \$2,500,000;
  - (v) unsecured Indebtedness between Obligors;
  - (vi) Financial Assistance provided by one Obligor to any other Obligor, but only for so long as the recipient of such Financial Assistance remains an Obligor; and
  - (vii) Financial Assistance of the Indebtedness permitted by Sections 9.2(a)(ii) and 9.2(a)(iii);
- (b) **Asset Disposition/Encumbrances:** directly or indirectly sell, assign, transfer, convey, mortgage, pledge, charge or otherwise dispose of or encumber any or all of its right, title, estate and interest in or to all or any part of its properties, rights, assets or undertaking, other than:

- (i) sales of petroleum, natural gas and related hydrocarbons made by an Obligor in the ordinary course of business provided that such sales are not Prepaid Gas Obligations, Production Payments or sales or other such dispositions made as a means of borrowing or raising monies or of providing, directly or indirectly Financial Assistance to any Person;
- (ii) Permitted Encumbrances;
- (iii) sales or dispositions of Assets resulting from any pooling, unit or farmout agreement entered into in the ordinary course of business and in accordance with prudent oil and gas industry practice with arm's length third parties on prudent industry terms when it is necessary to do so in order to facilitate the orderly exploration, development or operation of such Assets;
- (iv) sales or dispositions by the Borrower to a Guarantor, or by a Guarantor to the Borrower or to another Guarantor provided that if such sales or dispositions are of Assets to a Guarantor, the acquiring Guarantor has provided the Security required pursuant to Section 6.1, including any required supplements in respect of any fixed charges created by such Security;
- (v) a sale or disposition of assets if the assets so sold or disposed of, when taken with all other sales or dispositions of assets by the Obligors in the Fiscal Year in which such sale or disposition is to take place, has an aggregate fair market value not exceeding \$2,500,000;
- (vi) sales or dispositions by an Obligor in the ordinary course of its business and in accordance with prudent industry practice of any Tangible that is obsolete, no longer useful for its intended purpose or being replaced in the ordinary course of business; or
- (vii) any other sales or dispositions consented to by the Agent and the Lenders from time to time,

provided that none of the foregoing shall be permitted if, on a *pro forma* basis after giving effect to any such disposition, the Liability Management Rating of such Obligor would be less than 1.75 in any Material Jurisdiction, other than as consented to by the Agent and the Lenders;

- (c) **Conduct of Activities:** engage in any activities or business or enter into ventures other than (i) in the case of the Obligors, the ownership of oil and gas properties and assets in Canada and exploration and development, production and marketing of petroleum, natural gas and related products; and (ii) in the case of the Borrower, acting in the capacity of the manager of the Partnership;
- (d) **Amend Material Contracts:** modify, alter, amend, extend, renew, replace, knowingly waive strict and timely performance of any compliance with (including, without limitation waive any default under), terminate, cancel or suspend or assign any Material Contract or any material term, agreement, provision, item, obligation or covenant contained in any Material Contract;
- (e) **Capital Distributions:** make, give effect to or implement any steps or procedures to make, any Capital Distribution other than Capital Distributions by the Borrower to a Guarantor or by a Guarantor to another Guarantor or the Borrower provided that on the date of any such Capital Distribution, no Default or Event of Default shall have occurred and be then continuing or result therefrom;

- (f) **Transfer or Encumbering of or Equity Interests:** consent or agree to, or allow any other Obligor to consent or agree to, any sale, disposition or other transfer of any interest in any of the shares of any Subsidiary which is a corporation, any partnership interest of any Obligor which is a partnership or any beneficial interests or unit interests in any Subsidiary that is a trust or the creation of any Security Interests therein;
- (g) **Insurance Proceeds:** make any application or use of any insurance proceeds received by it in respect of any single claim or event which are in excess of \$2,500,000;
- (h) **Mergers, Etc.:** enter into or become party to any transaction of merger, amalgamation, combination, consolidation, winding up, plan of arrangement or reconstruction with any Person or take any corporate, partnership or trust action authorizing or approving of any the foregoing;
- (i) **Change of Fiscal Year:** change the fiscal year end of any Obligor from December 31 or the basis on which the financial records of any of them are now maintained;
- (j) **No Subsidiaries:** except for Guarantors, create, acquire or suffer to exist from time to time any Subsidiary;
- (k) **Restrictions on Swaps:** enter into any Swap other than Permitted Swaps or complete any Swap Monetization without the prior written consent of all of the Lenders;
- (l) **Restrictions on Sale Contracts:** enter into any contracts for the sale of petroleum, natural gas or related hydrocarbons in any period in an amount which would be in excess of the estimated uncontracted and uncommitted production by the Obligors from the Hydrocarbon Rights for such period, as estimated at the time such contract of sale is entered into;
- (m) **Restrictions on Investments:** acquire, make or permit to remain outstanding any Investments except:
  - (i) operating deposit accounts that are subject to Control Agreements in accordance with Section 9.1(dd);
  - (ii) Permitted Investments; and
  - (iii) Investments by the Obligors in Guarantors or in Indebtedness of any Obligors;
- (n) **Partnership:** add any Person as, or otherwise allow or permit any Person to be, a partner to the Partnership which is not a Guarantor, nor make any changes, amendments or supplements to the Partnership Agreement which could reasonably be expected to adversely affect the interests of the Lenders;
- (o) **Transactions with Associates:** except as expressly permitted by this Agreement and without in any manner qualifying or limiting any other negative covenant contained in this Section 9.2 or in any other Loan Document, make any Investment in an Associate, transfer, sell, lease, assign or otherwise dispose of property to an Associate, merge into or consolidate with or purchase or acquire property from an Associate, pay any management or consulting fees, make any reimbursement of costs or enter into any transaction directly or indirectly with or for the benefit of an Associate, provided that the Obligors may enter into such transactions with each other;

- (p) **Management Contracts:** be or become a party to any agreement providing for its directorship or any management functions to be conducted by or delegated to any Person;
- (q) **Use of Proceeds:** use the proceeds of the Credit Facility for any expenditures, capital or otherwise, except in accordance with Section 3.2;
- (r) **Control Agreements:** maintain cash, cash equivalents or securities at any deposit-taking institution or securities intermediary that is not subject to a Control Agreement, provided that the Obligors may maintain cash, cash equivalents or securities intermediaries at deposit-taking institutions in securities or bank accounts existing as of the Effective Date so long as each such Obligor maintains compliance with Section 9.1(dd);
- (s) **Acquisitions:** directly or indirectly, purchase or otherwise acquire (by way of merger, amalgamation, acquisition, exchange or otherwise) any:
  - (i) Voting Shares or other ownership interest of any Person; or
  - (ii) assets or property, other than (A) acquisitions of assets or property required for the operation of the Obligors' business in the normal course (which, for certainty, shall not include any oil and gas wells, facilities, or pipelines) and (B) if such acquisition would not result in (x) the Liability Management Rating of any Obligor, on a *pro forma* basis after giving effect to such acquisition, being reduced or (y) the asset retirement and abandonment and reclamation liabilities from the non-producing assets of any Obligor being increased,

in each case, without the prior written consent of all of the Lenders;
- (t) **Capital Expenditures:** directly or indirectly, incur or make any capital expenditures in any Fiscal Year in excess of 110% of the budgeted amounts therefor as set forth in the most recently delivered Annual Budget;
- (u) **Amendments to Debt Satisfaction and Release Agreement:** amend, restate, supplement or otherwise modify the Debt Satisfaction and Release Agreement; or
- (v) **Equity/Rights Offerings:** consummate any rights offering or otherwise issue any Equity Interests of the Borrower (or any other Obligor, other than between Obligors).

## ARTICLE 10 EVENTS OF DEFAULT

### 10.1 Events of Default

The occurrence of any one or more of the following events or circumstances constitutes an Event of Default under this Agreement:

- (a) **Failure to Pay Interest or Fees:** the failure of the Borrower to make any payment of any interest or fees or any portion thereof when due hereunder, and such default shall remain unremedied for a period of two (2) Business Days after written notice from the Agent to the Borrower that such amount is due or overdue

- (b) **Failure to Pay Other Amounts:** the failure of the Borrower to make any payment (other than interest or fees), including any principal, when due hereunder, and such default shall remain unremedied for a period of three (3) Business Days after written notice from the Agent to the Borrower that such amount is due or overdue;
- (c) **Covenants:** if there is a breach or failure of due performance or observance by any Obligor of:
  - (i) Sections 9.1(dd), 9.1(ee), 9.2(b) through 9.2(h) inclusive or Section 9.2(o); or
  - (ii) any other covenant or provision of this Agreement or any of the Loan Documents (other than as otherwise dealt with in this Section 10.1), unless, to the extent such breach or failure is capable of being cured, such breach or failure is cured to the satisfaction of the Majority Lenders, acting reasonably, within thirty (30) days after written notice thereof by the Agent to the Borrower;
- (d) **Misrepresentations:** if any representation or warranty made or deemed to be made by any Obligor in any Loan Document or certificate or document shall prove to have been incorrect in any material respect when made or deemed to be made or repeated hereunder or thereunder; provided that if the matter, defect or deficiency which is the subject matter of the misrepresentation is capable of correction or remedy (and not merely by changing the representation made), then if it is not corrected or remedied to the satisfaction of the Majority Lenders, acting reasonably, within thirty (30) days after written notice thereof by the Agent to the Borrower;
- (e) **Cross Default:** if there occurs and is outstanding any default under any term or provision of any Material Contract by any Obligor, or any other Person party thereto, which default could reasonably be expected to have a Material Adverse Effect; or any Obligor, and/or the Person primarily liable or jointly and/or severally liable in the case of any contingent or joint and/or several obligation of any Obligor is in default under any term or provision of any agreement evidencing or securing Indebtedness for Borrowed Money between itself and any Person (other than this Agreement), and such breach or default is in respect of an amount which (taken together with any other such breaches or defaults in respect of Indebtedness for Borrowed Money, and taken together with any accelerated amounts in respect of Indebtedness for Borrowed Money), is in the aggregate in excess of Cdn. \$5,000,000 or which in any event could reasonably be expected to have a Material Adverse Effect and such breach or default in any of the foregoing events shall not be remedied within the lesser of thirty (30) days from the occurrence thereof and the cure period (if any) allowed in the Material Contract or relevant agreement;
- (f) **Cease to Carry on Business:** if any Obligor ceases or threatens to cease to carry on business;
- (g) **Voluntary Insolvency:** if any Obligor shall:
  - (i) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or a substantial part of its assets;
  - (ii) be unable, or admit in writing its inability or failure, to pay its debts generally as they become due;
  - (iii) make or threaten to make a general assignment for the benefit of creditors;

- (iv) commit or threaten to commit an act which, if committed by a corporation, would constitute an act of bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or any statute passed in substitution therefor, as amended from time to time;
  - (v) commence any cause, proceeding or other action under any existing or future law relating to bankruptcy, insolvency, reorganization or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any Debtor Relief Law proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding; or
  - (vi) take corporate or partnership action for the purpose of effecting any of the foregoing.
- (h) **Involuntary Insolvency:** if any case, proceeding or other action shall be instituted in any court of competent jurisdiction, against any Obligor seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or the like or of all or any part of its assets, or any other like relief in respect of it under any Debtor Relief Law and, if such case, proceeding or other action is being contested by the Borrower in good faith, the same shall continue undismissed or unstayed and in effect for any period of thirty (30) consecutive days provided that if an order, decree or judgment is granted (whether or not entered or subject to appeal) against an Obligor thereunder or a trustee, receiver or liquidator is appointed in the interim and such order, decree, judgment or appointment is not stayed or discharged within five (5) days of it being granted, such grace period shall cease to apply;
  - (i) **Disposition of Assets:** if any Obligor shall pass an effective resolution, or initiate steps or proceedings for the purpose of, authorizing the disposition of all or substantially all of its property, assets and undertakings;
  - (j) **Change in Ownership:** if, at any time without the prior written consent of the Majority Lenders, (i) each Guarantor is not wholly owned, directly or indirectly, by the Borrower, or (ii) a Change of Control occurs;
  - (k) **Judgments:** if a final judgment or judgments for the payment of money shall be rendered against any Obligor in an aggregate outstanding amount for all such judgments which is in excess of \$5,000,000 and the same shall remain undischarged for a period of twenty (20) days during which such judgment or judgments shall not be on appeal or execution thereof shall not be effectively stayed;
  - (l) **Writs:** if a writ, execution, attachment or similar process is issued or levied against any part of the property of any Obligor or in respect of any Assets in connection with any judgment or judgments against such Obligor, the Operator or in respect of the Assets or in connection with any judgment for non-payment of any Tax, in an aggregate amount for all such proceedings which is in excess of \$5,000,000 and such writ, execution, attachment or similar process remains undischarged or unreleased for a period of twenty (20) days;
  - (m) **Encumbrancers:** if an encumbrancer or lienor lawfully takes possession of any property of any Obligor or in respect of Assets having a value in an aggregate amount which is in excess of \$5,000,000 and such possession continues for a period of twenty (20) days;

- (n) **Invalid Loan Documents:** if any material provision of any Loan Document continues to be invalid or unenforceable in whole or in a material part, or any of the Security Interests in and to any material Collateral constituted by the Security fails to attach thereto or to have the priority intended thereby, and, in either case, the same is not cured to the satisfaction of the Majority Lenders, acting reasonably, within fifteen (15) days after notice thereof by the Agent to the Borrower;
- (o) **Constating Documents:** if the articles of amalgamation of the Borrower are materially amended after the Effective Date without the consent of the Majority Lenders, such consent not to be unreasonably withheld;
- (p) **Material Adverse Effect:** if an event shall occur which, in the opinion of the Majority Lenders, on reasonable grounds and in good faith, could reasonably be expected to have a Material Adverse Effect, provided that, if in the opinion of the Majority Lenders the same is capable of remedy within 30 days, such event shall not be remedied to the satisfaction of the Majority Lenders within a period of 30 days from the date of written notice by the Agent to the Borrower of such event;
- (q) **Debt Satisfaction and Release Agreement:** if any event of default has occurred under the Debt Satisfaction and Release Agreement and continues after the expiry of any applicable grace period in respect thereof without waiver by the Contingent Payment Holders; or
- (r) **Abandonment/Reclamation Orders:** If any of the Obligors receives one or more Abandonment/Reclamation Orders from any applicable Energy Regulator and (i) the aggregate estimated cost of compliance with all such outstanding orders, together with the aggregate amount of all such security deposits (without duplication) determined at the time of receipt thereof by the Borrower or Guarantor, as applicable, would exceed \$5,000,000 (provided that, for the purpose of determining any such estimated cost, the Borrower shall provide the Agent with a reasonable and factually supportable estimate of such costs within 10 Business Days of its receipt of the applicable order and shall deliver to each Lender all such other relevant information related to such estimate as may be reasonably required by any such Lender) and (ii) the Borrower or Guarantor, as applicable, has not complied with the terms of the applicable Abandonment/Reclamation Order(s) or the circumstances identified in such order(s) remain unrectified (as such order(s) may be amended, supplemented or otherwise modified by the issuing Energy Regulator) by any deadline date for compliance or rectification as set forth therein (as any such date may be extended as a result of any appeal period in respect thereof) (the “**Compliance Date**”), unless the Agent has received evidence satisfactory to it, in its sole discretion, (A) of such compliance or rectification on or before the Compliance Date, (B) that such order has been withdrawn by the applicable Energy Regulator on or before the Compliance Date.

## 10.2 Acceleration

Upon the occurrence of any Event of Default which has not been remedied or waived, the Agent on behalf of the Lenders, and with the approval of the Majority Lenders shall be entitled to, without limiting or restricting other remedies or rights under contract, at law or in equity, as the Agent and the Majority Lenders may in their sole and unfettered discretion determine:

- (a) **Terminate Commitment:** cease to make or continue any Loans hereunder, notwithstanding any prior receipt by the Agent of a Borrowing Notice or any other event and the Agent may, by written notice to the Borrower, declare the Total Commitment, each Lender’s Commitment and the right of the Borrower to apply for further Loans to be terminated; and

- (b) **Acceleration Notice:** by way of delivery of an Acceleration Notice to the Borrower, declare all Outstandings and other Liabilities (whether matured or unmatured) of the Borrower to the Agent and the Lenders hereunder and under the other Loan Documents to be immediately due and payable (or to be due and payable at such later time as may be stated in such notice) without further demand, presentation, protest or other notice of any kind, all of which are expressly waived by the Borrower;

provided that upon the occurrence of an Event of Default specified in Section 10.1(g) or (h) the Commitment shall automatically terminate and all Outstandings and other Liabilities hereunder, under the other Loan Documents shall automatically become due and payable, in each case without any requirement that notice be given to the Borrower or any Obligor. Immediately upon the occurrence of an Event of Default specified in Section 10.1(g) or (h) or at the time stated in an Acceleration Notice, the Borrower shall pay to the Agent on behalf of the Lenders all amounts owing or payable in respect of all Outstandings and other Liabilities hereunder, under the other Loan Documents, failing which all rights and remedies of the Agent and the Lenders under the Loan Documents shall thereupon become enforceable.

### **10.3 Remedies**

Upon the making of a declaration contemplated by Section 10.2, the Security shall become immediately enforceable (subject to the terms of the Intercreditor Agreement) and the Agent may take such action or proceedings as the Lenders in their sole discretion deem expedient to enforce the same, all without any additional notice, presentment, demand, protest or other formality, all of which are hereby expressly waived by the Borrower.

### **10.4 Liability**

Neither the Lenders nor the Agent shall be under any obligation to any Obligor or any other person to realize any Collateral or enforce the Security or any part thereof or to allow any of the Collateral subject to the Security to be sold, dealt with or otherwise disposed of. The Lenders shall not be responsible or liable to any Obligor or any other person for any loss or damage upon the realization or enforcement of, the failure to realize or enforce the Collateral subject to the Security or any part thereof or the failure to allow any of such Collateral to be sold, dealt with or otherwise disposed of or for any act or omission on their respective parts or on the part of any director, officer, agent, servant or adviser in connection with any of the foregoing, except that a Lender will be responsible or liable for any loss or damage arising from the wilful misconduct or gross negligence of that Lender or any director, officer, agent or advisor thereof.

### **10.5 Perform Obligations**

If an Event of Default has occurred and is continuing and if an Obligor has failed to perform any of its covenants or agreements in the Loan Documents, the Majority Lenders, may (subject to the terms of the Intercreditor Agreement), but shall be under no obligation to, instruct the Agent on behalf of the Lenders to perform any such covenants or agreements in any manner deemed fit by the Lenders without thereby waiving any rights to enforce the Loan Documents. The reasonable expenses (including any legal costs) paid by the Agent and/or the Lenders in respect of the foregoing shall be added to and become part of the Indebtedness hereunder and shall be secured by the Security.

### **10.6 Third Parties**

No Person dealing with the Agent, the Lenders or any of them, or any agent of the Lenders shall be concerned to inquire whether the Security has become enforceable, or whether the powers which the Agent or the Lender is purporting to exercise have been exercisable, or whether any Indebtedness remains outstanding upon the security thereof, or as to the necessity or expediency of the stipulations and conditions

subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or other disposition or any other dealing with the Collateral charged by such Security or any part thereof.

#### **10.7 Remedies Cumulative**

The rights and remedies of the Agent and the Lenders (or any of them) under the Loan Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by Applicable Law. Any single or partial exercise by the Agent and the Lenders (or any of them) of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, affect, or prejudice any other right or remedy or other rights or remedies to which the Agent or the Lenders (or any of them) may be lawfully entitled for the same default or breach. Any waiver by the Agent or the Lenders (or any of them) of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained, and any indulgence granted by the Agent or the Lenders (or any of them) shall be deemed not to be a waiver of any subsequent default.

#### **10.8 Set-Off or Compensation**

In addition to and not in limitation of any rights now or hereafter granted under Applicable Law, the Lenders, or any of them, may at any time and from time to time after an Event of Default has occurred which is continuing and without notice to any Obligor or any other person, any notice being expressly waived by the Borrower, set-off, combine accounts and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, in any currency, and any other indebtedness at any time owing by the Lenders, or any of them, to or for the credit of or the account of the Borrower, against and on account of the Indebtedness under the Loan Documents notwithstanding that any of it is contingent or unmatured.

#### **10.9 Taxes**

- (a) **Payments Subject to Taxes:** If any Obligor, the Agent, or any Lender is required by Applicable Law to deduct or pay any Indemnified Taxes (including any Other Taxes) in respect of any payment by or on account of any obligation of an Obligor hereunder or under any other Loan Document, then:
- (i) the sum payable shall be increased by that Obligor when payable as necessary so that after making or allowing for all required deductions and payments (including deductions and payments applicable to additional sums payable under this Section 10.9) the Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or payments been required;
  - (ii) the Obligor shall make any such deductions required to be made by it under Applicable Law; and
  - (iii) the Obligor shall timely pay the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.
- (b) **Payment of Other Taxes by the Borrower:** Without limiting the provisions of Section 10.9(a), the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.
- (c) **Indemnification by the Borrower:** The Borrower shall indemnify the Agent and each Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes

(including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 10.9) paid by the Agent or such Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

- (d) **Evidence of Payments:** As soon as practicable after any payment of Indemnified Taxes or Other Taxes by an Obligor to a Governmental Authority, the Obligor shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.
- (e) **Status of Lenders:** Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall, at the request of the Borrower, deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition:
- (i) any Lender, if requested by the Borrower or the Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent to determine whether or not such Lender is subject to withholding or information reporting requirements; and
  - (ii) any Lender that ceases to be, or to be deemed to be, resident in Canada for purposes of Part XIII of the *Income Tax Act* (Canada) or any successor provision thereto shall within five days thereof notify the Borrower and the Agent in writing.
- (f) **Treatment of Certain Refunds and Tax Reductions:** If the Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 10.9 or that, because of the payment of such Taxes or Other Taxes, it has benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the Borrower an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 10.9 with respect to the Taxes or Other Taxes giving rise to such refund or reduction), net of all out-of-pocket expenses of the Agent or such Lender, as the case may be, and without interest (other than any net after-Tax interest paid by the relevant Governmental Authority with respect to such refund). The Borrower, upon the request of the Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Agent or such Lender if the Agent or such Lender is required to repay such refund or reduction to such Governmental Authority. This Section 10.9(f) shall not be construed to require the Agent or any Lender to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower or any other Person, to arrange its affairs in any particular manner or to claim any available refund or reduction.

**ARTICLE 11**  
**THE AGENT AND THE LENDERS**

**11.1 Authorization of Agent and Relationship**

Each Lender hereby appoints AIMCo as agent and AIMCo hereby accepts such appointment. The appointment may only be terminated as expressly provided in this Agreement. Each Lender hereby authorizes the Agent to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Agreement and the other Loan Documents, together with all powers reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agent shall have no duties or obligations except those expressly set forth herein and no other duties or obligations of the Agent shall be implied in this Agreement or in any other Loan Documents. The Agent may perform such duties or obligations by or through its agents or employees. The Agent shall not by reason of this Agreement or any of the other Loan Documents have a fiduciary duty in respect of any Lender. As to any matters not expressly provided for by this Agreement, the Agent is not required to exercise any discretion or to take any action, but is required to act or to refrain from acting (and is fully protected in so acting or refraining from acting) upon the instructions of the Lenders or the Majority Lenders, as the case may be. Those instructions shall be binding upon all Lenders, but the Agent is not required to take any action which exposes the Agent to personal liability or which is contrary to this Agreement or Applicable Law.

**11.2 Disclaimer of Agent**

The Agent makes no representation or warranty, and assumes no responsibility with respect to the due execution, legality, validity, sufficiency, enforceability or collectability of this Agreement or any other Loan Document. The Agent assumes no responsibility for the financial condition of the Borrower or any Subsidiary, or for the performance of the obligations of the Borrower or any Subsidiary under this Agreement or any other Loan Document. The Agent assumes no responsibility with respect to the accuracy, authenticity, legality, validity, sufficiency or enforceability of any documents, papers, materials or other information furnished by the Borrower or any Subsidiary to the Agent. The Agent shall not be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or as to the use of the proceeds of the Credit Facility or of the existence or possible existence of any Default or Event of Default unless the officers or employees of the Lender acting as Agent active in their capacity as officers or employees of the Borrower have actual knowledge thereof, or have been notified thereof in writing by the Borrower or a Lender. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Agent under or in connection with the Agreement except for its or their own gross negligence or wilful misconduct. With respect to its Commitment, the Lender acting as Agent shall have the same rights and powers hereunder as any other Lender, and may exercise the same as though it were not performing the duties and functions delegated to it as Agent hereunder.

**11.3 Agent's Clawback**

- (a) **Funding by Lenders; Presumption by Agent.** Unless the Agent shall have received notice from a Lender prior to the proposed date of any Tranche Loan that such Lender will not make available to the Agent such Lender's share of such Tranche Loan, the Agent may assume that such Lender has made such share available on such date in accordance with the provisions of this Agreement concerning funding by Lenders and may, but is under no obligation to, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Tranche Loan available to the Agent, then such Lender and the Borrower severally agree to pay or in the case of the Borrower, repay, to the Agent

forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Agent, at the interest rate applicable to such Tranche Loan. If the Borrower and such Lender shall pay such interest to the Agent for the same or overlapping period, the Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays such amount to the Agent, then such amount shall constitute such Lender's share included in such Tranche Loan and if the Borrower has previously paid such amount to the Agent, the Agent will re-advance such share to the Borrower. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that has failed to make such payment to the Agent.

- (b) **Payments by the Borrower; Presumptions by the Agent.** Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Agent for the account of any Lender hereunder that the Borrower will not make such payment, the Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute the amount due to the applicable Lenders. In such event, if the Borrower has not in fact made such payment, then each of the applicable Lenders severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at a rate equal to the rate determined by the Agent in accordance with prevailing banking industry practice on interbank compensation.

#### **11.4 Payments by the Obligors**

All payments made by or on behalf of any Obligor pursuant to this Agreement or the other Loan Documents shall be made to and received by the Agent on behalf of the Lenders and shall be distributed by the Agent to the Lenders as soon as possible upon receipt by the Agent. Subject to the provisions of Section 11.5 hereof, the Agent shall distribute in the following order:

- (a) unpaid fees, costs and expenses of the Agent;
- (b) payments of interest and fees: in accordance with each Lender's Proportionate Share of the Credit Facility;
- (c) repayments of principal: in accordance with each Lender's Proportionate Share of the Credit Facility;
- (d) amounts received (net of all relevant costs and expenses of the Agent) by the Agent or any Lender as a result of the exercise of any right of set-off, combination or consolidation of accounts, or by counterclaim or cross-action, in accordance with each Lender's Proportionate Share of the then outstanding Indebtedness owing to all of the Lenders at the time of such set-off, combination or consolidation of accounts or if applicable, at the time of the receipt of such amounts from any counterclaim or cross-action; and
- (e) all other payments received by the Agent under this Agreement, in accordance with what would otherwise be each Lender's Proportionate Share of the Credit Facility.

Subject to Section 11.5, if the Agent does not distribute a Lender's Proportionate Share of a payment made by the Borrower to or for the benefit of that Lender for value on the day that payment is made or deemed to have been made to the Agent, the Agent shall pay to the Lender on demand an amount equal to the product of (i) the Agent's rate per annum applicable to overnight deposits for amounts approximately equal

to the amount of the payment multiplied by (ii) the Lender's Proportionate Share of the amount received by the Agent from the Borrower and not so distributed, multiplied by (iii) a fraction, the numerator of which is the number of days that have elapsed from and including the date of receipt of the payment by the Agent to but excluding the date on which the payment is made by the Agent to such Lender and the denominator of which is 365 or 366 (as applicable).

Without notice to or the consent of any Person, the Lenders hereunder may:

- (f) permit any increase or decrease, however significant, of the Credit Facility or the Indebtedness hereunder or otherwise supplement, amend, restate, substitute, in whole or in part, however significant, the Indebtedness under the Loan Documents, this Agreement, the Security or any other Loan Document, or in whole or in part, terminate the availability of Credit Facility or demand payment or performance of all or any of the Outstandings;
- (g) enforce or take any action under or abstain from enforcing or taking action under this Agreement or any other Loan Document;
- (h) take, give up, subordinate, release or discharge any Security, supplement, amend, restate, substitute, renew, abstain from receiving, perfect or abstain from perfecting or maintaining the perfection of any Security, enforce, take action under or realize in any manner or abstain from enforcing, taking action under or realizing any Security, deal with or abstain from dealing with all or any part of the undertaking, property and assets subject to the Security or allow the Borrower and its Subsidiaries or others to deal with such undertaking, properly;
- (i) renew all or any part of the Credit Facility or the Indebtedness under the Loan Documents or grant extensions of time or any other indulgences to the Obligors or any other Person;
- (j) accept or make compromises or arrangements with or release, discharge or otherwise deal with or abstain from dealing with the Obligors or any other Person;
- (k) in whole or in part prove or abstain from proving a claim in any insolvency proceeding of or affecting the Obligors or any other Person; and
- (l) agree with the Obligors or any other Person to do anything described in Subsections (f) to (k) above.

## **11.5 Payments by Agent**

**General:** For greater certainty, the following provisions shall apply to any and all payments made by the Agent to the Lenders hereunder:

- (a) the Agent shall be under no obligation to make any payment (whether in respect of principal, interest, fees or otherwise) to any Lender until an amount in respect of such payment has been received by the Agent from the Borrower;
- (b) if the Agent receives less than the full amount of any payment of principal, interest, fees or other amount owing by the Borrower under this Agreement, the Agent shall have no obligation to remit to each Lender any amount other than such Proportionate Share (based on the then outstanding Indebtedness of the Borrower hereunder) of that amount which is the amount actually received by the Agent;

- (c) if any Lender advances more or less than its Proportionate Share of the Credit Facility, such Lender's entitlement to such payment shall be increased or reduced, as the case may be, in proportion to the amount actually advanced by such Lender;
- (d) if a Lender's Proportionate Share of a Tranche Loan has been advanced for less than the full period to which any payment by the Borrower relates, such Lender's entitlement to such payment shall be reduced in proportion to the length of time such Lender's Proportionate Share of the Tranche Loan has actually been outstanding;
- (e) the Agent acting reasonably and in good faith shall, after consultation with the Lenders in the case of any dispute, determine in all cases the amount of all payments to which each Lender is entitled and such determination shall, in the absence of manifest error, be binding and conclusive;
- (f) upon request, the Agent shall deliver a statement detailing any of the payments to the Lenders referred to herein; and
- (g) all payments by the Agent to a Lender hereunder shall be made to such Lender at its address set forth opposite such Lender's name on the signature pages hereto unless notice to the contrary is received by the Agent from such Lender.

#### **11.6 Direct Payments**

The Lenders agree among themselves that, except as otherwise provided for in this Agreement and except as necessary to adjust for Tranche Loans that are not in each Lender's Proportionate Share under the Credit Facility, all sums received by a Lender relating to this Agreement, by virtue of the other Loan Documents, whether received by voluntary payment, by the enforcement of the Security, the exercise of the right of set-off, combination or consolidation of accounts, or compensation or by counterclaim, cross-action or otherwise, shall be shared by each Lender in its Proportionate Share of the Credit Facility or the Indebtedness then outstanding under the Loan Documents, as applicable, in accordance with Section 11.4 and each Lender undertakes and agrees to do all such things as may be reasonably required to give full effect to this Section 11.6, including, without limitation, the purchase from other Lenders of a portion of any Tranche Loans by the Lender who has received an amount in excess of its Proportionate Share as shall be necessary to cause such purchasing Lender to share the excess amount rateably in its Proportionate Share with the other Lenders. If any sum which is so shared is later recovered from the Lenders who originally received it, the Lender shall restore its Proportionate Share of such sum to such Lenders, without interest. If any Lender (a "**Receiving Lender**") shall obtain any payment of the Outstandings as referred to above, the Receiving Lender shall forthwith remit such payment to the Agent and, upon receipt, the Agent shall distribute such payment in accordance with the provisions of Section 11.4.

#### **11.7 Administration of the Credit Facility**

- (a) **Duties of Agent:** Unless otherwise specified herein, the Agent shall perform the following duties under this Agreement:
  - (i) take delivery of each Lender's Proportionate Share of a Tranche Loan and make all Tranche Loans hereunder in accordance with the procedures set forth herein;
  - (ii) use reasonable efforts to collect promptly all sums due and payable by the Borrower pursuant to this Agreement;
  - (iii) make all payments to the Lenders in accordance with the provisions hereof;

- (iv) hold all legal documents relating to the Credit Facility, maintain complete and accurate records showing all Loans made by the Lenders, all remittances and payments made by the Borrower to the Agent, all remittances and payments made by the Agent to the Lenders and allow each Lender and their respective advisors to examine such accounts, records and documents at their own expense, and provide any Lender, upon reasonable notice, with such copies thereof as such Lender may reasonably require from time to time at its expense;
  - (v) except as otherwise specifically provided for in this Agreement, promptly advise each Lender upon receipt of each notice and deliver to each Lender, promptly upon receipt, all other written communications furnished by the Borrower to the Agent pursuant to this Agreement, including without limitation copies of financial reports and certificates which are to be furnished to the Agent;
  - (vi) forward to each of the Lenders, one copy each of this Agreement and other Loan Documents;
  - (vii) promptly forward to each Lender, upon request, an up-to-date loan status report and any other information respecting the Borrower reasonably requested by such Lender; and
  - (viii) upon learning of same, promptly advise each Lender in writing of the occurrence of an Event of Default or the occurrence of any event, condition or circumstance which could be expected to have a Material Adverse Effect, provided that, except as aforesaid, the Agent shall be under no duty or obligation whatsoever to provide any notice to the Lenders and further provided that each Lender hereby agrees to notify the Agent of any Default or Event of Default of which it may reasonably become aware.
- (b) **Majority Lender Consent:** The Agent may take the following actions only with the prior consent of the Majority Lenders, unless otherwise specified in this Agreement:
- (i) subject to Section 11.7(c), exercise any and all rights of approval and consent specifically conferred upon the Lenders (and not the Agent) by this Agreement;
  - (ii) amend, modify or waive any of the terms of this Agreement (including waiver of an Event of Default) if such action is not otherwise provided for in Section 11.7(c);
  - (iii) declare an Event of Default or take action to enforce performance of the Indebtedness of the Obligors under and in respect of the Loan Documents, enforce the Security and/or pursue any other legal remedy necessary; and
  - (iv) pay insurance premiums, taxes and any other sums as may be reasonably required to protect the interests of the Lenders.
- (c) **Unanimous Lender Consent:** The Agent may take the following actions only if the prior unanimous consent of the Lenders is obtained, unless otherwise contemplated or provided for in this Agreement:
- (i) amend, modify, discharge, terminate or waive any of the material terms of the Security other than as provided for herein;
  - (ii) amend, modify, discharge, terminate or waive any of the terms of this Agreement if such amendment, modification, discharge, termination or waiver would increase the amount of

the Credit Facility, reduce the interest rate applicable to the Credit Facility, reduce the fees payable with respect to the Credit Facility, extend any date fixed for payment of principal or interest relating to the Credit Facility (including a waiver of any requirement of the Borrower to repay outstanding amounts pursuant to Section 4.1 and a waiver of an Event of Default described in Sections 10.1(a) or (c)), extend either Maturity Date, or affect the priority of the Security; and

- (iii) amend the definition of “Majority Lenders” or this Section 11.7(c).
- (d) **General:** As between the Borrower, on the one hand, and the Agent and the Lenders, on the other hand:
- (i) all statements, certificates, consents and other documents which the Agent purports to deliver on behalf of the Lenders or the Majority Lenders shall be binding on each of the Lenders, and the Borrower shall not be required to ascertain or confirm the authority of the Agent in delivering such documents;
  - (ii) all certificates, statements, notices and other documents which are delivered by the Borrower to the Agent in accordance with this Agreement shall be deemed to have been delivered to each of the Lenders;
  - (iii) all payments which are delivered by the Borrower to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each of the Lenders; and
  - (iv) unless an Event of Default has occurred and is continuing, the consent of the Borrower to the appointment of any Successor Agent must be obtained, but such consent shall not be unreasonably withheld.
- (e) **Certain References:** Any reference herein to action to be taken by “the Lenders” and not “all of the Lenders” shall mean the Majority Lenders.

## 11.8 Rights of Agent

- (a) **Counsel:** In administering the Credit Facility or in realizing on the rights available under this Agreement or the other Loan Documents, the Agent may retain, at the expense of the Lenders if such expenses are not recoverable from the Borrower, such solicitors, counsel, auditors and other experts and agents as the Agent may select, in its sole discretion, acting reasonably and in good faith after consultation with the Lenders.
- (b) **Reliance:** The Agent shall be entitled to rely on any communication, instrument or document believed by it to be genuine and correct and to have been signed by the proper individual or individuals, and shall be entitled to rely and shall be protected in relying as to legal matters upon opinions of independent legal advisors selected by it. The Agent may also assume that any representation made by the Borrower is true and that no Default or Event of Default has occurred unless the officers or employees of the Lender acting as Agent, active in their capacity as officers or employees responsible for the Borrower’s accounts have actual knowledge to the contrary or have received notice to the contrary from any other party to this Agreement.
- (c) **Other Activities:** The Agent may, without any liability to account, but subject to the terms of this Agreement, enter into swap agreements, futures contracts and other similar agreements with the

Borrower, accept deposits from and lend money to and generally engage in any kind of banking, or other business with the Borrower, as if it were not the Agent.

- (d) **No Requirement to Pay Certain Amounts:** The Agent shall not be required to advance its own funds for any purpose, and in particular, shall not be required to pay with its own funds insurance premiums, taxes or public utility charges or the cost of repairs or maintenance with respect to any of the Collateral of the Borrower or any Subsidiary nor shall it be required to pay with its own funds the fees of solicitors, counsel, auditors, experts, or agents engaged by it as permitted hereby.

## 11.9 Acknowledgements, Representations and Covenants of Lenders

- (a) **Lender Decisions:** It is acknowledged and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, property, affairs, status and nature of each Obligor. Accordingly, each Lender confirms to the Agent that it has not relied, and will not hereafter rely, on the Agent (i) to check or inquire on its behalf into the adequacy or completeness of any information provided by any Obligor under or in connection with this Agreement, the other Loan Documents or the transactions herein contemplated (whether or not such information has been or is hereafter distributed to such Lender by the Agent) or (ii) to assess or keep under review on its behalf the financial condition, creditworthiness, property, affairs, status or nature of each Obligor.
- (b) **Authority of Lenders:** Each Lender represents and warrants that it has the legal capacity to enter into this Agreement pursuant to its charter and any Applicable Law and has not violated its charter, constating documents or any Applicable Law by so doing.
- (c) **Indemnity:** Each Lender agrees to indemnify the Agent (to the extent not reimbursed by the Borrower), rateably according to its Proportionate Share of the Credit Facility from and against any and all liabilities and obligations (whether direct or indirect, contingent or otherwise), losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of the Loan Documents or the transactions therein contemplated, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand rateably according to its Proportionate Share of the Credit Facility for any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preservation of any rights of the Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under this Agreement or under the other Loan Documents, to the extent that the Agent is not promptly reimbursed for such expenses by the Borrower. The obligation of the Lenders to indemnify the Agent shall survive the termination of this Agreement.
- (d) **No Recourse to Agent:** Each of the Lenders acknowledges and confirms that in the event that the Agent does not receive payment in accordance with this Agreement, it shall not be the obligation of the Agent to maintain the Credit Facility in good standing nor shall any Lender have recourse to the Agent in respect of any amounts owing to such Lender under this Agreement.
- (e) **Loans:** Each Lender acknowledges and agrees that its obligation to advance its Proportionate Share of Tranche Loans in accordance with the terms of this Agreement is independent and in no way related to the obligation of any other Lender hereunder.

- (f) **Receipt of Loan Documents:** Each Lender hereby acknowledges receipt of a copy of this Agreement and the other Loan Documents (to the extent that such Loan Documents have been delivered) and acknowledges that it is satisfied with the form and content of such documents.
- (g) **Costs:** Except to the extent recovered by the Agent from the Borrower, promptly following demand therefor, each Lender shall pay to the Agent an amount equal to such Lender's Proportionate Share of the Credit Facility of any and all reasonable costs, expenses, claims, losses and liabilities incurred by the Agent in connection with this Agreement and the other Loan Documents except for those incurred by reason of the Agent's gross negligence or wilful misconduct.
- (h) **Consents:** Each Lender shall respond promptly to each request by the Agent for the consent of such Lender required hereunder.

#### **11.10 Action of the Lenders**

Each of the Lenders hereby acknowledges that to the extent permitted by Applicable Law, the remedies available to the Lenders under the Loan Documents are for the benefit of the Lenders collectively and that its rights hereunder and under the Security are to be exercised by the Agent as required by this Agreement. Accordingly, except as otherwise expressly provided herein, each of the Lenders hereby covenants and agrees that it shall not take any action hereunder or under the Security, but that any such action shall be taken only by the Agent with the prior written agreement of the Majority Lenders or all of the Lenders, as required. Each of the Lenders hereby further covenants and agrees that upon any written agreement being given by the Majority Lenders or all of the Lenders, as required, it shall co-operate fully with the Agent to the extent requested by the Agent. Notwithstanding the foregoing, in the absence of the instructions from the Lenders and where in the sole opinion of the Agent, acting reasonably and in good faith, the exigencies of the situation warrant such action, the Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the Lenders.

#### **11.11 Successor Agent**

The Agent may, as hereinafter provided, resign at any time by giving 30 days' prior written notice thereof to the Lenders and the Borrower. Upon any such resignation, the Lenders shall, after soliciting the views of the Borrower, have the right to appoint another Lender as a successor agent (the "**Successor Agent**") who shall be acceptable to the Borrower, acting reasonably. If no Successor Agent shall have been so appointed by the Lenders and shall have accepted such appointment within 30 days after the retiring Agent's giving of notice of resignation, then the retiring Agent shall, on behalf of the Lenders, appoint a Successor Agent who shall be a Lender acceptable to the Borrower, acting reasonably. Upon the acceptance of any appointment as Agent hereunder by a Successor Agent, such Successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall thereupon be discharged from its further duties and obligations as Agent under this Agreement. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article shall continue to enure to its benefit as to any actions taken or omitted to be taken by it as Agent, or in its capacity as Agent, while it was Agent hereunder.

#### **11.12 Provisions Operative Between Lenders and Agent Only**

Except for the provisions of Sections 11.9(b) and 11.9(e), the provisions of this Article relating to the rights and obligations of the Lenders and the Agent inter se shall be operative as between the Lenders and the Agent only, and the Borrower shall not have any rights or obligations under or be entitled to rely for any purpose upon such provisions.

### 11.13 Agent Authority

Each Lender authorizes the Agent to (i) enter into each of (A) the Intercreditor Agreement and (B) any Working Capital Intercreditor Agreement, in each case on behalf of the Lenders, and (ii) perform its obligations thereunder on behalf of the Lenders.

## ARTICLE 12 ADDITIONAL LENDERS, SUCCESSORS AND ASSIGNS

### 12.1 Successors and Assigns

The Loan Documents shall be binding upon and enure to the benefit of the Agent, each Lender, the Borrower and their successors and assigns (including, without limitation, any successor resulting from the amalgamation of the Borrower with one or more corporations or resulting from the winding-up of one or more corporations into the Borrower), except that, other than as provided herein, the Borrower shall not assign any rights or obligations with respect to this Agreement or any of the other Loan Documents without the prior written consent of the Lenders, in their sole discretion.

The collective rights and obligations of the Lenders under this Agreement are assignable in whole or in part and any Lender shall be entitled to assign in whole or in part its individual rights and obligations hereunder or to permit other financial institutions to participate in the Credit Facility, all in accordance with the provisions of Section 12.2 and the other terms of this Agreement. The Borrower hereby consents to the disclosure of any information and opinions relating to it to any potential Lender or participant provided that the potential Lender or participant agrees in writing to keep the information confidential and to return such information if it does not become a Lender or a participant.

### 12.2 Assignments

- (a) **Assignment by Lenders:** Subject to Section 12.1 and the other terms of this Agreement, the Lenders collectively or individually may assign to one or more assignees that is a bank or other financial institution resident in Canada all or a portion of their respective rights and obligations under this Agreement (including, without limitation, all or a portion of their respective Commitments) with the consent of the Agent and, unless an Event of Default has occurred and is continuing, the Borrower, in each case, not to be unreasonably withheld; provided however, after a declaration is made pursuant to Section 10.2, a Lender may assign any of its rights and obligations under this Agreement to any Person. The parties to each such assignment shall execute and deliver an Assignment Agreement to the Agent for its consent and, unless an Event of Default has occurred and is continuing or if the assignment is to an Affiliate of the Lender, to the Borrower, for the consent of the Borrower and recording by the Agent in the Register and, except in the case of an assignment by a Lender to an Affiliate of that Lender, the assigning Lender shall pay a processing and recording fee of *[fee has been redacted]* to the Agent. After such execution, delivery, consent and recording (i) the assignee thereunder shall be a party to this Agreement and, to the extent that rights and obligations hereunder have been assigned to it, have the rights and obligations of a Lender hereunder and (ii) subject to the last paragraph of Section 12.1, the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, relinquish its rights and be released from its obligations under this Agreement, other than obligations in respect of which it is then in default or which arose prior to its assignment, and, in the case of an Assignment Agreement covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto. Any required consent of the Borrower or the Agent in connection with the foregoing shall not be unreasonably withheld. No assignment shall be made to any Person that

is a natural person, any Obligor or any Affiliate of any Obligor. Prior to a declaration being made pursuant to Section 10.2, no assignment, except in the case of an assignment by a Lender to an Affiliate of that Lender, may be in an amount less than \$5,000,000 (and in integral multiples of \$1,000,000) unless such assignment is of the entire Commitment of a Lender, or result in the Commitment of any Lender, determined as of the effective date of the Assignment Agreement with respect to such assignment, being less than \$5,000,000.

- (b) **Assignment Agreement:** The agreements of an assignee contained in an Assignment Agreement shall benefit the assigning Lender thereunder, the other Lenders, the Agent and the Borrower in accordance with the terms of the Assignment Agreement.
- (c) **Register:** The Agent shall maintain at its address referred to herein a copy of each Assignment Agreement delivered to and acknowledged by it and a register for recording the names and addresses of the Lenders and the Commitment under the Credit Facility of each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error. The Borrower, the Agent and each of the Lenders may treat each person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement and need not recognize any person as a Lender unless it is recorded in the Register as a Lender. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.
- (d) **Acknowledgement, etc.:** Within five (5) Business Days after receipt by the Agent of (i) the processing and recording fee required pursuant to Section 12.2(a), and (ii) an Assignment Agreement executed by an assigning Lender and an assignee and approved by the Borrower (if applicable) and the Agent, the Agent shall, if the Assignment Agreement has been completed and is in the required form with such immaterial changes as are acceptable to the Agent:
  - (i) acknowledge the Assignment Agreement;
  - (ii) record the information contained therein in the Register; and
  - (iii) give prompt notice thereof to the Borrower and the other Lenders and provide them with an updated list of the respective Commitments of each Lender.

### 12.3 Participations

Any Lender may at any time, without the consent of, or notice to, the Borrower or the Agent, sell participations to any Person (other than a natural person, an Obligor or any Affiliate of an Obligor) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and the Tranche Loans owing to it); provided that:

- (a) such Lender's obligations under this Agreement shall remain unchanged;
- (b) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and
- (c) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any payment by a Participant to a Lender in connection with a sale of a participation shall not be or be deemed to be a repayment of the Tranche Loan or a new Tranche Loan to the Borrower.

The Borrower agrees that each Participant shall be entitled to the benefits of Sections 10.9 and 13.12 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.2; provided that a Participant shall not be entitled to receive any greater payment under such provisions than the applicable Lender would have been entitled to receive had the participation not been sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 10.9 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 10.9(e) as though it were a Lender.

## **ARTICLE 13 MISCELLANEOUS**

### **13.1 Lender Financial Advisor**

The Obligors acknowledge and consent to the engagement by the Agent (at its own discretion or upon the request of the Majority Lenders) of a financial advisor (the "**Lender Financial Advisor**") to assist the Lenders in the evaluation of the Obligor's financial information, asset or business valuations, forecasts and reporting as well as evaluating potential financings (including debtor-in-possession financings), equity infusions, take-overs, and other restructuring proposals or proposed corporate transactions. The Borrower shall give full access to the Lenders and/or the Lender Financial Advisor to its management, properties, projects, systems and books and records and will pay for the reasonable fees and disbursements of the Lender Financial Advisor. The Borrower will pay or reimburse the Agent for all fees and disbursements of the Lender Financial Advisor within 30 days of the issuance of a reasonably detailed invoice therefor.

### **13.2 Capitalized Terms**

All capitalized terms used in any of the Loan Documents (other than this Agreement) which are defined in this Agreement shall have the meaning defined herein unless otherwise defined in the other Loan Document.

### **13.3 Severability**

Any provision of this Agreement which is or becomes prohibited or unenforceable shall not invalidate or impair the remaining provisions hereof which shall be deemed severable from such prohibited or unenforceable provision and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Should this Agreement fail to provide for any relevant matter, the validity, legality or enforceability of this Agreement shall not hereby be affected.

### **13.4 Number and Gender**

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa, words importing any gender include all genders and references to agreements and other contractual instruments shall be deemed to include all present or future amendments, supplements, restatements or replacements thereof or thereto.

### **13.5 Amendment, Supplement or Waiver**

No amendment, supplement or waiver of any provision of the Loan Documents, nor any consent to any departure by any Obligor therefrom, shall in any event be effective unless it is in writing, makes express

reference to the provision affected thereby and is signed by the Agent for and on behalf of the Lenders or the Majority Lenders, as the case may be as required under Subsections or 11.7(b) and 11.7(c) then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No waiver or act or omission of the Lender shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or breach by an Obligor of any provision of the Loan Documents or the rights resulting therefrom.

### **13.6 Governing Law**

Each of the Loan Documents shall be conclusively deemed to be a contract made under, and shall for all purposes be governed by and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable in Alberta, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of any Obligor may be found. Each party to this Agreement hereby irrevocably and unconditionally attorns to the non-exclusive jurisdiction of the courts of Alberta and all courts competent to hear appeals therefrom.

### **13.7 This Agreement to Govern**

In the event of any conflict between the terms of this Agreement and the terms of any other Loan Document, the provisions of this Agreement shall govern to the extent necessary to remove the conflict. Provided however, a conflict or inconsistency shall not be deemed to occur if one Loan Document provides for a matter and another Loan Document does not.

### **13.8 Currency**

All payments made hereunder shall be made in the currency in respect of which the obligation requiring such payment arose. Unless the context otherwise requires, all amounts expressed in this Agreement in terms of money shall refer to Canadian Dollars.

### **13.9 Liability of Lenders**

The liability of the Lenders in respect of all matters relating to this Agreement and the other Loan Documents is several and not joint or joint and several. Without limiting that statement, the obligations of the Lenders to make Tranche Loans is limited to their respective Proportionate Shares of any Tranche Loan that is requested, and, in the aggregate, to their respective Proportionate Shares of the total amount of the Credit Facility.

### **13.10 Expenses and Indemnity**

All statements, reports, certificates, opinions, appraisals and other documents or information required to be furnished to the Agent, or the Lenders, or any of them, by each Obligor under this Agreement shall be supplied without cost to the Lenders, the Agent, or any of them. The Borrower shall pay on demand all reasonable out of pocket costs and expenses of the Agent (including, without limitation, long distance telephone and courier charges and the reasonable fees and expenses of counsel for the Agent) and the reasonable out of pocket expenses of the Lenders (limited, in the case of counsel, to one set of counsel for the Agent and all Lenders), incurred in connection with (i) the preparation, execution, delivery, administration, periodic review, modification or amendment of the Loan Documents; (ii) any enforcement of the Loan Documents; (iii) obtaining advice as to their rights and responsibilities in connection with the Credit Facility and the Loan Documents; (iv) reviewing, inspecting and appraising the collateral that is the subject of the Security at reasonable intervals; and (v) other matters relating to the Credit Facility. Such costs and expenses shall be payable whether or not a Loan is made under this Agreement.

The Borrower shall indemnify the Lenders and the Agent against any liability, obligation, loss or expense which they may sustain or incur as a consequence of (i) any representation or warranty made by any Obligor which was incorrect at the time it was made or deemed to have been made, (ii) a default by any Obligor in the payment of any sum due from it, including, but not limited to, all sums (whether in respect of principal, interest or any other amount) paid or payable to lenders of funds borrowed by the Lenders in order to fund the amount of any such unpaid amount to the extent the Lender is not reimbursed pursuant to any other provisions of this Agreement, (iii) the failure of the Borrower to complete any Loan or make any payment after notice therefor has been given under this Agreement, and (iv) any other default by any Obligor under any Loan Document. A certificate of the Lender as to the amount of any such loss or expense shall be prima facie evidence as to the amount thereof, in the absence of manifest error.

In addition, the Borrower shall indemnify the Lenders, the Agent and their directors, officers, employees and representatives (the “**Indemnified Parties**”) from and against any and all actions, proceedings, claims, losses, damages, liabilities, expenses and obligations of any kind that may be incurred by or asserted against any of them as a result of or in connection with the making of any Loan hereunder and the Agent taking, holding and enforcing the Security, other than arising from the gross negligence or wilful misconduct of the Agent or any other Indemnified Party. Whenever any such claim shall arise, the Indemnified Party shall promptly notify the Borrower of the claim and, when known, the facts constituting the basis for such claim, and if known, the amount or an estimate of the amount of the claim. The failure of an Indemnified Party to give notice of a claim promptly shall not adversely affect the Indemnified Party’s rights to indemnity hereunder.

The agreements in this Section shall survive the termination of this Agreement.

### **13.11 Environmental Indemnity**

Without limiting the generality of the provisions of Section 13.10, the Borrower hereby agrees to indemnify, defend and hold harmless the Lenders, the Agent and each of them from and against any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, inspections, inquiries, proceedings, losses, costs, expenses, damages, claims and liabilities incurred by the Lenders, the Agent and any of them relating in any way to any Environmental Laws or to any permit issued under such Environmental Laws in respect of any Obligor or any of its or their Collateral, including without limitation, as a result of:

- (a) any breach of Environmental Laws which relates to the property or operations of any Obligor;
- (b) any Release, presence, use, creation, transportation, storage or disposal of hazardous materials which relate to the property or operations of any Obligor; or
- (c) any claim or order for any clean-up, restoration, detoxification, reclamation, repair or other securing or remedial action which relates to the property or operations of any Obligor.
- (d) This indemnity shall extend to the officers, directors, employees, agents and assignees of the Lenders, the Agent, and each of them as well as to the Lenders, the Agent and each of them itself, and the Lenders, the Agent and each of them will hold the benefit of this indemnity in trust for such other indemnified Persons to the extent necessary to give effect thereto.

The agreements in this Section shall survive the termination of this Agreement.

### **13.12 Increased Costs**

If the introduction of or any change in or in the interpretation of, or any change in its application to any Obligor of, any law or any regulation or guideline from any central bank or other governmental authority (whether or not having the force of law), including but not limited to any reserve or special deposit requirement or any Tax (other than Excluded Taxes) or exemption from any tax or any capital requirement, has due to the compliance by any Lender therewith the effect, directly or indirectly, of (i) increasing the cost to the Lenders (or any of them) of performing its obligations hereunder; (ii) reducing any amount receiving or receivable by the Lenders (or any of them) hereunder or its effective return hereunder or on its capital; or (iii) causing the Lenders (or any of them) to make any payment or to forego any return based on any amount received or receivable by the Lenders (or any of them) hereunder, then upon demand from time to time such Obligor shall pay such amount as shall compensate the Lenders (or any of them) for any such cost, reduction, payment or foregone return that is not fully offset by an increase in the applicable interest rate or rates or fees hereunder. Any certificate of such affected Lender in respect of the foregoing will be prima facie evidence of the foregoing, except for manifest error, provided that such Lender determines the amounts owing to it in good faith using any reasonable averaging and attribution methods and provides a reasonably detailed description of its calculation of the amounts owing to it.

### **13.13 Interest on Miscellaneous Amounts**

If the Borrower fails to pay any amount payable hereunder (other than principal, interest thereon or interest upon interest which is payable as otherwise provided in this Agreement) on the due date, the Borrower shall, on demand, pay interest on such overdue amount to the Agent from and including such due date up to but excluding the date of actual payment, both before and after demand, default or judgment, at a rate of interest equal to *[interest rate has been redacted]* per annum, calculated daily and compounded monthly.

### **13.14 Address for Notice**

Notice to be given under the Loan Documents to any of the Borrower, the Agent or any Lender shall, except as otherwise specifically provided, be in writing addressed to the party for whom it is intended and, unless the law deems a particular notice to be received earlier, a notice shall not be deemed received until actual receipt by the other party of an original of such notice or a email thereof if sent by email transmission. The addresses of the parties hereto for the purposes hereof shall be the addresses specified beside their respective signatures to this Agreement, or such other mailing or email addresses as each party from to time may notify the other as aforesaid.

### **13.15 Time of the Essence**

Time shall be of the essence in this Agreement.

### **13.16 Further Assurances**

The Borrower shall, and shall cause each other Obligor to, at the request of the Agent acting on the instructions of the Lenders, do all such further acts and execute and deliver all such further documents as may, in the reasonable opinion of the Lenders, be necessary or desirable in order to fully perform and carry out the purpose and intent of the Loan Documents.

### **13.17 Term of Agreement**

Except as otherwise provided herein, this Agreement shall remain in full force and effect until the payment and performance in full of all of the Indebtedness under the Loan Documents and the termination of this Agreement.

### **13.18 Payments on Business Day**

Whenever any payment or performance under the Loan Documents would otherwise be due on a day other than a Business Day, such payment shall be made on the following Business Day.

### **13.19 Illegality**

If a Lender determines, in good faith, that (i) the introduction of or any change in any Applicable Law or in the interpretation or application thereof by any court or by any Governmental Authority charged with the interpretation or administration thereof that has occurred after the date hereof, or (ii) compliance by such Lender with any Applicable Law or any request or directive from any Governmental Authority, central bank or other fiscal, monetary or other authority (whether or not having the force of law) issued after the date hereof, has, in either case, made it unlawful for such Lender to make, maintain or fund all or any portion of its Commitment or to perform its obligations in respect of the Credit Facility or any relevant portions thereof as contemplated hereby, such Lender may, by notice in writing to the Borrower, declare that its obligations hereunder in respect of its Commitment or the Credit Facility so affected shall be terminated forthwith, whereupon such obligations shall be so terminated and the applicable Borrower shall:

- (a) prepay such Loans without any of the additional payments required under Section 5.1(c); or
- (b) provided no Default shall have occurred and is continuing, provide irrevocable written notice to such Lender requiring such Lender to sell and assign to a bank or other financial institution chosen by the Borrower and acceptable to the Agent, acting reasonably, all of such Lender's rights and obligations hereunder in the same manner described in Section 13.19 upon receipt by such Lender from such bank or financial institution of all amounts owing to such Lender under the Loan Documents, including without limitation, all unpaid interest accrued thereon to the date of payment and all other amounts, if any, payable for the account of such Lender hereunder in respect of any Loans made by it and in respect of all losses, costs and expenses suffered or incurred by such Lender hereunder as a result of such Lender complying with this Subsection 13.19(b).
- (c) If a Lender determines, in good faith, that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender to hold or benefit from a Security Interest over real property, such Lender may notify the Agent and disclaim any benefit of such security interest to the extent of such illegality, provided that such determination or disclaimer shall not invalidate or render unenforceable such Security Interest for the benefit of any other Lender.

### **13.20 Non-Merger**

The Borrower covenants and agrees with the Agent and the Lenders that, in the case of any judicial or other proceeding to enforce the rights and remedies of the Agent of the Lenders under the Loan Documents (or any part thereof), judgment may be rendered against any Obligor in favour of the Lenders, or any of them, for any amount owing by them under the Loan Documents (or for which any Obligor may be liable thereunder after the application to the payment thereof of the proceeds of any sale of any of the property, assets or undertaking of such Obligor).

### **13.21 Confidentiality**

The Agent or any Lender may in their sole discretion, deliver copies of any financial statements and other documents delivered to the Agent or the Lenders, and disclose any other information disclosed to the Agent or the Lenders, by or on behalf of the Borrower in connection with or pursuant to the Loan Documents to:

- (a) each of the Agent's and the Lenders' directors, officers, affiliates, employees, agents and professional consultants, provided that the Agent and each Lender shall not disclose such information to any person, division, department or parent of a Lender that does not have a direct relationship to the Loan Documents;
- (b) any regulatory authority having jurisdiction over the Agent or Lenders; or
- (c) any other person to whom such delivery or disclosure may be necessary or appropriate (i) in connection with any assignment or proposed assignment by the Agent or a Lender of any of its interests under the Loan Documents, (ii) in compliance with any Applicable Laws applicable to a Lender, (iii) in response to any subpoena or other legal process, (iv) in connection with any litigation to which a Lender is a party in any way relating to any Obligor or the Loan Documents and the transactions contemplated therein; or (v) with the prior written consent of the Borrower.

Any of the financial statements, other documents or other information to be sent to any of the Persons described above, may be sent by e-mail or other electronic means and none of the Agent or any of the Lenders shall be liable for any losses, costs, expenses, damages, claims or liabilities that any Obligor may suffer if such financial statements, other documents or other information is disclosed to any other Persons inadvertently as a result of the Agent sending the same by e-mail or other electronic means.

### **13.22 Anti-Money Laundering Legislation**

- (a) The Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" Applicable Laws (collectively, including any guidelines or orders thereunder, "**AML Legislation**"), the Lenders and the Agent may be required to obtain, verify and record information regarding the Borrower, and their respective directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Agent, or any prospective assignee or participant of a Lender or the Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.
- (b) If the Agent has ascertained the identity of the Borrower or any authorized signatories of the Borrower for the purposes of applicable AML Legislation, then the Agent:
  - (i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and the Agent within the meaning of applicable AML Legislation; and
  - (ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that the Agent has no obligation to ascertain the identity of the Borrower or any authorized signatories of the Borrower on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Borrower or any such authorized signatory in doing so.

**13.23 Counterparts and Email**

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement. For the purposes of this Section, the delivery of an email copy or PDF of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement, but the party delivering an email copy or PDF shall deliver an original copy of this Agreement as soon as possible after delivering the email copy or PDF.

**13.24 Entire Agreement**

This Agreement constitutes the entire agreement between the parties hereto concerning the matters addressed in this Agreement, and cancel and supersede any prior agreements, undertakings, declarations or representations, written or verbal, in respect thereof.

*(The remainder of this page is intentionally left blank.)*

**IN WITNESS WHEREOF** the parties hereto have caused this Agreement to be duly executed as of the date first above written.

COMMITMENTS AND ADDRESSES FOR NOTICES:

**Address for Notices**

700, 517 – 10<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2R 0A8

Attention: Chief Financial Officer  
Facsimile: (403) 232-1317

**JOURNEY ENERGY INC., as Borrower**

By: (signed) "Gerry Gilewicz"  
Name: Gerry Gilewicz  
Title: Chief Financial Officer

By: (signed) "Anthony V. Polini"  
Name: Anthony V. Polini  
Title: Vice President, Land

**Address for Notice**

*[address has been redacted]*

Attention: *[name has been redacted]*

Facsimile: *[facsimile number has been redacted]*

**ALBERTA INVESTMENT  
MANAGEMENT CORPORATION, as  
Agent**

By: *[signature has been redacted]*

Name: *[name has been redacted]*

Title: *[title has been redacted]*

**Address for Notice**

*[address has been redacted]*

Attention: *[name has been redacted]*

Facsimile: *[facsimile number has been redacted]*

**ALBERTA INVESTMENT  
MANAGEMENT CORPORATION, as  
Lender**

By: *[signature has been redacted]*

Name: *[name has been redacted]*

Title: *[title has been redacted]*

**Schedule "A" to the Amended and Restated Senior Secured Credit Agreement dated October 30, 2020 between JOURNEY ENERGY INC., as Borrower and AIMCo as Lender and Agent**

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**LENDER COMMITMENTS**

<b>Lender</b>	<b>Tranche 1 Commitment</b>	<b>Tranche 2 Commitment</b>	<b>Tranche 3 Commitment</b>	<b>Tranche 4 Commitment</b>	<b>Tranche 5 Commitment</b>	<b>Commitment Fee Loan</b>	<b>Total Commitment</b>
AIMCo	\$22,000,000	\$22,000,000	\$15,000,000	\$10,000,000	\$13,000,000	\$5,350,000	\$87,350,000
<b>Total Commitment:</b>	<b>\$22,000,000</b>	<b>\$22,000,000</b>	<b>\$15,000,000</b>	<b>\$10,000,000</b>	<b>\$13,000,000</b>	<b>\$5,350,000</b>	<b>\$87,350,000</b>

**Schedule "B" to the Amended and Restated Senior Secured Credit Agreement dated October 30, 2020 between JOURNEY ENERGY INC., as Borrower and AIMCo as Lender and Agent**

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**FORM OF BORROWING NOTICE**

TO: Alberta Investment Management Corporation, as Agent  
Ladies and Gentlemen:

Reference is made to the Amended and Restated Senior Secured Credit Agreement made as of October 30, 2020, among Journey Energy Inc., as Borrower, the lenders party thereto from time to time, and Alberta Investment Management Corporation, as Agent (as amended, supplemented, restated or replaced from time to time the "**Credit Agreement**"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as are ascribed thereto in the Credit Agreement.

Pursuant to Section 2.1 of the Credit Agreement the Borrower hereby requests the following Drawdown:

Account(s) to be credited:

**Tranche 3**

Drawdown Date: \_\_\_\_\_  
Total Amount of Drawdown: \_\_\_\_\_  
Account(s) to be credited: \_\_\_\_\_

**Tranche 4**

Drawdown Date: \_\_\_\_\_  
Total Amount of Drawdown: \_\_\_\_\_  
Account(s) to be credited: \_\_\_\_\_

**Tranche 5**

Drawdown Date: \_\_\_\_\_  
Total Amount of Drawdown: \_\_\_\_\_  
Account(s) to be credited: \_\_\_\_\_

The representations and warranties set forth in the Credit Agreement are true and correct in all material respects on the date hereof (other than those which are expressly stated to be made as of a specific date) and in all respects for those representations and warranties already qualified by materiality.

There has not occurred any unremedied Default or Event of Default and after giving effect to the Loan requested hereby, no Default or Event of Default shall occur.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

By: \_\_\_\_\_  
Name:  
Title:

**Schedule "C" to the Amended and Restated Senior Secured Credit Agreement dated October 30, 2020 between JOURNEY ENERGY INC., as Borrower and AIMCo as Lender and Agent**

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**FORM OF COMPLIANCE CERTIFICATE**

I \_\_\_\_\_, of the City of Calgary, in the Province of Alberta, hereby certify as follows:

1. I am the Chief Financial Officer of Journey Energy Inc. (the "**Borrower**").
2. This Certificate applies to the Fiscal [Quarter/Year] ending \_\_\_\_\_, \_\_\_\_\_.
3. I am familiar with and have examined the provisions of the amended and restated credit agreement dated October 30, 2020 between the Borrower, a consortium of lenders and Alberta Investment Management Corporation, as Agent (as amended from time to time, the "**Credit Agreement**") and I have made such reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and each Subsidiary as I have deemed necessary for purposes of this Certificate.
4. No Default or Event of Default has occurred and is continuing.
5. Each of the representations and warranties made in the Credit Agreement were true and correct as at the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, being the last day of the Fiscal Quarter/Year most recently ended.
6. Except where the context otherwise requires, all capitalized terms used herein have the same meaning as in the Credit Agreement.
7. As of the date hereof, the Liability Management Rating of the Obligors for the most recently completed month in each Material Jurisdiction is as follows:

Material Jurisdiction	Obligor	Liability Management Rating
_____	_____	_____.

8. This Certificate is given by the undersigned officer in **[his]/[her]** capacity as an officer of the Borrower without any personal liability on the part of such officer.

WITNESS MY HAND on behalf of the Borrower at the City of Calgary, in the Province of Alberta, this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**JOURNEY ENERGY INC.**

By: \_\_\_\_\_  
Name:  
Title:

**Schedule "D" to the Amended and Restated Senior Secured Credit Agreement dated October 30, 2020 between JOURNEY ENERGY INC., as Borrower and AIMCo as Lender and Agent**

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**FORM OF ASSIGNMENT AGREEMENT**

THIS ASSIGNMENT AGREEMENT made this  day of .

B E T W E E N:

• (the “**Lender**”)

OF THE FIRST PART

- and -

• (the “**Assignee**”)

OF THE SECOND PART

WHEREAS the Lender party to the Amended and Restated Senior Secured Credit Agreement made as of October 30, 2020 among Journey Energy Inc., as Borrower, the lenders party thereto from time to time, and Alberta Investment Management Corporation, as Agent (as amended, supplemented, restated or replaced from time to time the “**Credit Agreement**”);

AND WHEREAS the Lender desires to assign to the Assignee a portion of its rights and obligations under the Credit Agreement (including, without limitation, that same portion of the Commitments) and the other Loan Documents;

AND WHEREAS pursuant to the terms of the Credit Agreement, the Lender has paid to the Agent a processing and recording fee, receipt of which shall be evidenced by the Agent’s acknowledgement and approval hereof and the Lender has otherwise complied with the provisions set out in Article 11 of the Credit Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that the parties hereto agree as follows:

1. All capitalized terms used herein and not defined shall have the meaning ascribed thereto in the Credit Agreement.
2. Pursuant to and in accordance with Article 12 of the Credit Agreement, the Lender hereby irrevocably assigns and transfers to the Assignee and the Assignee hereby purchases from the Lender and assumes, all rights and obligations of the Lender under the Credit Agreement with respect to that portion of its Commitment(s) set forth opposite such Lender’s name on the signature page thereto.
3. The Assignee agrees to be bound by the terms and conditions of the Credit Agreement and to perform all of the obligations of a Lender thereunder from and after the effective date of this assignment.

4. The Assignee hereby confirms and agrees to the appointment of AIMCo as Agent.
5. All of the acknowledgements and representations of a Lender contained in Section 11.9 of the Credit Agreement are true and correct with respect to the Assignee and the Assignee hereby agrees to be bound by the covenants of a Lender under the Credit Agreement.
6. The representations, warranties, covenants and agreements contained herein shall survive the execution and delivery of this Assignment Agreement.
7. The parties hereto acknowledge and agree that the provisions of this Assignment Agreement shall enure to benefit the Lender, the Agent and such other Lenders as may from time to time become parties to the Credit Agreement.
8. This Assignment Agreement shall be construed in accordance with, and all the rights of the parties hereto, shall be governed by, the laws of the Province of Alberta and the laws of Canada applicable therein.
9. This Assignment Agreement and any acknowledgements and approvals thereof may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement.

[Lender]

\_\_\_\_\_  
\_\_\_\_\_

[Assignee]

\_\_\_\_\_  
\_\_\_\_\_

[Borrower], **[IF NECESSARY]**

\_\_\_\_\_  
\_\_\_\_\_