

REVOLVING TERM CREDIT FACILITY

AND

WORKING CAPITAL FACILITY

AMENDED AND RESTATED CREDIT AGREEMENT

BETWEEN:

JOURNEY ENERGY INC.
(as Borrower)

-and -

THE FINANCIAL INSTITUTIONS SIGNATORY HERETO
(as Lenders)

- with -


(as Lead Arranger and Sole Bookrunner)

- and -


(as Agent for the Lenders)

DATED: NOVEMBER 24, 2016

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SCHEDULES:

Schedule "A" Lender Commitments
Schedule "B" Notice of Accommodation, Repayment, Prepayment or Cancellation of Total Commitment
Schedule "C-1" Confirmation of Accommodation by Way of Bankers' Acceptance
Schedule "C-2" Confirmation of Accommodation by Way of Bankers' Acceptance
Schedule "D" Notice of Conversion
Schedule "E" Notice of Rollover
Schedule "F" Compliance Certificate
Schedule "G" Subsidiary Guarantee
Schedule "H" Assignment and Assumption
Schedule "I" Power of Attorney Terms – Bankers Acceptance
Schedule "J" Material Contracts
Schedule "K" Request for Extension

THIS AMENDED AND RESTATED CREDIT AGREEMENT is dated and effective as of the 24th day of November, 2016.

BETWEEN:

JOURNEY ENERGY INC., as Borrower

AND:

Each of the financial institutions named on the signature pages hereto in their capacities as Lenders

AND:

[REDACTED], a Canadian chartered bank, in its capacity as Agent

WHEREAS:

1. The Borrower, the Lenders and the Agent are parties to the Original Credit Agreement; and
2. The Borrower, the Lenders and the Agent have agreed to amend and restate the Original 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;

"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 Indebtedness of the Borrower to the Lenders hereunder to be due and payable;

"Accommodation" means:

- (a) the advance of Loans, the advance of BA Equivalent Advances and the acceptance of Bankers' Acceptances by the Production Lenders (the "Production Accommodations"); and

(b) the advance of Loans, the advance of BA Equivalent Advances, the acceptance of Bankers' Acceptances and the issuance of Letters of Credit by the Working Capital Lender (the "**Working Capital Accommodations**");

"**Accounts**" means the accounts and records established by the Agent pursuant to Section 4.6 to record the Borrower's liability to each of the Lenders in respect of each Accommodation and other amounts outstanding by the Borrower to each of the Lenders and the Agent hereunder;

"**Adjustment Time**" means the time of occurrence of the last event necessary (being either the delivery of a Demand for Repayment or the occurrence of a Termination Event) to ensure that all Lender Outstandings are thereafter due and payable and such time shall conclusively be:

- (a) in the case where such last event is the delivery of a Demand for Repayment, the time of delivery for such Demand for Repayment or, where not delivered as required within a time period specified in Section 10.3, then the last day of such time period; and
- (b) in the case where such last event is the occurrence of a Termination Event, the time of occurrence of such Termination Event determined pursuant to the provisions of the Credit Agreement giving rise to such Termination Event;

"**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;

"**Agent**" means [REDACTED] when acting in its capacity as agent hereunder and includes any successor agent appointed pursuant to Section 12.18 and any successor entity to [REDACTED]

"**Agent Parties**" has the meaning ascribed to it in Section 14.7(c)(ii);

"**Agent's Account for Payments**" means:

- (a) for all payments in Canadian Dollars, the following account maintained by the Agent at its Toronto main branch, to which payments and transfers are to be effected as follows:

[REDACTED]

For further credit to Account No. [REDACTED]
Suspense Account Client Services CAD for Cdn. \$
Ref: Journey

- (b) for all payments in U.S. Dollars, the following account maintained by the Agent at its Toronto main branch, to which payments and transfers are to be effected as follows:

[REDACTED]

To pay:

[REDACTED]

or such other places or accounts as may be agreed upon by the Agent and the Borrower from time to time and notified in writing to the Lenders;

"Agent's Branch of Account" means the office of the Agent located at:

[REDACTED]

Attention: Manager, Agent Bank Services

Fax No.: [REDACTED]

such other office or branch of the Agent in Canada as the Agent may from time to time advise the Borrower and the Lenders in writing;

"Agreeing Lender" has the meaning ascribed to it in Section 3.4(g);

"Agreement" means this credit agreement, all Schedules attached hereto and any future amendments, amendments and restatements, replacements or supplements hereto or thereto;

"AML Legislation" has the meaning ascribed to it in Section 14.14(a);

"Applicable Commitment" means, in respect of a Lender its Production Facility Commitment or Working Capital Facility Commitment, as the context requires;

"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;

"Applicable Lenders" means (a) in the case of the Production Facility and in respect of a Borrowing Notice, Conversion Notice or Rollover Notice given under the Production Facility, all of the Production Lenders, and (b) in the case of the Working Capital Facility and in respect of a Borrowing Notice, Conversion Notice or Rollover Notice given under the Working Capital Facility, means only the Working Capital Lender and, to the extent the original Drawdown of a Borrowing subject to Conversion or Rollover was made from a Non-Agreeing Lender during its Revolving Period, such term shall also include such Non-Agreeing Lender;

"Applicable Margin" means, at any time, a margin, expressed as a rate per annum, payable to, in the case of the Production Facility, the Agent on behalf of all of the Production Lenders, and in the case of the Working Capital Facility, the Working Capital Lender, with respect to Borrowings, as set forth in the table below for the applicable Consolidated Debt to Cash Flow Ratio:

Type of Borrowing or Fee	Consolidated Debt to Cash Flow Ratio							
	Level I	Level II	Level III	Level IV	Level V	Level VI	Level VII	Level VIII
	≤ 1.00 to 1.0	>1.00 to 1.0 to ≤ 1.50 to 1.0	>1.50 to 1.0 to ≤ 2.00 to 1.0	>2.00 to 1.0 to ≤ 2.50 to 1.0	>2.50 to 1.0 to ≤ 3.00 to 1.0	>3.00 to 1.0 to ≤ 4.00 to 1.0	>4.00 to 1.0 to ≤ 6.00 to 1.0	>6.00 to 1.0
Bankers' Acceptances	██████	██████	██████	██████	██████	██████	██████	██████
LIBOR Loans	██████	██████	██████	██████	██████	██████	██████	██████
Financial Letters of Credit	██████	██████	██████	██████	██████	██████	██████	██████
Performance Letters of Credit	██████	██████	██████	██████	██████	██████	██████	██████
Prime Loans and U.S. Base Rate Loans	██████	██████	██████	██████	██████	██████	██████	██████
Standby Fees	██████s	██████	██████	██████	██████	██████	██████	██████

provided that:

- (a) for the purposes of calculating the Applicable Margins for Prime Loans, U.S. Base Rate Loans and Bankers' Acceptances, the per annum rate is expressed on the basis of a 365 day year, as applicable, and the Applicable Margin for LIBOR Loans is calculated as a per annum rate expressed on the basis of a 360 day year;
- (b) changes in the Applicable Margin shall be effective and adjusted in accordance with Section 5.11;
- (c) as at the Effective Date, the Applicable Margin shall be set at Level V;
- (d) during the Term Period for any Lender the Applicable Margins indicated above for such Lender shall be increased by ██████; and
- (e) upon the occurrence and during the continuance of any Borrowing Base Shortfall or Event of Default, each of the above Applicable Margins (other than for the Standby Fees) will increase by ██████;

"Approved Investment Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of business that is administered or managed by:

- (a) a Lender,
- (b) an Affiliate of a Lender, or
- (c) an entity or an Affiliate of an entity that administers or manages a Lender;

"Assignment and Assumption Agreement" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 13.1), and accepted by the Agent, substantially in the form of Schedule "H" with the blanks completed or any other form approved by the Agent;

"Associate" has the meaning ascribed to that term in the ABCA;

"BA Equivalent Advance" means an advance made in Canadian Dollars by a Non-Acceptance Lender in conjunction with an Accommodation by way of Bankers' Acceptance;

"Bankers' Acceptance" means the Accommodations or any portion thereof made available by the Lenders to the Borrower by way of bankers' acceptances denominated in Cdn. Dollars which are issued by the Borrower pursuant to Sections 3.8, 3.9, 3.17 or 3.18 and accepted by the Lenders pursuant to Section 3.12;

"Bilateral Financial Services Agreements" means, as applicable, each present and future agreement between the Creditcard Lender and an Obligor with respect to Creditcard Facilities, and each present and future agreement between the Cash Management Lender and an Obligor with respect to Cash Management Services;

"BBS Cure Period" has the meaning ascribed to it in Section 3.6(i);

██████ means ██████████ not in its capacity as Agent as defined hereunder, and its successors and permitted assigns;

"Borrower" means Journey Energy Inc., a corporation amalgamated under the ABCA;

"Borrowing Base" means the amount (not in excess of the aggregate amount of the Commitments under the Facilities) determined or redetermined by the Applicable Lenders from time to time pursuant to Section 3.6 in their sole discretion and any Applicable Lender when making a determination or redetermination will do so in accordance with its then usual and customary practices for loans of a similar nature to the Facilities and which determination or redetermination shall constitute the Applicable Lenders' estimate of the net present value of revenues (adjusted to take into account coverage ratios customarily applied by such Lenders) expected to be derived in the future over the full economic life of, and from, Borrowing Base Assets to the extent the Applicable Lenders determine to attribute value thereto for Borrowing Base purposes, after deducting therefrom such capital expenditures, operating expenses and other expenses and such charges, royalties, burdens or encumbrances on or in respect of any of such properties or deductible in arriving at revenues obtained therefrom, abandonment or reclamation costs in respect thereof, and other liabilities of the Borrower and the Borrowing Base Subsidiaries as each of the Applicable Lenders determine from time to time. In making its determination of the Borrowing Base from time to time, each of the Applicable Lenders will utilize its estimates, at the time of

determination, of economic factors, quantity and recoverability of reserves, capital expenditures, operating expenses, taxes, discount rates, demand for and deliverability of petroleum substances, pricing forecasts, abandonment and reclamation costs, burdens, foreign exchange rates, escalation or de-escalation of commodity prices and expenses over the economic life of the relevant reserves, and will take into account such Swaps of the Obligors and other assumptions and factors as such Lender considers affect such determination.

"Borrowing Base Assets" means all and only:

- (a) Hydrocarbon Rights of the Borrower and the Borrowing Base Subsidiaries to which the Engineering Report most recently provided to the Agent attributes proved producing reserves or to which the Lenders have attributed proved producing reserves in respect of properties acquired subsequent thereto and, if the Lenders so determine in their sole discretion for any particular purpose, specified proved non-producing reserves or specified proved undeveloped reserves of petroleum substances; and
- (b) Tangibles and related Miscellaneous Interests of the Borrower and the Borrowing Base Subsidiaries which are directly or primarily used in connection with any reserves described in paragraph (a) of this definition, which the Applicable Lenders have included in the determination of the Borrowing Base;

"Borrowing Base Shortfall" means the circumstance under which at any time the Borrowing Base is less than the aggregate Outstandings under the Facilities;

"Borrowing Base Subsidiary" means any wholly owned (direct or indirect) Subsidiary of the Borrower that (a) is designated by the Borrower as a Borrowing Base Subsidiary in accordance with Section 6.5, in each case only if it has provided the Security required by Section 6.5, and in each case for so long as it remains a wholly-owned (direct or indirect) Subsidiary of the Borrower; or (b) provides, or is required to provide, a guarantee or other credit support in connection with the Second Lien Notes;

"Borrowing Notice" means a notice to effect an Accommodation delivered under Section 3.8 or 3.9 in the form attached as Schedule "B";

"Borrowings" means, at any time:

- (a) the principal amount outstanding by way of Loans made by the Production Lenders together with the face amount of Bankers' Acceptances outstanding (and, if applicable, any related BA Equivalent Advances) issued and purchased by the Production Lenders (collectively, the **"Production Borrowings"**); and
- (b) the principal amount outstanding by way of Prime Loans and U.S. Base Rate Loans made by the Working Capital Lender, the face amount of Bankers' Acceptances outstanding issued and purchased by the Working Capital Lender and the undrawn amount of all outstanding Letters of Credit issued by the Working Capital Lender (collectively, the **"Working Capital Borrowings"**);

"bps" means 1/100 of 1%;

"Branch of Account" means, with respect to each Lender, the branch or office of such Lender at the address set forth opposite such Lender's name on Schedule "A" of this Agreement or such other branch or office in Canada as such Lender may from time to time advise the Borrower and the Agent in writing; provided that, for purposes of delivering any notice required to be delivered by the Agent to a Lender

pursuant to Section 12.13 and for purposes of effecting any payments to a Lender in connection with this Agreement, a Lender may specify in writing any other branch or office of such Lender in Canada and such branch or office shall thereafter be the Branch of Account of such Lender for such purpose;

"Business Day" means a day, excluding Saturday and Sunday, on which banking institutions are open for business in Toronto, Ontario, Canada and Calgary, Alberta, Canada and, in respect of any payments hereunder in U.S. Dollars, a day on which banking institutions are also open for business in New York, New York and also, if such term is considered in the context of a LIBOR Loan or determination of LIBOR, London, England;

"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);

"Cash Collateral Account" means an account with the Agent, or such other financial institution as designated by the Agent, from which the Borrower has no withdrawal rights or privileges until repayment of the Borrowings in full, termination of the Total Commitment and termination of this Agreement, except to apply the amount represented thereby to the Borrowings or a portion thereof, which account and all funds credited thereto and interest earned thereon (which interest shall be at the prevailing rate of the Agent or such other financial institution, as the case may be, for demand deposits of comparable amounts) shall be the subject of a Security Interest in favour of the Agent on behalf of the Lenders;

"Cash Management Lender" means [REDACTED];

"Cash Management Obligations" means all indebtedness, liabilities and obligations of any Obligor to the Cash Management Lender under any Cash Management Services;

"Cash Management Services" means cash or treasury management services (including controlled disbursement, automated clearinghouse transactions, return items, overdrafts, interstate depository network services, wire payments, account netting and pooling services and the operation of centralized banking arrangements (whether notional or physical)) or any similar services which the Borrower and/or any other Obligor maintains with a Lender;

"CDOR Rate" means on any day the annual rate of interest which is the rate determined as being the average of the quotations of all financial institutions listed in respect of the rate for Canadian Dollar bankers' acceptances for the relevant period displayed and identified as such on the "Reuters Screen CDOR Page" (as defined in the International Swap Dealer Association, Inc. definitions, as modified and amended from time to time) as of 10:15 A.M. Toronto, Ontario local time on such day and, if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Agent after 10:15 A.M. Toronto, Ontario local time to reflect any error in a posted rate of interest or in the posted average annual rate of interest with notice of such adjustment in reasonable detail evidencing the basis for such determination being concurrently provided to the Borrowers). If such rates are not available on the Reuters Screen CDOR Page on any particular day, then the CDOR Rate on that day shall be the rates applicable to Canadian Dollar bankers' acceptances for the relevant period quoted for customer in Canada by the Agent as of 10:15 A.M. Toronto, Ontario local time on such day; or if such day is not a Business Day, then on the immediately preceding Business Day; provided that, if the rate determined above shall ever be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement;

"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 (other than Maple Investments Limited), 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;

"Commitment" means, with respect to each Lender, such Lender's obligation to make Accommodations available to the Borrower subject to the terms of this Agreement in an aggregate amount not at any time in excess of such Lender's Proportion of the Total Commitment, as such amount may hereafter be cancelled, reduced or terminated from time to time pursuant to the provisions of this Agreement or reduced as a result of any subsequent Assignment and Assumption Agreement entered into by it;

"Commodity Swap" means a financial arrangement, or a physical arrangement (which is not a Prepaid Gas Obligation), entered into between the Borrower or a Borrowing Base Subsidiary 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;

"Communications" has the meaning ascribed to it in Section 14.7(c)(ii);

"Compliance Certificate" means a compliance certificate substantially in the form attached hereto as Schedule "F" executed by the Chief Financial Officer;

"Confirmation" has the meaning ascribed thereto in the applicable ISDA Master Agreement between the Borrower or a Borrowing Base Subsidiary and a Swap Lender, or in the case of a GasEDI means a "Transaction Confirmation" as defined therein;

"Consolidated Cash Flow" means as at the end of a Fiscal Quarter, on a consolidated basis for the Borrower, and as determined in accordance with GAAP, its net income (or loss) during such Fiscal Quarter, as applicable, without giving effect to extraordinary items, and removing the effects of the following in the determination of such net income (or loss): (i) deferred income taxes; (ii) depreciation, depletion, amortization and asset impairment (or reversal) expenses; (iii) transaction costs (as noted as a separate expense item in the applicable statement of comprehensive income (loss) for such Fiscal Quarter); (iv) non-cash finance expenses; (v) non-cash, share based compensation expense; (vi) unrealized gains and losses on financial derivatives; (vii) gains and losses on the disposition of assets; and (viii) provisions for asset retirement obligations;

"Consolidated Debt" means for the Borrower at the end of a Fiscal Quarter and as determined in accordance with GAAP on a consolidated basis, without duplication, the sum of:

- (a) all indebtedness for Borrowed Money; and
- (b) to the extent not included in item (a) above, the uncanceled and undrawn amount of all Letters of Credit;

"**Consolidated Debt to Cash Flow Ratio**" means, as of the last day of each Fiscal Quarter, the ratio of:

- (a) Consolidated Debt as of such date; to
- (b) an amount equal to the Consolidated Cash Flow, as determined by reference to the Borrower's most recent consolidated financial statements, for the two most recent Fiscal Quarters then ended, and which aggregate amount is then multiplied by two;

provided that for the purposes of calculating the Consolidated Debt to Cash Flow Ratio, *pro forma* effect shall be given to all acquisitions and dispositions of Borrowing Base Assets (including giving *pro forma* effect to the application of the proceeds of any such disposition) during the reference Fiscal Quarter or Fiscal Quarters, as applicable, as if they had occurred and such proceeds had been applied on the first day of such Fiscal Quarter or, as applicable, the first day of the first of such Fiscal Quarters, and including the assets and liabilities of any Person that became, or excluding the assets and liabilities of any Person that ceased to be, a Borrowing Base Subsidiary during such applicable period or periods;

"**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;

"**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;

"**Conversion**" means a conversion of one type of Accommodation into another type of Accommodation and, where applicable, such term shall include the issuance of new Bankers' Acceptances in respect of converted or unconverted portions of an Accommodation;

"**Conversion Date**" means a Business Day that the Borrower has notified the Agent at the Agent's Branch of Account as the date on which the Borrower has elected to convert an Accommodation or a portion thereof pursuant to Section 3.17;

"**Credit Agreements**" mean, collectively, (a) this Agreement (b) all Lender Swaps documented under the applicable ISDA Master Agreement or GasEDI and all Transactions documented thereunder, and all other Swap transactions with any of the Lenders by way of a long form confirmation effected in accordance with normal industry practise and entered into (i) by the Borrower or a Borrowing Base Subsidiary between the date hereof and the date that such Lender enters into an ISDA Master Agreement or GasEDI, as applicable, or (ii) by Borrowing Base Subsidiaries acquired or created hereafter and prior to the applicable Lender entering into an ISDA Master Agreement or GasEDI with such Borrowing Base Subsidiary (c) all agreements between the Creditcard Lender and an Obligor with respect to Creditcard Facilities, and (d) all agreements between the Cash Management Lender and an Obligor with respect to Cash Management Services; and "**Credit Agreement**" means any of them;

"**Creditcard Facilities**" means any corporate credit card facilities for commercial purposes (including "commercial credit cards" and "purchasing cards");

"**Creditcard Lender**" means [REDACTED];

"**Creditcard Obligations**" means all indebtedness, liabilities and obligations of any Obligor to the Creditcard Lender arising under any Creditcard Facilities;

"**Currency Swap**" means a financial arrangement entered into between the Borrower or a Borrowing Base Subsidiary 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;

"**DBNA**" has the meaning ascribed to it in Section 3.12(d);

"**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;

"**Defaulting Lender**" means any Lender:

- (a) that has failed to fund any payment or its portion of any Accommodations required to be made by it hereunder or to purchase any participation required to be purchased by it hereunder and under the other Loan Documents.
- (b) that has notified the Borrower, the Agent or any Lender (verbally or in writing) that it does not intend to or is unable to comply with any of its funding obligations under this Agreement or has made a public statement to that effect or to the effect that it does not intend to or is unable to fund advances generally under credit arrangements to which it is a party;
- (c) that has failed, within three (3) Business Days after written request by the Agent or the Borrower, to confirm in writing to the Agent and the Borrower that it will comply with the terms of this Agreement relating to its obligations to fund prospective Accommodations;
- (d) that has otherwise failed to pay over to the Borrower, the Agent or any other Lender any other amount required to be paid by it hereunder within three (3) Business Days of the date when due, unless the subject of a good faith dispute;
- (e) in respect of which a Lender Insolvency Event or a Lender Distress Event has occurred in respect of such Lender or its Lender Parent;
- (f) that is generally in default of its obligations under other existing credit or loan documentation under which it has commitments to extend credit; or
- (g) with respect to which the Agent has concluded, acting reasonably, and has advised the Lenders in writing, that it is of the view that it is more likely than not that such Lender shall become a Defaulting Lender pursuant to paragraphs (a) to (f), inclusive, of this definition;

"**Demand for Repayment**" means an Acceleration Notice or a Swap Demand for Repayment;

"**Discount Proceeds**" means, in respect of any Bankers' Acceptance where required to be purchased by a Lender hereunder, an amount determined as of the applicable Drawdown Date or Conversion Date which is equal to:

$$\frac{\text{Face Amount}}{100} \times \text{Price}$$

where "**Face Amount**" is the face amount of such bankers' acceptance and "**Price**" is equal to:

$$\frac{100}{1 + (\text{Rate} \times \frac{\text{Term}}{365})}$$

where the "**Rate**" is the applicable Discount Rate expressed as a decimal on the day of purchase; the "**Term**" is the term of such Bankers' Acceptance expressed as a number of days;

"**Discount Rate**" means:

- (a) with respect to an issue of Bankers' Acceptances issued by a Schedule I Lender, the CDOR Rate;
- (b) with respect to an issue of Bankers' Acceptances issued by a Schedule II Lender or Schedule III Lender, the lesser of (i) the CDOR Rate plus 10 bps and (ii) the percentage discount rate determined by the Agent to be the average of the quoted discount rates of the Reference Lenders for bankers' acceptances having an identical issue and maturity date in amounts comparable to the Bankers' Acceptances to be accepted and purchased by such Lenders in connection with such issue of Bankers' Acceptances. If any Reference Lender does not furnish a timely quotation, the Agent shall determine the relevant discount rate on the basis of the quotation or the quotations furnished by the other Reference Lender (if any). Each such determination by the Agent shall be conclusive and binding, absent manifest error, and may be computed using any reasonable averaging and attribution methods; and
- (c) for a Lender that is a Non-Acceptance Lender, the CDOR Rate;

"**Drawdown**" means the advance of an Accommodation by way of a Prime Loan, U.S. Base Rate Loan, LIBOR Loan, Overdraft, Bankers' Acceptance, BA Equivalent Advance or the issuance of a Letter of Credit, other than as a result of a Conversion or Rollover or a drawing under a Letter of Credit;

"**Drawdown Date**" means each Business Day on which Accommodations are to be made pursuant to a request from the Borrower under Section 3.8 or 3.9;

"**Effective Date**" means the date on which the conditions precedent under Section 8.1 have been satisfied;

"**Eligible Assignee**" means any Person (other than a natural person, any Obligor or any Affiliate of an Obligor), in respect of which any consent that is required by Section 13.1(b) has been obtained;

"**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 Borrower or any Borrowing Base Subsidiary whose lands and properties form a part of the Borrowing Base Assets and which report shall be in form and substance satisfactory to the Agent and shall, as a minimum, set forth the Borrower's and each Borrowing Base Subsidiary'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;

"Equivalent Amount" in one currency (the **"First Currency"**) of an amount in another currency (the **"Other Currency"**) means, as of the date of determination, the amount of the First Currency which would be required to purchase such amount of the Other Currency at the Noon Rate for such currencies on such date of determination or, if such date of determination is not a Business Day, on the Business Day immediately preceding such date of determination;

"Escrow Funds" has the meaning ascribed to it in Section 10.4;

"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 a request by the Borrower under Section 11.4(b), (ii) an assignee pursuant to an Assignment and Assumption made when an Event of Default has occurred and is continuing or (iii) 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 an Accommodation 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 11.3(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 11.3(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;

"**Existing BA**" has the meaning ascribed to it in Section 3.1(c);

"**Facilities**" means, collectively, the Production Facility and the Working Capital Facility, and "**Facility**" means any one of them;

"**Fed Funds Rate**" means, on any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the annual rates of interest on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next succeeding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it;

"**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;

"**Financial Letter of Credit**" means a stand-by letter of credit if it serves as a payment guarantee of an Obligor's financial obligations and is treated as a direct credit substitute for purposes of applicable capital adequacy guidelines;

"**First Ranking Indebtedness**" shall have the meaning ascribed to that term in Section 3.20(b);

"**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 (a) in the case of the Partnership, such Obligor's fiscal year commencing on January 1 of each year and ending on December 31 of such year, (b) in the case of the Borrower and 1332993, such Obligor's fiscal year commencing on December 31 of each year and ending on December 30 of the next following year, or (c) 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 Document 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;

"**GasEDI**" means a GasEDI Base Contract for Short Term Sale and Purchase of Natural Gas as published by GasEDI, and is used in this Agreement in relation to Commodity Swaps done on a physical (and not financial) basis, as entered into between the Borrower or the applicable Borrowing Base Subsidiary and the applicable Swap Lender;

"**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;

"**Hydrocarbon Rights**" means the entire right, title, estate and interest of the Borrower or any Borrowing Base Subsidiary (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 Term 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;

"Interest Date" means the last Business Day of each month;

"Interest Swap" means a financial arrangement entered into between the Borrower or a Borrowing Base Subsidiary and a counterparty on a case by case basis, in connection with interest rate swap transactions, interest rate options, cap transactions, floor transactions, collar transactions and other similar interest rate related transactions, the purpose and effect of which is to mitigate or eliminate its exposure to fluctuations in interest rates;

"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;

"ISDA Master Agreement" means either the 1992 International Swaps and Derivatives Association, Inc. Master Agreement (Multi-Currency – Cross-Border) or the 2002 form of Master Agreement or any successor form thereof, in case published and as from time to time amended, restated or replaced by the International Swaps and Derivatives Association, Inc., and as used in this Agreement in relation to Lender Swaps means the form of such agreement as entered into between the Borrower or the applicable Borrowing Base Subsidiary and the applicable Swap Lender;

"Journey Shares" means any issued and outstanding shares or securities in the capital of Journey from time to time;

"Judicial Order" has the meaning ascribed to it in Section 4.5(b);

"Lead Arranger" means [REDACTED]

"Lender BA Suspension Notice" has the meaning ascribed to it in Section 11.6;

"Lender Distress Event" means, in respect of a given Lender, such Lender or its Lender Parent: (a) is subject to a forced liquidation, merger, sale or other change of control supported in whole or in part by guarantees or other support (including the nationalization or assumption of ownership or operating control by the Government of the United States, Canada or any other Governmental Authority); or (b) is otherwise adjudicated as, or determined to be, insolvent or bankrupt, in each case, by any Governmental Authority having regulatory authority over such Lender or Lender Parent or their respective assets;

provided that, for certainty, a Lender Distress Event shall not have occurred solely by virtue of the ownership or acquisition of any equity interest in such Lender or its Lender Parent by any Governmental Authority;

"Lender Insolvency Event" means, in respect of a Lender, such Lender or its Lender Parent:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent, is deemed insolvent by Applicable Law or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) (i) institutes, or has instituted against it by a regulator, supervisor or any similar Governmental Authority with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, (A) a proceeding pursuant to which such Governmental Authority takes control of such Lender's or Lender Parent's assets, (B) a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors' rights, or (C) a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar Governmental Authority; or (ii) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (i) above and either (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial portion of all of its assets;
- (g) has a secured party take possession of all or a substantial portion of all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case, within fifteen (15) days thereafter;
- (h) causes or is subject to any event with respect to it which, under the Applicable Law of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (g) above, inclusive; or
- (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing;

"Lender LIBOR Suspension Notice" has the meaning ascribed to it in Section 11.6;

"Lender Outstandings" means collectively all Production Indebtedness, Working Capital Indebtedness, Cash Management Obligations, Creditcard Obligations and all Swap Indebtedness of the Obligors to the Lenders and the Swap Lenders, and including, without limitation, all other Indebtedness of any Obligor to the Agent, any Lender or a Swap Lender under any Loan Document;

"Lender Parent" means any Person that directly or indirectly controls a Lender and, for the purposes of this definition, "control" shall have the same meaning as set forth in the definition of "Affiliate" contained herein;

"Lender Swap" means a Swap entered into by the Borrower or a Borrowing Base Subsidiary with any Swap Lender;

"Lender's Proportion" means, at any time and from time to time with respect of each Lender:

- (a) in respect of the Production Facility, the proportion that such Lender's Production Facility Commitment bears to the Production Facility Amount;
- (b) in respect of the Working Capital Facility, 100% for the Working Capital Lender, and for all of the other Lenders, 0%; and
- (c) in respect of the Facilities, the proportion that the aggregate of such Lender's Commitment bears to the Total Commitment;

Notwithstanding the foregoing, upon any Production Lender becoming a Non-Agreeing Lender and at any time thereafter until the Adjustment Time, for the purposes of (i) all Drawdowns; and (ii) all principal repayments of Accommodations not resulting from or in relation to a reduction of the Production Facility Commitment and the Total Commitment, the Lender's Proportion shall be calculated without reference to the Commitment of the Non-Agreeing Lender;

"Lenders" means each of the financial institutions named on the signature pages hereto as Lenders, including [REDACTED] its capacity as a Lender but excluding [REDACTED] in its capacity as the Agent; and any other financial institution which is a Permitted Assignee, has executed a Assignment and Assumption Agreement pursuant to Section 13.1 and which Assignment and Assumption Agreement has been executed by the assignee and the Agent, and **"Lender"** means any one of them;

"Letter of Credit" means a letter of credit or letter of guarantee issued by the Working Capital Lender for the account of the Borrower and which are either Financial Letters of Credit or Performance Letters of Credit, with the characterization as between a Financial Letter of Credit and a Performance Letter of Credit to be made solely by the Working Capital Lender at the time of issuance;

"Letter of Credit Fee" means, with respect to a Letter of Credit issued by the Working Capital Lender, a per annum rate equal to the applicable Applicable Margin. The Letter of Credit Fee payable in respect of Performance Letters of Credit will be one-half the Letter of Credit Fee as determined aforesaid;

"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;

"LIBOR" means, with respect to any LIBOR Interest Period applicable to a LIBOR Loan, the per annum rate of interest determined by the Agent or the Operating Lender, as applicable, rounded upwards, if necessary, to the nearest whole multiple of one-one-hundredth of one percent (1/100%), by reference to

the rate set by ICE Benchmark Administration for deposits in U.S. Dollars (as set forth by any service selected by the Agent or the Operating Lender, as applicable, that has been nominated by ICE Benchmark Administration as an authorized information vendor for the purpose of displaying such rate which, as of the date hereof, is the "LIBOR 01 Page" of Reuters Limited) for a period equal to the number of days in the applicable LIBOR Interest Period, at or about 11:00 a.m. (London, England time) two (2) Business Days prior to a Drawdown Date, Conversion Date or Rollover Date, as the case may be, for such LIBOR Interest Period. If such "LIBOR 01 Page" is not available, then "LIBOR" shall mean, with respect to any LIBOR Interest Period, the rate determined by the Agent or the Operating Lender, as applicable, based on a three hundred and sixty (360) day year, rounded upwards, if necessary, to the nearest whole multiple of one-one-hundredth of one percent (1/100%), at which the Agent or the Operating Lender, as applicable, in accordance with its normal practice, would be prepared to offer to leading banks in the London interbank market for delivery by the Agent or the Operating Lender, as applicable, on the first day of the applicable LIBOR Interest Period for a period equal to the number of days in such LIBOR Interest Period, deposits in U.S. Dollars having a term comparable to such Libor Interest Period and in amounts comparable to the principal amount of such LIBOR Loan to be outstanding during such LIBOR Interest Period, at or about 11:00 a.m. (London, England time) two (2) Business Days prior to a Drawdown Date, Conversion Date or Rollover Date, as the case may be, for such LIBOR Interest Period; provided that, if the rate determined above shall ever be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement;

"LIBOR Interest Date" means the date falling on the last day of each LIBOR Interest Period; provided that if the Borrower selects a LIBOR Interest Period for a period longer than three (3) months, the LIBOR Interest Date shall be each date falling every three (3) months after the beginning of such LIBOR Interest Period and the date falling on the last day of such LIBOR Interest Period;

"LIBOR Interest Period" means, with respect to each LIBOR Loan, the initial period (subject to availability) of approximately one (1) month, two (2) months, three (3) months or six (6) months (as selected by the Borrower and notified to the Agent at the Agent's Branch of Account pursuant to Section 3.8 or 3.9) commencing on and including the Drawdown Date or Conversion Date or a date of a Rollover, as the case may be, applicable to such LIBOR Loan and ending on and including the last day of such initial period, and thereafter, each successive period (subject to availability) of approximately one (1) month, two (2) months, three (3) months or six (6) months (as selected by the Borrower and notified to the Agent at the Agent's Branch of Account pursuant to Section 3.11) commencing on and including the last day of the prior LIBOR Interest Period; provided that no LIBOR Interest Period may be selected which, in the case of any LIBOR Loan made by a Lender (i) ends after such Lender's Term-Out Date (in the case of LIBOR Loans during the Revolving Period) or its Term Maturity Date (in the case of LIBOR Loans during the Term Period) or (ii) is inconsistent with any reductions required to be made by the Borrower hereunder;

"LIBOR Loans" means the Accommodations or any portion thereof, made available by the Lenders to the Borrower pursuant to Sections 3.8, 3.9, 3.17 or 3.18 and outstanding from time to time, which are denominated in U.S. Dollars, as applicable, and on which the Borrower has agreed to pay interest in accordance with Section 5.3;

"Loan Documents" means this Agreement, each Credit Agreement, the Security, Second Lien Intercreditor Agreement, each Bankers' Acceptance, each Confirmation or other contract, agreement or instrument in respect of any Lender Swap or any Transaction thereunder and all other certificates, instruments and documents delivered by or on behalf of any Obligor in connection therewith from time to time;

"**Loans**" means the aggregate principal amount of Accommodations outstanding from time to time by way of Prime Loans, LIBOR Loans and U.S. Base Rate Loans;

"**Majority Lenders**" means:

- (a) where there are less than 3 Lenders, all of the Lenders; or
- (b) at any time when where there are 3 or more Lenders, Lenders whose Commitments are, in the aggregate, in excess of 66 $\frac{2}{3}$ % of the Total Commitment; provided that if the Total Commitment is cancelled or otherwise terminated, those Lenders to whom there is owing 66 $\frac{2}{3}$ % or more of the aggregate Outstandings under the Facilities;

"**Mark-to-Market**" means, in respect of any Swap and for any day on which the Mark-to-Market is calculated, the amount, if any, that would be payable by the Borrower or a Borrowing Base Subsidiary to a Swap Lender (expressed as a positive number, a "**Positive Mark-to-Market**") or by such Swap Lender to the Borrower or a Borrowing Base Subsidiary (expressed as a negative number, "**Negative Mark-to-Market**"), estimated by (i) making at mid-market the calculations required by the ISDA Master Agreement between such Swap Lender, on the one hand, and the Borrower or the Borrowing Base Subsidiary, on the other hand, as if such Master Agreement were being terminated as a result of a Termination Event with two Affected Parties on that day of calculation, (ii) determining the "**Termination Payment**" (as defined in the GasEDI) pursuant to a GasEDI as if such GasEDI were being terminated on that day of calculation, or (iii) determining the termination payment required under any other Term Gas Purchase Agreement. For the purposes of this definition, capitalized terms used in this definition and not defined in this Agreement shall have the meanings ascribed to them in such ISDA Master Agreement;

"**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 Accommodations 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 described in Schedule "J" and any other contract to 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;

"**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 the Borrower's or any Borrowing Base Subsidiary'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;

"Miscellaneous Interests" means, in respect of any petroleum, natural gas or related hydrocarbons or Tangibles of any Borrowing Base Subsidiary, all of any of the Borrower's or any Borrowing Base Subsidiary's interest, property and rights at such time, whether contingent or absolute, legal or beneficial, present or future which pertain to such petroleum, natural gas, related hydrocarbons or Tangibles at such time, including:

- (a) surface rights which are used or useful in connection with any of such petroleum, natural gas, related hydrocarbons or Tangibles;
- (b) permits, licenses, authorizations and deposits relating to any of such petroleum, natural gas, related hydrocarbons or Tangibles, including in respect of facilities, wells and pipelines, or the export, removal, transportation, purchase or sale of petroleum substances; and
- (c) books, maps, records, documents, seismic, geological, engineering, data processing, well, plant and other reports, data, information, computer programs or other records which relate to or are used or useful in connection with any of such petroleum, natural gas, related hydrocarbons or Tangibles; contracts, agreements and documents relating to any of such petroleum, natural gas, related hydrocarbons or Tangibles or any rights in relation thereto including title and operating documents (including leases, licenses, reservations, exploration agreements, operating agreements, unit agreements, production sharing agreements, farmin or farmout agreements, royalty agreements, transportation and processing agreements and agreements for the construction, ownership and/or operation of Tangibles);

"Non-Acceptance Lender" is a Lender which is not a Schedule I Lender, Schedule II Lender or Schedule III Lender;

"Non-Agreeing Lender" has the meaning ascribed to it in Section 3.4(g);

"Noon Rate" means, in relation to the conversion of one currency into another currency, the spot rate of exchange for such conversion as quoted by the Bank of Canada at approximately 12:00 noon (Toronto time) on the Business Day that such conversion is to be made (or, if such conversion is to be made before noon, then at approximately noon on the immediately preceding Business Day); provided that if such rate is no longer quoted at noon (Toronto time), it shall mean the spot rate of exchange for such conversion as quoted by the Bank of Canada at the close of business on the immediately preceding Business Day, and, in either case, if no such rate is quoted, the spot rate of exchange quoted for wholesale transactions by the Agent in Toronto, Ontario in accordance with its normal practice;

"Obligors" means, collectively, the Borrower and each Borrowing Base Subsidiary and **"Obligor"** means any of them;

"Original Credit Agreement" means the amended and restated credit agreement dated March 14, 2014, as amended by a first amending agreement dated as of April 28, 2014, a second amending agreement dated as of June 19, 2014, a third amending agreement dated as of November 4, 2014, a letter agreement dated April 24, 2015, a fourth amending agreement dated as of May 11, 2015, a letter agreement dated October 30, 2015, a fifth amending agreement dated as of November 30, 2015, a letter agreement dated April 28, 2016, a letter agreement dated May 19, 2016, a letter agreement dated June 2, 2016, a sixth amending agreement dated as of June 10, 2016, a seventh amending agreement dated as of October 6, 2016, a letter agreement dated October 28, 2016 and a letter agreement dated November 22, 2016;

"Operator" means, in respect of any of the Hydrocarbon Rights, such Person as has from time to time been appointed by the Borrower or a Borrowing Base Subsidiary, 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;

"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, 2010;

"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 a time means the aggregate at the time of:

- (a) the Equivalent Amount in Canadian Dollars of the principal amounts outstanding of, and all overdue and unpaid interest outstanding in respect of, Prime Loans, U.S. Base Rate Loans and LIBOR Loans, and an amount equal to the amount required to be repaid on the maturity of any BA Equivalent Advance in respect of such BA Equivalent Advance;
- (b) the face amount of outstanding Bankers' Acceptances;
- (c) the Equivalent Amount in Canadian Dollars of outstanding Letters of Credit; and
- (d) the Equivalent Amount in Canadian Dollars of Indebtedness of the Borrower and any Borrowing Base Subsidiary to the Lenders or the Agent under any Loan Document (excluding Swap Facilities) not included in any of the foregoing;

"Overdraft" means, in respect of the Working Capital Facility an amount owing by the Borrower to the Working Capital Lender from time to time as a result of clearance of cheques or drafts drawn on, or transfers of funds from, accounts of the Borrower maintained with the Working Capital Lender at its Branch of Account in U.S. Dollars or Canadian Dollars for such purpose, including, without limitation, as a result of payment in respect of any Letter of Credit or Bankers' Acceptance;

"Participant" has the meaning ascribed to it in Section 13.1(d);

"Partnership" means Journey Energy Partnership (formerly named Thunder 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;

"Performance Letter of Credit" means a Letter of Credit issued hereunder to secure the performance of an obligation of an Obligor which, as determined by the Working Capital Lender in its sole discretion, is not purely, or substantially, financial in nature;

"Permitted Assignee" has the meaning ascribed to it in Section 13.1;

"Permitted Encumbrances" means any of the following:

- (a) liens 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 the Borrower or any Borrowing Base Subsidiary and which were created or assumed in the ordinary course of business at the time such Hydrocarbon Rights are acquired by the Borrower or such Borrowing Base Subsidiary 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 in respect of the Borrowing Base Assets, 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 the Borrower or any Borrowing Base Subsidiary which the Borrower or the applicable Borrowing Base Subsidiary 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 the Borrower's or any Borrowing Base Subsidiary'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 the Borrower's or any Borrowing Base Subsidiary's business;

- (i) security given by the Borrower or any Borrowing Base Subsidiary 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 the Borrower or any Borrowing Base Subsidiary in connection with the Borrower or such Borrowing Base Subsidiary'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 the Borrower or such Borrowing Base Subsidiary'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 the Borrower or any Borrowing Base Subsidiary 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) liens on cash or marketable securities of an Obligor granted in connection with foreign exchange risk management, interest rate risk management or commodity price risk management arrangements (other than the Swap Facilities) provided the fair market value of all such cash and marketable securities is not at any time in excess of an amount equal to Cdn. \$2,500,000, such liens only secure the obligations of the applicable Obligor under such arrangements and the obligations secured by such liens are not due and delinquent;
- (m) Security Interests created by or pursuant to the Second Lien Note Documents which secure the obligations of the Obligors under the Second Lien Note Documents in accordance with, and subject to, the terms of the Second Lien Intercreditor Agreement;
- (n) Liens which secure Permitted Refinancing Debt subject to an intercreditor agreement that is substantially the same as the Second Lien Intercreditor Agreement; and
- (o) 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;

"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 Standard & Poor's Rating Group 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 Standard & Poor's Rating Group, a division of McGraw-Hill, Inc., Moody's Investor Service, Inc. or Dominion Bond Rating Service Limited, 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 Standard & Poor's Rating Group or Moody's Investor Services, Inc., respectively, maturing not more than 30 days from the date of acquisition thereof;
- (e) Voting Shares of a Target where such 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 the Target to qualify it as a Borrowing Base Subsidiary, (ii) such Investment is permitted pursuant to the provisions of Section 3.7, (iii) the aggregate amount of such Investments are not individually, or in the aggregate, in any 12 month period in excess of \$5,000,000 and (iv) the Target becomes a Borrowing Base Subsidiary within 6 months of the first date of the acquisition of the Voting Shares of the Target, or such Voting Shares have been sold or otherwise absolutely disposed of by the applicable Obligor within such 6 month period;
- (f) Permitted Swaps; and
- (g) Guarantees and Indebtedness permitted by the terms of this Agreement;

"Permitted Refinancing Debt" means any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, the Second Lien Note Indebtedness (or previous refinancings thereof constituting Permitted Refinancing Debt) (the **"Refinanced Debt"**) which meets all of the following conditions:

- (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Debt does not exceed the principal amount (or accreted value, if applicable) of such Refinanced Debt (plus unpaid accrued interest and premium (including tender premiums) thereon and underwriting discounts, defeasance costs, fees, commissions and expenses incurred in connection with such financing);
- (b) such Permitted Refinancing Debt has a final maturity date at least six months later than the final maturity date of such Refinanced Debt;
- (c) such Permitted Refinancing Debt is unsecured or if secured, subject to an intercreditor agreement that is substantially the same as the Second Lien Intercreditor Agreement;
- (d) such Permitted Refinancing Debt is incurred either by (i) the Borrower or (ii) the Borrowing Base Subsidiary who is the obligor in respect of the Refinanced Debt and does not have greater guarantees from parties who have not guaranteed the Refinanced Debt; and
- (e) the other terms and conditions of such Permitted Refinancing Debt are satisfactory to the Agent, acting reasonably;

"Permitted Swap Indebtedness" means indebtedness and obligations under Permitted Swaps and for which the only security is the Security;

"Permitted Swap" means, any Lender Swap permitted pursuant to the provisions of Section 9.2(k);

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity;

"Platform" has the meaning ascribed to it in Section 14.7(c)(ii);

"Prepaid Gas Obligations" means (i) **"take-or-pay"** or similar Liabilities of the Borrower or any Borrowing Base Subsidiary 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 the Borrower or any Borrowing Base Subsidiary 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;

"Prime Loans" means the Accommodations or any portion thereof made available by the Lenders to the Borrower pursuant to Sections 3.8, 3.9, 3.10, 3.15, 3.17 or 3.18 and outstanding from time to time, which are denominated in Canadian Dollars and on which the Borrower has agreed to pay interest in accordance with Section 5.1;

"Prime Rate" means, with respect to Prime Loans, the greater on any day of:

- (a) the annual rate of interest announced from time to time by the Agent as being its reference rate then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by the Agent in Canada and designated as its "prime rate"; and
- (b) the thirty (30) day CDOR Rate plus one percent (1.0%) per annum;

"Production Facility" has the meaning ascribed to it in Section 3.2(a)(i);

"Production Facility Amount" means Cdn. \$75,000,000, as such amount is reduced from time to time pursuant to the provisions of this Agreement;

"Production Facility Commitment" means, with respect to each Lender, such Lender's obligation under the Production Facility to make Production Accommodations by way of Loans, BA Equivalent Loans and Bankers' Acceptances available to the Borrower under the Production Facility in an aggregate amount not at any time in excess of the amount set forth opposite such Lender's name on Schedule "A" attached hereto or in the Assignment and Assumption Agreement of such Lender, as such amount may be cancelled, reduced or terminated from time to time pursuant to any other provisions of this Agreement or reduced as a result of any subsequent Assignment and Assumption Agreement entered into by it;

"Production Indebtedness" means the Equivalent Amount in Canadian Dollars of the outstanding principal amount of all Accommodations made available to the Borrower under the Production Facility, such amount being determined by including (subject to Section 10.8), the principal amount of all outstanding Loans, the face amount of all outstanding Bankers' Acceptances and BA Equivalent Advances and the principal amount of any other Indebtedness for Borrowed Money under the Production Facility not included in the foregoing, together with all interest, fees and other amounts payable thereon or in connection therewith;

"Production Lender" means any Lender which has a Production Facility Commitment hereunder;

"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";

"Purchasing Lender" has the meaning ascribed to it in Section 3.4(g);

"Rateable" and **"Rateably"** means, subject to adjustment pursuant to Section 10.8(a), the proportion that the amount of the Production Indebtedness, Working Capital Indebtedness and Swap Indebtedness (limited to the First Ranking Indebtedness of any Swap Lender) of any Swap Lender or Lender (as the case may be) bears to the aggregate of the Production Indebtedness, Working Capital Indebtedness and Swap Indebtedness (limited to the First Ranking Indebtedness of all Swap Lenders), as determined at the Adjustment Time;

"Realization Proceeds" has the meaning ascribed to it in Section 10.7;

"Reference Lenders" means, if there is only one Lender which is a bank under Schedule II or Schedule III to the *Bank Act* (Canada), such Lender and, if there is more than one such Lender, any two of such Lenders agreed to by the Borrower and the Agent from time to time;

"Related Parties" means, with respect to any Person, such Person's Subsidiaries and the directors, officers, employees, agents and advisors of such Person and of such Person's Subsidiaries;

"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;

"Replacement Lender" has the meaning ascribed to it in Section 3.4(h);

"Request for Extension" means a request of the Borrower in the form attached as Schedule "K";

"Revolving Lender" has the meaning ascribed to it in Section 3.4(a);

"Revolving Period" means, in respect of each Revolving Lender, the period from the Effective Date until its Term-Out Date;

"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;

"Rollover" means:

- (a) with respect to any LIBOR Loan, the continuation of all or a portion of such LIBOR Loan (subject to the provisions hereof) for an additional LIBOR Interest Period subsequent to the initial or any subsequent LIBOR Interest Period applicable thereto; and
- (b) with respect to Bankers' Acceptances, the issuance of new Bankers' Acceptances (subject to the provisions hereof) in respect of all or any portion of Bankers' Acceptances which are maturing, all in accordance with Section 3.12 hereof;

"Rollover Date" means the date that a Rollover is to be made pursuant to a notice to effect a Rollover delivered under Section 3.18 and substantially in the form of Schedule "E" with all applicable blanks completed;

"Schedule I Lender" means a Lender which is a Canadian chartered bank listed on Schedule I to the *Bank Act* (Canada);

"Schedule II Lender" means a Lender which is a Canadian chartered bank listed on Schedule II to the *Bank Act* (Canada);

"Schedule III Lender" means a Lender which is a Canadian chartered bank listed on Schedule III to the *Bank Act* (Canada);

"Security" means all documents, instruments or agreements directly or indirectly assuring or securing the Lenders or Swap Lenders in respect of the Lender 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 or Swap Lender is assured or granted or receives a Security Interest pursuant to the terms hereof (including as provided in Sections 3.6(i) and 6.1 or either thereof);

"Second Lien Creditor" means Her Majesty The Queen in Right of Alberta;

"Second Lien Debenture" means the Journey Energy Inc. Floating Charge Debenture in Favour of Her Majesty The Queen in Right of Alberta between the Borrower and the Second Lien Creditor, as amended, restated or supplemented from time to time as permitted hereunder and under the Second Lien Intercreditor Agreement;

"Second Lien Intercreditor Agreement" means the inter-creditor agreement dated on or about October 6, 2016 between the Agent, the Second Lien Creditor, the Borrower, 1332993 and the Partnership, as amended, modified, supplemented or restated from time to time;

"Second Lien Note Documents" means, collectively, the Second Lien Debenture, the Second Lien Notes, all guarantees provided in connection therewith and all other agreements, instruments and other documents governing or relating thereto as permitted hereunder and under the Second Lien Intercreditor Agreement; and **"Second Lien Note Document"** means any of them;

"Second Lien Note Indebtedness" means, collectively, the Indebtedness incurred by the Borrower from the Second Lien Creditor pursuant to the terms of the Second Lien Notes and the Second Lien Debenture and subject to the terms of the Second Lien Intercreditor Agreement;

"Second Lien Notes" means the notes in a maximum aggregate principal amount of Cdn. \$30,000,000 issued by the Borrower in connection with the Second Lien Debenture with a maturity date of October 31, 2020 and bearing interest at a rate not exceeding 7.65% per annum;

"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;

"Senior Obligations" means all amounts from time to time owing by the Obligors to the Agent, the Lenders, the Swap Lenders, the Cash Management Lender and the Creditcard Lenders under the Loan Documents, the Bilateral Financial Services Agreements and Lender Swaps;

"Standby Fee Rate" means, at any time, the rate, expressed as a rate per annum based on a year of 365 days as set out as the Applicable Margin for the standby fees in the table set forth in the definition of Applicable Margin;

"Subordinated Swap Indebtedness" has the meaning ascribed to it in Section 3.20(b);

"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;

"Subsidiary Guarantee" means a guarantee substantially in the form of Schedule "G", with such changes as the Agent may approve;

"Swap" means any Commodity Swap, Currency Swap, Interest Swap or Term Gas Purchase Agreement;

"Swap Demand for Repayment" means a demand made by a Swap Lender pursuant to and in accordance with an agreement evidencing a Lender Swap demanding repayment of all Indebtedness relating thereto and shall include, without limitation, any notice under any agreement evidencing a Lender Swap which, when delivered, would require an early termination thereof and may require a payment by

the Borrower or a Borrowing Base Subsidiary in settlement of obligations thereunder as a result of such early termination;

"Swap Facility" means a swap or hedging facility made available to the Borrower or a Borrowing Base Subsidiary by a Swap Lender as permitted by Section 3.20;

"Swap Indebtedness" means:

- (a) at any time prior to the Adjustment Time, an amount determined by the Agent by:
 - (i) calculating, for each Swap Lender, the difference, if positive, after summing all the Positive Mark-to-Market positions of its Lender Swaps and deducting the sum of the Negative Mark-to-Market positions for its Lender Swaps with the Borrowing Base Obligors or any of them; and
 - (ii) when such term is used in reference to all Swaps with all Swap Lenders, adding together the aggregate net amounts calculated in (a)(i) above for all Swaps with the Swap Lenders; and
- (b) after the Adjustment Time, an amount being determined by each Swap Lender by:
 - (i) calculating for each of its Lender Swaps with any Obligor, the Termination Amount, and determining the difference, if positive, of the aggregate net amounts payable by such Obligor to such Swap Lender; and
 - (ii) when such term is used in reference to all Swap Lenders, adding together the amount calculated in (b)(i) above for all Swap Lenders;

"Swap Lender" means a Person, which at the time that it entered into any Swap with any Obligor, was a Lender, or an Affiliate of a Lender which has entered into an agreement with the Borrower, such Lender, the Agent, the Lenders and (if different than the Lenders) the Swap Lenders agreeing to be bound by this Agreement in form and substance satisfactory to the Agent and which shall provide that such Lender shall at all times remain liable for the obligations of such Affiliate under this Agreement;

"Takeover" means a Takeover as defined in Section 3.7;

"Tangibles" means, in respect of the Borrower or any Borrowing Base Subsidiary at any time, all right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, of the Borrower or any Borrowing Base Subsidiary (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;

"Target" has the meaning ascribed to it in Section 3.7;

"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;

"Term Gas Purchase Agreement" means a Gas EDI or any other commodity swap effected by way of a physical gas purchase and sale agreement between the Borrower or a Borrowing Base Subsidiary and a Swap Lender;

"Term Maturity Date" means, in respect of each Lender, the date which is one Business Day after the Term-Out Date of such Lender, as such Term-Out Date may be extended hereunder;

"Term-Out Date" means, in respect of each Lender, the later of:

- (a) April 29, 2017; and
- (b) if the Term-Out Date is extended pursuant to Section 3.4, that date which is 364 days after its then current Term-Out Date;

"Term Period" means, for each Lender, the period commencing on its Term-Out Date and ending on its Term Maturity Date;

"Termination Amount" means, in respect of a Lender Swap on any day, the amount (whether positive or negative) determined by the Swap Lender thereunder in accordance with the terms thereof as of the close of business as though such day were an "Early Termination Date" and the Swap was a "Terminated Transaction" in accordance with the payment measures provided for in the ISDA Master Agreement between the Borrower or any Borrowing Base Subsidiary and such Swap Lender, with any such Termination Amount being expressed in Canadian dollars and all defined terms used in this definition and not otherwise defined in this Agreement have the meaning ascribed thereto in such ISDA Master Agreement;

"Termination Event" means:

- (a) an automatic acceleration of the repayment of Indebtedness outstanding hereunder without any notice being required thereunder from the Agent or any Lender, as the case may be; and
- (b) an automatic early termination of obligations relating to a Lender Swap, without any notice being required from a Swap Lender;

"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, or is subject to greater or different burdens, encumbrances or adverse claims of whatsoever nature or kind (other than Permitted Encumbrances) than, that evaluated in the most recent Engineering Report;

"Total Commitment" means the aggregate of the Production Facility Commitment and the Working Capital Facility Commitment of each Lender, as hereafter decreased, cancelled or terminated from time to time pursuant to this Agreement;

"Transaction" has the meaning ascribed thereto in the applicable ISDA Master Agreement between the Borrower or a Borrowing Base Subsidiary and a Swap Lender;

"U.S. Base Rate" means, with respect to U.S. Base Rate Loans, the greater of:

- (a) the annual rate of interest announced from time to time by the Agent as being its reference rate then in effect for determining interest rates on U.S. Dollar denominated commercial loans made by the Agent in Canada; and
- (b) a rate of interest per 365 day period equal to the Fed Funds Rate plus 100 bps,

provided that, if the rates of interest in (a) and (b) above are equal, then the "U.S. Base Rate" shall be the rate specified in (a) above;

"U.S. Base Rate Loans" means the Accommodations or any portion thereof, made available by the Lenders to the Borrower pursuant to either Sections 3.8, 3.9, 3.15, 3.17 or 3.18 and outstanding from time to time, which are denominated in U.S. Dollars and on which the Borrower has agreed to pay interest in accordance with Section 5.2;

"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;

"Working Capital Facility" has the meaning ascribed to it in Section 3.2(a)(ii);

"Working Capital Facility Amount" means an amount equal to Cdn. \$15,000,000, as such amount as so calculated is reduced pursuant to the provisions of this Agreement;

"Working Capital Facility Commitment" means the obligation of the Working Capital Lender to make Working Capital Accommodations available to the Borrower by way of Loans, Bankers' Acceptances and Letters of Credit in an aggregate amount not at any time in excess of the Working Capital Facility Amount, as such amount may hereafter be cancelled, reduced or terminated from time to time pursuant to the provisions of this Agreement;

"Working Capital Indebtedness" means the Equivalent Amount in Canadian Dollars of the outstanding principal amount of all Accommodations made available to the Borrower under the Working Capital Facility, such amount being determined by including (subject to Section 10.8), the principal amount of all outstanding Loans, the face amount of all outstanding Bankers' Acceptances and BA Equivalent Advances, the undrawn amount of all outstanding Letters of Credit and the principal amount of any other

Indebtedness for Borrowed Money under the Working Capital Facility not included in the foregoing, together with all interest, fees and other amounts payable thereon or in connection therewith; and

"Working Capital Lender" means the Lender which from time to time has the Working Capital Facility Commitment hereunder, and which on the Effective Date is [REDACTED].

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.

1.6 Time

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

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.

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:** the Borrower and each Borrowing Base Subsidiary has good and marketable title to its Borrowing Base Assets free and clear of all claims and encumbrances other than Permitted Encumbrances and Minor Title Defects and Title Defects of which the Borrower has notified the Agent of pursuant to Section 3.6(g);
- (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 (including the most recent Engineering Report) in respect of the Borrowing Base 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:** the consolidated financial statements for the Borrower as of September 30, 2016 fairly present the consolidated financial condition of the Borrower as of the date thereof in accordance with GAAP. All other 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 Borrowing Base Subsidiary or by a Borrowing Base Subsidiary to the Borrower or to another Borrowing Base Subsidiary, (ii) Financial Assistance provided by the Obligors pursuant to the Loan Documents, and (iii) Financial Assistance of the Indebtedness for Borrowed Money permitted by Section 9.2(a)(ii);
- (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 Borrowing Base Assets, Business and Chief Executive Officer:** as at the Effective Date (i) all of the Borrowing Base Assets are located in Alberta; (ii) no Obligor carries on

business in any jurisdiction other than Alberta; (ii) 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:** the Borrower and each Borrowing Base Subsidiary 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:** the Borrower and each Borrowing Base Subsidiary 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 the Borrower and each Borrowing Base Subsidiary 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 Borrower and Borrowing Base Subsidiaries:
 - (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 Obligors.

- (u) **Second Lien Note Documents:** no default or event of default under the Second Lien Note Documents, has occurred and is continuing; and
- (v) **Events of Default:** no Default or Event of Default has occurred and is continuing.

2.2 Effective Time of Representations and Warranties

Notwithstanding any provision of this Agreement to the contrary and subject to Section 8.1, 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 each Drawdown, Rollover and Conversion.

ARTICLE 3 THE CREDIT FACILITIES

3.1 Amendment and Restatement

- (a) **Original Credit Agreement:** relying on each of the representations and warranties set out in Article 2 and subject to the terms and conditions of this Agreement, the Agent, the Lenders and the Borrower agree that, effective on the Effective Date:
 - (i) the Original Credit Agreement shall be amended and restated in its entirety and shall be on the terms and conditions and in the form of this agreement including, without, limitation all liabilities and indebtedness of the Borrower to [REDACTED] under the Original Credit Agreement in respect of the "Working Capital Facility" thereunder and accrued and unpaid interest paid thereon, and "stand-by fees" accrued thereunder in respect of the "Working Capital Facility" shall be construed as Indebtedness and Liabilities of the Borrower to [REDACTED] under this Agreement;
 - (ii) all other Indebtedness and Liabilities of the Borrower to the Lenders under the Original Credit Agreement in respect of the "Production Facility" thereunder shall be construed as indebtedness and liability of the Borrower to the Production Lenders under this Agreement; and
 - (iii) the Borrower, the Lenders and [REDACTED] shall have no further rights or obligations to each other under the Original Credit Agreement as it exists immediately prior to the amendment and restatement effected hereby, except to the extent continued hereunder for any accrued, but unpaid, interest on "Accommodations" in respect of the "Working Capital Facility" and "Production Facility" thereunder and "stand-by fees" under the Original Credit Agreement, up to but not including the Effective Date;

- (b) **Adjustments:** The Borrower, the Agent and the Lenders acknowledge and agree that on the Effective Date, the Outstandings under the Production Facility may not be outstanding in accordance with the Lender's Proportion under the Production Facility and the Lenders hereby agree to take all steps and actions and execute and deliver all agreements, instruments and other documents as may be required by the Agent or any of the Lenders (including the assignment of interests in, or the purchase of participations in existing Loans) to give effect to the revised Commitments under the Production Facility; provided that the provisions of this Section 3.1(b) shall not apply to Bankers' Acceptances outstanding on the Effective Date (such outstanding Bankers' Acceptances being dealt with in accordance with Section 3.1(c) below).
- (c) **Existing BA:** Each Lender hereby acknowledges and agrees that, on the Effective Date, a Bankers' Acceptance in the amount of Cdn. \$50,000,000 with a maturity date of December 12, 2016 will be outstanding under the Production Facility (the "**Existing BA**"). Notwithstanding any provision of the Original Credit Agreement or this Agreement to the contrary, the Lenders acknowledge and agree that any obligation of the Borrower to pay or reimburse the Lenders in respect of the Existing BA is solely a risk and for the account of the Lenders based upon their respective Commitments as in effect prior to the Effective Date and, prior to the Effective Date, without regard to the provisions of this Agreement there shall be no adjustment or indemnity provided by the Lenders in respect of the Existing BA. Each of the Lenders hereby acknowledges and agrees that, when the Existing BA matures, and Rollovers and Conversions are made by the Borrower in respect thereof, it shall participate in the Accommodations effecting such Rollovers and Conversions to the full extent of its revised Commitment under the Production Facility after giving effect to the provisions of this Agreement applicable on each such date.

3.2 Establishment of the Facilities

- (a) **Obligations of Lenders:** the Lenders shall, subject to the terms and conditions of this Agreement, make Accommodations available to the Borrower up to the aggregate amount of their Commitments for the purposes set forth in Section 3.5 and more specifically:
- (i) to the extent of their respective Production Facility Commitments, by way of a credit facility in the maximum principal amount not exceeding in the aggregate for all Production Lenders, the Production Facility Amount (the "**Production Facility**"); and
 - (ii) by way of a revolving working capital facility by the Working Capital Lender only in a maximum principal amount not exceeding the Working Capital Facility Amount (the "**Working Capital Facility**"); and
- (b) **Maximum Amount:** at no time shall the aggregate of Outstandings under the Facilities exceed the Total Commitment.

3.3 Revolving Feature of Facilities

The Indebtedness of the Borrower to a Revolving Lender during its Revolving Period may, within the limits herein provided, increase and decrease and the Borrower may borrow, repay and borrow again in Canadian Dollars and/or U.S. Dollars and obtain credit pursuant to the availment options described in Section 3.8 and 3.9 until the end of the Revolving Period of such Revolving Lender. Thereafter, the Borrower may effect Conversions and Rollovers in respect of its Indebtedness to such Lender under the Facilities but other than in respect of such Conversions or Rollovers, all principal payments or repayments to such Lender under the Facilities shall reduce its Commitment. The Indebtedness to the Borrower under the Working Capital Facility may, within the limits herein provided, increase and

decrease and the Borrower may, borrow, repay and borrow thereunder prior to the Term-Out Date of the Working Capital Lender, provided it may remain available on a revolving basis thereafter upon request made in writing by the Borrower to the Working Capital Lender not less than 15 days prior to such Term-Out Date and subject to the consent of the Working Capital Lender, which consent may be provided or denied at the sole discretion of the Working Capital Lender.

3.4 Extension of Term-Out Date and Revolving Period

- (a) **Request for an Extension:** The Borrower may, from time to time and provided there is no Default which is continuing, request an offer to extend the Term-Out Date of each Lender that is not then a Non-Agreeing Lender (a "**Revolving Lender**") by sending to the Agent at the Agent's Branch of Account a Request for Extension in duplicate not less than sixty (60) days and not more than ninety (90) days prior to the then current Term-Out Date and the Agent shall forthwith notify such Revolving Lenders of such request. Each such Revolving Lender shall advise the Agent as to whether it agrees with such request (including as to any conditions or fees applicable to any offer to extend the Term-Out Date) not later than thirty (30) days prior to the then current Term-Out Date, provided that in the event such Lender does not so advise the Agent by such date, such Revolving Lender shall be deemed to have advised the Agent that it is not prepared to make an offer to the Borrower to extend the Term-Out Date. Within two (2) Business Days of the Agent receiving from each such Revolving Lender its decision with respect to making an offer to the Borrower to extend its Term-Out Date, the Agent shall, subject to Section 3.4(b) and subject to any fees or conditions imposed by the Revolving Lenders, provide the Borrower with an offer to extend the applicable Term-Out Date in accordance with Section 3.4(c) or 3.4(d) as the case may be, and the Borrower, subject to Section 3.4(f), shall be entitled to accept any such offer at any time up to and including the last Business Day preceding the then current Term-Out Date by written notice to the Agent of such acceptance.
- (b) **Non-Extension:** The Agent shall not provide the Borrower with an offer to extend the Term-Out Date in accordance with Section 3.4(a) if Revolving Lenders holding 33^{1/3}% or more of the aggregate Commitments of all such Lenders do not agree or are deemed not to agree to make an offer to the Borrower to extend the Term-Out Date pursuant to the Request for Extension.

In any such case:

- (i) the Term-Out Date of all Revolving Lenders shall not be extended; and
- (ii) the Term Period shall commence for all Revolving Lenders on such Term-Out Date and all such Lenders shall be deemed to be Non-Agreeing Lenders for the purposes hereof.
- (c) **Extension for All Lenders:** If all Revolving Lenders agree to make an offer to the Borrower to extend the Term-Out Date pursuant to a Request for an Extension and the Borrower accepts such offer in accordance with Section 3.4(a), then the Term-Out Date for each such Revolving Lender shall be extended for a period of 364 days from the date of the acceptance by the Borrower of the offer made to it to extend the Term-Out Date by the Agent on behalf of such Revolving Lenders.
- (d) **Partial Extension:** If, with respect to a Request for an Extension, the provisions of Section 3.4(b) or 3.4(c) are not applicable and there are Non-Agreeing Lenders under Section 3.4(g), then:
- (i) the Term-Out Date of all Agreeing Lenders in respect of whom the Borrower has accepted the offer made by them to extend the Term-Out Date shall be extended for a period of 364 days from the date of acceptance by the Borrower of the offer made to it

pursuant to Section 3.4(a) to extend the Term-Out Date by the Agent on behalf of such Lenders; and

- (ii) the Term-Out Date for all Non-Agreeing Lenders shall not be extended.
- (e) **Independent Decision:** The Borrower understands that consideration of any Request for Extension constitutes an independent credit decision which each Revolving Lender retains the absolute and unfettered discretion to make, and that no commitment in this regard is given by any such Lender and that any extension of the Term-Out Date may be on such terms and conditions in addition to those set out herein as the Revolving Lenders may stipulate and the Borrower may agree to.
- (f) **Default or Event of Default:** Notwithstanding the foregoing, the Borrower shall not be entitled to accept any offer made by the Agent on behalf of the Agreeing Lenders to extend the Term-Out Date if, at the time of such acceptance, a Default or Event of Default has occurred and is then continuing unless waived by all of the Lenders.
- (g) **Request Refused:** Subject to Section 3.4(b), if a Revolving Lender does not agree to make an offer to extend its Term-Out Date (each such Lender being a "Non-Agreeing Lender" and any Revolving Lender agreeing to make an offer to extend its Term-Out Date being an "Agreeing Lender"), each of the Agreeing Lenders shall have the right (but not the obligation) to purchase the Production Facility Commitment of the Non-Agreeing Lender. Each of the Agreeing Lenders (a "Purchasing Lender") wishing to exercise its rights to purchase the Production Facility Commitment of a Non-Agreeing Lender shall forthwith so notify the Borrower, the Agent, the Non-Agreeing Lender and each of the other Lenders, if any, and such Purchasing Lender shall thereupon be obligated to purchase, and the Non-Agreeing Lender shall be obligated to sell, not less than 3 Business Days prior to the then current Term-Out Date, that portion of such Production Facility Commitment which is in the ratio that its Lender's Proportion bears to the aggregate of the Lender's Proportions of all Purchasing Lenders or as otherwise agreed to by the Borrower and the Purchasing Lenders. If the Non-Agreeing Lender is the Working Capital Lender, the Purchasing Lenders shall not be entitled to purchase the Production Facility Commitment of the Non-Agreeing Lender unless the other Lenders and the Borrower agree on which Revolving Lender shall become the Purchasing Lender for the entire Working Capital Facility Commitment and such Working Capital Facility Commitment is purchased concurrently with the Production Facility Commitment of such Non-Agreeing Lender. Notwithstanding the foregoing, and unless otherwise agreed at that time, the Non-Agreeing Lender shall not be obligated to sell to any Purchasing Lender unless:
 - (i) provision satisfactory to the Non-Agreeing Lender (acting reasonably) has been made for payment of any costs, losses, premiums or expenses incurred by the Non-Agreeing Lender by reason of any liquidation or re-deployment of deposits or other funds in respect of LIBOR Loans outstanding;
 - (ii) provision satisfactory to the Non-Agreeing Lender (acting reasonably) has been made for payment at maturity of outstanding Bankers' Acceptances accepted by it or Letters of Credit issued by it; and
 - (iii) if the Non-Agreeing Lender is the Working Capital Lender such purchase shall be subject to the replacement or collateralization satisfactory to the Working Capital Lender, acting reasonably, of all outstanding Letters of Credit and issued by the Working Capital Lender

under the Working Capital Facility, not less than 3 Business Days prior to the applicable Term-Out Date.

The Non-Agreeing Lenders, the Purchasing Lenders, the Agent, the Borrower and each of the other Lenders, if any, shall forthwith duly execute and deliver any necessary documentation to give effect to any purchase under this Section 3.4(g). Notwithstanding any such purchase, the Non-Agreeing Lender shall be entitled to retain a sharing of the Security pursuant to, and limited to the extent provided by, Section 3.20 for any Swap Indebtedness then outstanding with it or an Affiliate of such Lender.

(h) **Replacement or Repayment:** If a Non-Agreeing Lender's Production Facility Commitment is not purchased pursuant to Section 3.4(g), the Borrower may:

(i) as long as there exists no Event of Default, repay all Accommodations and other amounts owing under the Loan Documents to any Non-Agreeing Lender in respect of its Commitment, and the Working Capital Facility Commitment if the Non-Agreeing Lender is the Working Capital Lender, on or prior to its Term-Out Date and upon such payment, each such Non-Agreeing Lender shall cease to be a Production Lender hereunder and, if applicable, the Working Capital Lender, and such Non-Agreeing Lender's Commitment and, if applicable, its Working Capital Facility Commitment shall be terminated and the Total Commitment reduced accordingly; or

(ii) arrange for a replacement lender (a "**Replacement Lender**") (which may be one of the Agreeing Lenders) to purchase the Non-Agreeing Lender's Production Facility Commitment, and the Working Capital Facility Commitment if the Non-Agreeing Lender is the Working Capital Lender, on the same basis and subject to the same requirements and indemnities as specified in Section 3.4(g). Any such Replacement Lender shall require the approval of the Agent, such approval not to be unreasonably withheld, and no later than 2 Business Days prior to the Term-Out Date such Replacement Lender shall have purchased the Non-Agreeing Lender's Commitment, and its Working Capital Facility Commitment if the Non-Agreeing Lender is the Working Capital Lender, by execution of all necessary documentation including, without limitation, execution and delivery of an Assignment and Assumption Agreement.

(i) **Adjustment of Fees:** If, on the Term-Out Date of any Non-Agreeing Lender, any Accommodations are outstanding to such Lender, in respect of its Commitment, by way of Bankers Acceptances or LIBOR Loans, then such Lender shall be entitled to receive the applicable Applicable Margin for LIBOR Loans and Bankers' Acceptances in respect of such outstanding Accommodations calculated upon the applicable Applicable Margin for the period from the Term-Out Date to the maturity date of the Bankers Acceptance or LIBOR Loan, as the case may be. After the Term-Out Date, the Agent shall calculate the adjusted fees payable by the Borrower to such Lender in respect of such Accommodations and such fees shall be payable not later than ten (10) days after receipt by the Borrower of written notice from the Agent as to such amounts. The notice of the Agent setting forth the additional amounts payable shall be conclusive evidence thereof, absent manifest error.

3.5 Purpose and Use of Proceeds and Original Credit Agreement

The Facilities shall only be available to the Borrower for general corporate and partnership purposes and for ongoing working capital of the Borrower and Borrowing Base Subsidiaries.

3.6 Borrowing Base

- (a) **Borrowing Base:** The Borrowing Base as of the Effective Date is \$90,000,000.
- (b) **Engineering Report:** The Borrower shall furnish to the Agent (for distribution to the Lenders) an Engineering Report:
- (i) not later than March 31 (or such other date as may be agreed to by the Majority Lenders), of each year and which Engineering Report shall be dated effective as of a date not earlier than December 31 of the immediately preceding year; and
 - (ii) if the Lenders have provided notice pursuant to Section 3.6(h) requiring an Engineering Report in which case a new Engineering Report shall be delivered within sixty (60) days of such request and effective not earlier than ninety (90) days prior to the date of such Lenders' request for same.
- (c) **Oil and Gas Property Information:** At the time of delivery of any Engineering Report the Borrower shall deliver to the Agent a certificate of an officer of the Borrower and of each Borrowing Base Subsidiary stating that, to the best of his knowledge, information and belief and after due inquiry:
- (i) the interests of such the Borrower or Borrowing Base Subsidiary in Hydrocarbon Rights and Tangibles evaluated thereby is, and is subject to no greater burdens or encumbrances than, as set forth in the Engineering Report;
 - (ii) all historical data provided by such Borrowing Base Subsidiary to the independent petroleum engineer providing such Engineering Report for use in connection therewith was prepared from information believed by the officer signing such certificate to be complete and accurate in all material respects;
 - (iii) all data in the possession of or available to the Borrower or such Borrowing Base Subsidiary which is material to the preparation to such Engineering Report has been made available to such independent petroleum engineer; and
 - (iv) stating whether the properties and assets (including Tangibles) evaluated thereby are owned by any entity other than the Borrower or such Borrowing Base Subsidiary and, if so, which properties or assets and which entities.
- (d) **Annual Redetermination of Borrowing Base:** Upon receipt of the Engineering Report required prior to March 31st of each year, and such information including, without limitation, the consolidated financial statements of the Borrower required to be delivered pursuant to Section 9.1(c), all of the Lenders shall, not later than April 28th of each year, make a redetermination of the Borrowing Base in their sole discretion.
- (e) **Semi-Annual Redetermination of Borrowing Base:** Not later than September 30th of each year, the Borrower shall provide the Agent with engineering data, information and updates in sufficient detail as reasonably required by the Lenders to allow the Lenders to redetermine the Borrowing Base, prepared by the internal engineering personnel of the Borrower, and all of the Lenders shall make a redetermination of the Borrowing Base in their sole discretion not later than October 31st of such year;

(f) **Redetermination of Borrowing Base by Lenders:** The Lenders shall make each redetermination of the Borrowing Base under this Article 3 in consultation with each other and all such redeterminations shall be unanimous determinations of all of the Lenders; provided that if all Lenders cannot reach agreement on any redetermination of the Borrowing Base, the Borrowing Base shall be set at the maximum level which is acceptable to the Lender which requires the lowest Borrowing Base. At such time as the Lenders make any redetermination of the Borrowing Base pursuant hereto, the Agent shall promptly advise the Borrower of the redetermined Borrowing Base and the Borrowing Base so redetermined shall be effective immediately upon notice thereof to the Borrower.

(g) **Disposition of Hydrocarbon Rights or Tangibles and Title Defects: If:**

- (i) the Borrower or any Borrowing Base Subsidiary wishes to effect a sale, disposition of any Hydrocarbon Rights or Tangibles but excluding any dispositions permitted by Section 9.2(b) (other than Permitted Encumbrances described in paragraphs (f) or (g) of the definition thereof having a fair market value in the aggregate greater than 5% of the Borrowing Base), in each case with not less than fifteen (15) Business Days' notice; or
- (ii) the Borrower or the Agent is notified of a Title Defect or the Borrower, the Agent or any Lender otherwise becomes aware of a Title Defect (in each case other than a Minor Title Defect);

the Borrower shall notify the Agent of the Hydrocarbon Rights or Tangibles, as applicable, subject thereto and all of the Lenders shall thereupon redetermine the Borrowing Base with such Hydrocarbon Rights and Tangibles as are being sold or disposed of being, or which are subject to such Title Defect, excluded in the redetermination thereof. The redetermined Borrowing Base shall be in effect from the date of such sale or disposition until any subsequent determination or redetermination of the Borrowing Base pursuant to this Agreement or, in the case of a Title Defect, until such Title Defect is cured to the satisfaction of the Lenders, acting reasonably. In the event that any such sale or disposition or Title Defect would result in any Borrowing Base Shortfall, then coincidental with any such sale or disposition or Title Defect, the Total Commitment shall be reduced by the amount thereof and any Borrowing Base Shortfall shall be immediately eliminated by the mechanism set forth in Section 3.6(i) exclusive of the BBS Cure Period. If any Obligor is required, pursuant to the exercise of a ROFR, to dispose of any Hydrocarbon Rights or Tangibles which form part of the Borrowing Base Assets (and such disposition is applicable as a sale or disposition pursuant to this Section 3.6(g)), prior to the Lenders having redetermined the Borrowing Base as a result thereof, the Borrower shall cause the funds received to be paid to the Agent for deposit to a Cash Collateral Account in accordance with Section 10.4 for release to the Borrower at such time as the Lenders have completed such redetermination, to the extent there will be no Borrowing Base Shortfall after such release, and otherwise to be applied to effect a repayment of Outstandings in excess of the new redetermined Borrowing Base.

(h) **Further Rights:** In addition to the other rights of the Lenders under this Section 3.6, any Lender may, at any time in its sole discretion, request a redetermination of the Borrowing Base (such Lender being the "Requesting Lender") and: (i) the Lenders shall make a redetermination of the Borrowing Base not later than 15 days from the date of such request (or such longer period as agreed to by all Lenders); and (ii) the Borrower shall, if and as requested by the Requesting Lender, deliver to the Agent either (A) an Engineering Report or (B) such engineering data, information and updates in sufficient detail as reasonably required by the Lenders to allow the

Lenders to redetermine the Borrowing Base, prepared by the internal engineering personnel of the Borrower.

- (i) **Reduction of Outstandings:** If any redetermination of the Borrowing Base by the Lenders (other than pursuant to Section 3.6(g)) results in a Borrowing Base Shortfall and the Agent so notifies the Borrower in writing, then any undrawn credit hereunder shall cease to be available to the Borrower. In addition, the Borrower shall, within 60 days from its receipt of such notice in writing from the Agent (the "**BBS Cure Period**"), eliminate the Borrowing Base Shortfall by:
- (i) providing the Agent with other security or guarantees for the Outstandings in form, substance, amount and in respect of assets satisfactory to the Majority Lenders, in their sole discretion; and/or
 - (ii) effecting a permanent repayment of Outstandings in excess of the new redetermined Borrowing Base.

During the BBS Cure Period, and without limitation of any other rights or remedies of the Agent or the Lenders, the Lenders shall not be obligated to make any further Accommodations available under this Agreement (other than Conversions or Rollovers which do not increase the Outstandings and with maturities not exceeding the last day of the BBS Cure Period). If the Borrower fails to comply with the foregoing within the BBS Cure Period, such failure shall be an Event of Default for the purposes of this Agreement. If the Borrower complies with the foregoing to the satisfaction of the Lenders within the BBS Cure Period, then the undrawn credit hereunder shall again become available on the terms and conditions hereof to the extent of the Total Commitment, reduced by any permanent repayments effected in accordance with the provisions of this Section 3.6(i). All amounts paid to the Lenders pursuant to this Section 3.6(i) shall be applied in the manner provided for in Section 7.2 hereof.

- (j) **Determination Conclusive:** Any determination by the Lenders of the Borrowing Base under this Section 3.6 shall be final, binding and conclusive.
- (k) **No Payments on Second Lien Notes During a Borrowing Base Shortfall:** Until any Borrowing Base Shortfall is eliminated as required by paragraph 3.6(i), the Borrower shall not make any payments of interest, principal or premium under or in respect of the Second Lien Note Indebtedness, unless agreed to by all of the Lenders.

3.7 Takeover Notification

In the event the Borrower wishes to utilize Accommodations to, or to provide funds to any Subsidiary to, offer to acquire (which shall include an offer to purchase securities, solicitation of an offer to sell securities, an acceptance of an offer to sell securities, whether or not the offer to sell was solicited, or any combination of the foregoing) outstanding securities of any Person (other than a private company as defined under the *Securities Act* (Alberta) or a corporation whose shares are directly or indirectly held by one Person) (the "**Target**") where, as of the date of the offer to acquire, the securities that are subject to the offer to acquire, together with the securities of such Person that are beneficially owned, or over which control or direction is exercised, by it or its Subsidiaries or any Person acting jointly or in concert with any thereof on the date that the offer to acquire is made, constitute in the aggregate nine and nine tenths percent (9.9%) or more of all of the outstanding securities of that class of securities of the Person or are likely to result in a change of the voting control of such Person if it is a publicly traded corporation (a "**Takeover**"), then the Borrower shall require the consent of each Lender, such consent not to be unreasonably withheld, unless prior to delivery to the Agent of any Borrowing Notice requesting any

Accommodations, the proceeds of which are to be used, either directly or indirectly to finance such Takeover, the Borrower shall provide to the Agent evidence satisfactory to the Agent that the Board of Directors or like body of the Target, or the holders of all of the securities of the Target, has or have approved, accepted or recommended to securityholders an acceptance of, the Takeover.

3.8 Accommodations - Production Facility

Subject to the provisions of this Agreement, the Borrower may borrow, repay and re-borrow by way of Accommodations from each Production Lender pursuant to the Production Facility up to the amount of such Lender's Production Facility Commitment by:

- (a) **Prime Loans:** borrowing Prime Loans from the Production Lenders, in minimum aggregate amounts of Cdn. \$1,000,000 and in integral multiples of Cdn. \$100,000 thereafter, upon at least two (2) Business Days' prior written notice;
- (b) **Bankers' Acceptances and BA Equivalent Advances:** issuing Bankers' Acceptances to be accepted by the Production Lenders and making BA Equivalent Advances, in minimum aggregate amounts of Cdn. \$1,000,000 and in integral multiples of Cdn. \$100,000 thereafter, upon at least two (2) Business Days' prior written notice;
- (c) **U.S. Base Rate Loans:** borrowing U.S. Base Rate Loans from the Production Lenders, in minimum aggregate amounts of US \$1,000,000 and in integral multiples of US \$100,000 thereafter, upon at least two (2) Business Days' prior written notice; and
- (d) **LIBOR Loans:** borrowing LIBOR Loans from the Production Lenders, in minimum aggregate amounts of US \$5,000,000 and in integral multiples of US \$1,000,000 thereafter, upon at least three (3) Business Days' prior written notice;

each such notice to be given to the Agent at the Agent's Branch of Account at or prior to 12:00 noon (Toronto time) on the last day on which such notice can be given pursuant to this Section 3.8 and to be substantially in the form of Schedule "B".

3.9 Accommodations - Working Capital Facility

Subject to the provisions of this Agreement, the Borrower may borrow, repay and re-borrow by way of Accommodations from the Working Capital Lender up to the Working Capital Facility Amount as follows:

- (a) **Prime Loans:** by way of Overdraft up to the Working Capital Commitment, without notice;
- (b) **U.S. Base Rate Loans:** by way of Overdraft, without notice;
- (c) **LIBOR Loans:** by way of LIBOR Loans in minimum amounts of US \$1,000,000 and in integral multiples of US \$100,000 thereafter upon at least three (3) Business Days' prior written notice;
- (d) **Bankers' Acceptances:** by way of Bankers' Acceptances accepted and purchased by the Working Capital Lender in minimum amounts of Cdn. \$1,000,000 and in integral multiples thereafter of Cdn. \$100,000 thereafter, upon at least two (2) Business Days' prior written notice; and
- (e) **Letters of Credit:** by way of the issuance of the Letters of Credit denominated in Canadian Dollars or U.S. Dollars, and upon at least three (3) Business Days' prior written notice.

In respect of any Accommodation by way of a Letter of Credit, notice shall be given on the same day as the date of the request for the Accommodation provided that if the Working Capital Lender indicates that, in accordance with its usual practices, it requires additional time to process the Letter of Credit, such Accommodation shall be made, subject to the terms hereof, at such time as the request has been processed and any ancillary documentation has been executed and delivered.

Prior to the Term-Out Date of the Production Lender that is also the Working Capital Lender, and subject to the last sentence of Section 3.3, the Borrower may increase or decrease Accommodations under the Working Capital Facility by obtaining Accommodations and by making repayments in respect thereof.

3.10 Overdrafts

Each advance by the Working Capital Lender under the Working Capital Facility by way of Overdraft in Canadian Dollars shall automatically result in a Prime Loan, and each advance by way of Overdraft in U.S. Dollars shall automatically result in a U.S. Base Rate Loan. The Borrower agrees not to effect any Overdraft hereunder which would cause the Outstandings under the Working Capital Facility to exceed the Working Capital Facility Amount from time to time and acknowledges that the Working Capital Lender reserves the right to refuse to honour any Overdraft hereunder which, in the opinion of the Working Capital Lender, would have the effect of causing the Outstandings under the Working Capital Facility to exceed the Working Capital Facility Amount.

3.11 Selection of LIBOR Interest Periods

If the Borrower elects to borrow by way of a LIBOR Loan pursuant to Sections 3.8 or 3.9 elects to convert an Accommodation into a LIBOR Loan pursuant to Section 3.17 or elects to Rollover a LIBOR Loan pursuant to Section 3.18, the Borrower shall, prior to the beginning of the LIBOR Interest Period applicable to such LIBOR Loan, in accordance with the same period of notice required for the initial Drawdown of a LIBOR Loan as set forth in Section 3.8 or 3.9, as applicable, select and notify the Agent at the Agent's Branch of Account in writing, of the LIBOR Interest Period (which shall begin and end on a Business Day but in all events shall end on a day not later than the Term Maturity Date of any Lender providing Accommodations in respect of such LIBOR Loan.

3.12 Conditions Applicable to Bankers' Acceptances and BA Equivalent Advances

- (a) **Purchase of Bankers' Acceptances by Lenders:** Subject to the terms and conditions of this Agreement, each Lender hereby agrees to purchase at the applicable Discount Rate its Lender's Proportion of Bankers' Acceptances issued by the Borrower pursuant to Sections 3.8, 3.9, 3.17 and 3.18. Any Lender may at any time and from time to time hold, sell, rediscount or otherwise dispose of any or all Bankers' Acceptances purchased by it.
- (b) **Payment to Borrower:**
 - (i) On the Drawdown Date relating to any issue of Bankers' Acceptances, each Lender shall deliver the Discount Proceeds (less the applicable acceptance fees pursuant to Section 5.4) to the Agent for the account of the Borrower through the applicable Agent's Account for Payments.
 - (ii) In the case of a Rollover of Bankers' Acceptances under a Facility, the Borrower shall be liable to the Applicable Lenders for the principal amount of maturing Bankers' Acceptances. In order to satisfy the continuing liability of the Borrower to the Applicable Lenders for the principal amount of the maturing Bankers' Acceptances, each

Applicable Lender shall receive and retain for its own account the Discount Proceeds of such new Bankers' Acceptances and the Borrower shall on the maturity date of the maturing Bankers' Acceptances pay to the Agent for the benefit of such Applicable Lender an amount equal to the difference between the principal amount of the maturing Bankers' Acceptances and the Discount Proceeds from the new Bankers' Acceptances together with the fee to which such Applicable Lender is entitled pursuant to Section 5.4.

- (iii) In the case of a Conversion into Bankers' Acceptances, in order to satisfy the continuing liability of the Borrower to the Applicable Lenders for the amount of the converted Accommodation, each Applicable Lender shall receive for its own account the Discount Proceeds of the Bankers' Acceptances and the Borrower shall on the Conversion Date pay to the Agent for the benefit of such Applicable Lender the difference between the principal amount of the converted Accommodation and the Discount Proceeds from such Bankers' Acceptances together with the fee to which such Applicable Lender is entitled to pursuant to Section 5.4.
 - (iv) In the case of a Conversion from a LIBOR Loan or U.S. Base Rate Loan into a Bankers' Acceptance, the Borrower shall be responsible for the payment to each Lender of the LIBOR Loan or U.S. Base Rate Loan being converted and may use the Discount Proceeds from the purchase by such Lender of such Bankers' Acceptance, less any acceptance fee to which such Lender is entitled, to purchase U.S. Dollars in order to make such payment.
 - (v) In the case of a Conversion of Bankers' Acceptances, in order to satisfy the continuing liability of the Borrower to the Applicable Lenders for an amount equal to the principal amount of such Bankers' Acceptances, the Agent shall record the obligation of the Borrower to each Applicable Lender as an Accommodation of the type into which the maturing Bankers' Acceptance has been converted.
- (c) **Waiver of Presentment and Other Conditions:** The Borrower waives presentment for payment and, except to the extent of the negligence or wilful misconduct of the Lenders referred to in any Power of Attorney, any other deference to payment of any amounts due to a Lender in respect of a Bankers' Acceptance accepted by it pursuant to this Agreement which might exist solely by reason of such Bankers' Acceptance being held, at the maturity thereof, by such Lender in its own right and the Borrower agrees not to claim any days of grace if such Lender as holder sues the Borrower on the Bankers' Acceptance for payment of the amount payable by the Borrower thereunder. On the specified maturity date of a Bankers' Acceptance, or such earlier date as may be required or permitted pursuant to the provisions of this Agreement, the Borrower shall pay the Agent on behalf of the Lender that has accepted such Bankers' Acceptance, the full face amount of such Bankers' Acceptance either through payment to the Agent's Branch of Account or conversion of such Bankers' Acceptance into a Prime Loan pursuant to Section 3.17.
- (d) **Terms of Each Bankers' Acceptance:** Each Bankers' Acceptance shall:
- (i) have a maturity date which shall be on a Business Day;
 - (ii) have a term of not less than thirty (30) days and not more than one hundred and eighty (180) days (excluding days of grace);
 - (iii) be in the standard form of each Applicable Lender accepting same, provided however, the Agent may require a Lender to use a generic form of Bankers' Acceptance, in a form

satisfactory to the Borrower and each Lender, each acting reasonably, provided by the Agent for such purpose in place of the Lender's own forms; and

- (iv) if accepted under a Facility have a term which does not extend beyond the Term Maturity Date of the Applicable Lender.

It is the intention of the parties that, pursuant to the *Depository Bills and Notes Act* ("DBNA"), all Bankers' Acceptances accepted by the Lenders under this Agreement shall be issued in the form of a "**Depository Bill**" (as defined in the DBNA), deposited with, and made payable to, a "clearing house" (as defined in the DBNA including, without limitation, The Canadian Depository for Securities Limited or its nominee, CDS & Co. ("CDS")). The Agent and the Lenders shall, *inter alia*, effect the following and, subject to the approval of the Borrower and the Majority Lenders, establish and notify the Borrower and the Applicable Lenders of any additional procedures, consistent with the terms of this Agreement and the quarterly requirements of the DBNA, as are reasonably necessary to accomplish such intention including, without limitation:

- (A) the instruments or drafts held by the Agent for the purposes of effecting Bankers' Acceptances will include a notation to the effect that they are issued pursuant to the DBNA;
 - (B) any reference to authentication of the Bankers' Acceptance will be removed; and
 - (C) any reference to "bearer" will be removed.
- (e) **Power of Attorney - Bankers' Acceptances:** As a condition precedent to each Lender's obligation to accept and purchase Bankers' Acceptances hereunder, and subject to the DBNA compliance requirements set forth in Section 3.12(d), the Borrower agrees to the Power of Attorney Terms - Bankers' Acceptances set out in Schedule "I".
 - (f) **Failure to Give Notice of Repayment:** If the Borrower fails to give notice to the Agent at the Agent's Branch of Account of the method of repayment of a Bankers' Acceptance prior to the date of maturity of such Bankers' Acceptance in accordance with the same period of notice required for the original acceptance of such Bankers' Acceptance as set forth in Section 3.8 or 3.9 as applicable, the face amount of such Bankers' Acceptance shall be converted on its maturity to a Prime Loan from the Applicable Lender pursuant to Section 3.17.
 - (g) **BA Equivalent Advances:** Notwithstanding the foregoing provisions of this Section 3.12 a Non-Acceptance Lender shall, in lieu of accepting Bankers' Acceptances, make a BA Equivalent Advance. The amount of each BA Equivalent Advance shall be equal to the Discount Proceeds which would be realized from a hypothetical sale of those Bankers' Acceptances which, but for this Section 3.12(g), such Lender would otherwise be required to accept as part of such an Accommodation by way of Bankers' Acceptances. To determine the amount of such Discount Proceeds, the hypothetical sale shall be deemed to take place at the applicable Discount Rate for Non-Acceptance Lenders. Any BA Equivalent Advance shall be made on the relevant Drawdown Date, Conversion Date or date of a Rollover, as the case may be, and shall remain outstanding for the term of the Bankers' Acceptances issued concurrently therewith. Concurrent with the making of a BA Equivalent Advance, a Non-Acceptance Lender shall be entitled to deduct therefrom an amount equal to the applicable acceptance fees pursuant to Section 5.4 which, but for this Section 3.12(g), such Lender would otherwise be entitled to receive as part of such issue of Bankers' Acceptances. The BA Equivalent Advance shall accrue interest at a rate per annum equal to the applicable Discount Rate for Non-Acceptance Lenders for such Bankers'

Acceptance for the term of such BA Equivalent Advance. Upon the maturity date for such Bankers' Acceptances, the Borrower shall pay to each Non-Acceptance Lender in satisfaction of the BA Equivalent Advance and accrued interest thereon an amount equal to the face amount of the Bankers' Acceptance which, but for this Section 3.12(g), such Lender would otherwise have been required to accept as part of such issue of Bankers' Acceptances, failing which such amount shall be converted to a Prime Loan.

All BA Equivalent Advances made by a Non-Acceptance Lender shall, if requested by such Lender, be evidenced by promissory notes of the Borrower in form and substance satisfactory to such Lender, acting reasonably.

All references herein to "Bankers' Acceptances" shall, unless otherwise expressly provided herein or unless the context otherwise requires be deemed to include BA Equivalent Advances made by a Non-Acceptance Lender in conjunction with an Accommodation by way of Bankers' Acceptances.

- (h) **Prepayment:** A Bankers' Acceptance may only be repaid on its maturity date.

3.13 Agent's Duties re Bankers' Acceptances

- (a) **Advice to the Lenders:** The Agent, promptly following receipt of a notice of Accommodation by way of Bankers' Acceptance in the form of Schedule "B" or a notice of conversion of an Accommodation to a Bankers' Acceptance in the form of Schedule "D", shall so advise the Applicable Lenders and shall advise each Applicable Lender of the face amount of each Bankers' Acceptance to be purchased by it and the term thereof, which term shall be identical for all Applicable Lenders. By no later than 10:30 a.m. (Toronto time) on each Drawdown Date or Conversion Date on which the Lenders are required to purchase Bankers' Acceptances hereunder, the Agent shall determine the applicable CDOR Rate in respect of such Bankers' Acceptances.
- (b) **Agent's Confirmation of Bankers' Acceptance Issuance:** On or prior to 11:30 a.m. (Toronto time) on the Drawdown Date or Conversion Date relating to all Bankers' Acceptances to be purchased by the Applicable Lenders on such date, the Agent shall provide telephone advice to the Borrower and each Applicable Lender confirming the particulars provided for in Schedule "C" with respect to such Bankers' Acceptances. Such advice shall be confirmed in writing on or prior to 1:30 p.m. (Toronto time) on such Drawdown Date or Conversion Date by delivery to the Applicable Lenders, with copies to the Borrower as requested, of a written confirmation in the form of Schedule "C" with respect to such Bankers' Acceptances.
- (c) **Completion of Bankers' Acceptance:** Upon receipt of such telephone advice, each Applicable Lender is thereupon authorized to complete bankers' acceptances held by it in the manner applicable pursuant to Section 3.12(e) in accordance with the particulars so advised by the Agent.

3.14 Notice of Repayment

The Borrower shall give the Agent, at the Agent's Branch of Account, prior written notice of each repayment of Accommodations in respect of the Production Facility in accordance with the same period of notice required pursuant to Section 3.8 or 3.9 for the initial Drawdown of the basis of Accommodation being repaid, such notice to be substantially in the form of Schedule "B". Notwithstanding the foregoing, a Bankers' Acceptance and a BA Equivalent Advance shall only be repaid on its maturity date and a LIBOR Loan shall only be repaid prior to the last day of the LIBOR Interest Period applicable to such

LIBOR Loan upon payment by the Borrower of amounts payable in respect thereof pursuant to Section 11.7.

3.15 Letters of Credit

- (a) **Issuance:** The Borrower may give the Working Capital Lender notice in the form of Schedule "B" requesting that a Letter of Credit be issued by the Working Capital Lender.
- (b) **Documentation:** The Working Capital Lender shall have no obligation to issue a Letter of Credit until the Borrower has executed and delivered to the Working Capital Lender a duly completed letter of credit application in the Lender's standard form and has executed and delivered to the Lender such ancillary documents, including applications and indemnities, as the Lender generally requires for like transactions and which are consistent with the provisions hereof.
- (c) **Expiry:** Each Letter of Credit shall expire not later than 1 year from the date of its issue.
- (d) **Maximum Amount:** The aggregate uncanceled and undrawn amount of all outstanding Letters of Credit shall not at any time exceed \$10,000,000.
- (e) **Payment:** All payments made by the Working Capital Lender to any Person pursuant to any Letter of Credit shall, unless the Borrower reimburses the Working Capital Lender at the Agent's Branch of Account for such payment on or before the date it is made, be deemed as and from the date of such payment to be an advance to the Borrower of a Prime Loan under the Working Capital Facility (for any such payments made in Cdn. Dollars) or a U.S. Base Rate Loan under the Working Capital Facility (for any such payments made in U.S. Dollars), with the proceeds of such advance being applied against the Borrower's obligations to reimburse the Working Capital Lender for payment made under the Letters of Credit, and the provisions hereof relating to such Prime Loans or U.S. Base Rate Loans, as applicable (including interest to be calculated thereon) shall apply thereto. The Working Capital Lender shall forthwith advise the Borrower of any demand by the beneficiary of a Letter of Credit for payment by the Working Capital Lender under such Letter of Credit and of any payment made by it on such Letter of Credit to the beneficiary thereof. In determining whether to pay under a Letter of Credit, the Working Capital Lender shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit.

Save as aforesaid, the Working Capital Lender assumes no liability or responsibility for the form, sufficiency, correctness, genuineness or legal effect of any documents provided for under a Letter of Credit and may hold the delivery of documents conforming to the Letter of Credit as *prima facie* evidence of the good faith of the beneficiaries or any other Person in relation thereto.

- (f) **Renewal:** Provided that the Borrower has requested in the Borrowing Notice applicable to the issuance of a Letter of Credit by the Working Capital Lender, that such Letter of Credit be automatically renewable, the Working Capital Lender, in its sole discretion, may agree to issue such Letter of Credit on a renewable basis. If the Working Capital Lender so agrees and issues a Letter of Credit that provides for automatic renewal, then at or before 10:00 a.m. one Business Day prior to the date of expiry of a Letter of Credit, and provided there is then no Default or Event of Default outstanding hereunder, the Borrower may elect to renew a Letter of Credit by selecting a new expiry date for the Letter of Credit or part thereof being renewed, which shall commence on the expiry date of the Letter of Credit being renewed. Renewals of a Letter of Credit may only be effected by the Working Capital Lender extending the expiry date of an

existing Letter of Credit, either by the issuance of a new Letter of Credit containing the new expiry date or by an amendment to the existing Letter of Credit, and with or without a reduction in the face amount thereof. The issuance of a Letter of Credit to a new party, an increase in the face amount of a Letter of Credit or any other change in its terms may only be effected by the Borrower by delivering a notice in the form of Schedule "B". Letter of Credit Fees shall be payable in respect of extended Letters of Credit pursuant to Section 5.5 computed in respect of the period of renewal or extension.

3.16 Pro-Rata Treatment of Accommodations

- (a) **Pro-Rata Accommodations:** Subject to Section 3.16(b), each Accommodation and each basis of Accommodation shall be made available by each Applicable Lender and all repayments and reductions in respect thereof shall be made and applied in a manner so that the Accommodations and each basis of Accommodation outstanding hereunder shall be made available by each Lender and all repayments and reductions in respect thereof shall be made and applied in a manner so that the proportion of Outstandings under each Facility to each Applicable Lender under such Facility will, to the extent possible, be in the same proportion as the Lender's Proportion of such Lender in respect of such Facility. The Agent is authorized by the Borrower and each Lender to determine, in its sole and unfettered discretion, the amount of Accommodations and each basis of Accommodation to be made available by each Applicable Lender and the application of repayments and reductions of Accommodations to give effect to the provisions of this Section 3.16(a) and Section 7.2; provided that, subject to Section 3.16(b), no Lender shall, as a result of any such determination, have Accommodations outstanding in an amount which is in excess of the amount of its Applicable Commitment.
- (b) **Agent's Discretion on Allocation:** If it is not practical to allocate Bankers' Acceptances to each Applicable Lender such that the aggregate amount of Bankers' Acceptances and BA Equivalent Advances required to be purchased by such Applicable Lender hereunder is in a whole multiple of Cdn. \$100,000, the Agent is authorized by the Borrower and each Applicable Lender to make such allocation as the Agent determines in its sole and unfettered discretion may be equitable in the circumstances. In no event shall the outstanding Accommodations of an Applicable Lender exceed its Lender's Proportion by more than \$100,000 as a result of such exercise of discretion by the Agent. In the event it is not practicable to allocate each basis of Accommodation in accordance with Section 3.16(a) by reason of the occurrence of circumstances described in Sections 11.2, 11.5 or 11.6, the Agent is authorized by the Borrower and each Applicable Lender to make such allocation as the Agent determines in its sole and unfettered discretion may be equitable in the circumstances.
- (c) **Further Assurances by Borrower:** To the extent reasonably possible, the Borrower and each Lender agrees to be bound by and to do all things necessary or appropriate to give effect to the provisions of this Section 3.16.

3.17 Conversion Option

The Borrower may, during the term of this Agreement, and provided there is then no Default or Event of Default which has occurred and is then continuing, convert any basis of Accommodation (other than a Letter of Credit) under a Facility in a currency to another basis of Accommodation (other than a Letter of Credit) under that same Facility in the same currency upon giving the Agent at the Agent's Branch of Account prior written notice thereof, substantially in the form of Schedule "D", and in accordance with the period of notice and other requirements set out in Section 3.8 or 3.9 applicable to the basis of

Accommodation to which any Accommodation is being converted (other than delivery of a notice in the form of Schedule "B"), provided that:

- (a) **Bankers' Acceptances:** a Bankers' Acceptance and BA Equivalent Advance may only be converted on its maturity date; and
- (b) **LIBOR Loans:** a LIBOR Loan may be converted on the last day of the LIBOR Interest Period applicable to such LIBOR Loan or on any other day if the Borrower pay all amounts payable in respect thereof pursuant to Section 11.7.

On each Conversion Date, the Borrower shall be required to repay to the Agent for the account of the Applicable Lenders the basis of Accommodation which is being converted and, subject to the provisions of this Agreement, the Applicable Lenders shall be required to make available to the Borrower the Accommodations into which such basis of Accommodation is being converted.

3.18 Rollovers

The Borrower may, during the term of this Agreement and provided there is then no Default or Event of Default which has occurred and is continuing, Rollover all or any portion of a Bankers' Acceptance or BA Equivalent Advance on its maturity date or all or any portion of a LIBOR Loan for an additional LIBOR Interest Period subsequent to the initial or any subsequent LIBOR Interest Period, upon giving the Agent at the Agent's Branch of Account prior written notice thereof, substantially in the form of Schedule "E", and in accordance with the period of notice and other requirements set out in Section 3.8 or 3.9 applicable to Bankers' Acceptances, BA Equivalent Advances or LIBOR Loans (other than delivery of a notice in the form of Schedule "B"), unless immediately prior to the issuance of any such Bankers' Acceptance, the making of such BA Equivalent Advance or the commencement of any subsequent LIBOR Interest Period, a Default or Event of Default shall have occurred and be continuing, in which event the Borrower shall be deemed to have converted such Bankers' Acceptance or BA Equivalent Advance into a Prime Loan or such LIBOR Loan to a U.S. Base Rate Loan, in each case pursuant to Section 3.17 and the Borrower shall not be entitled to issue such Bankers' Acceptance or continue such LIBOR Loan subsequent to the existing LIBOR Interest Period. In the event notice of a Rollover of an existing Bankers' Acceptance, BA Equivalent Advance or LIBOR Loan is not given pursuant to this Section 3.18 or notice of a Conversion of such existing Bankers' Acceptance, BA Equivalent Advance or LIBOR Loan is not given pursuant to Section 3.17, such Bankers' Acceptance or BA Equivalent Advance shall be converted to a Prime Loan on the maturity date of such Bankers' Acceptance and such LIBOR Loan or BA Equivalent Advance shall be converted to a U.S. Base Rate Loan under the same Facility on the last day of the LIBOR Interest Period applicable to such existing LIBOR Loan.

3.19 Notices Irrevocable

All notices delivered or deemed to be delivered by the Borrower pursuant to this Article 3 shall be irrevocable and shall oblige the Borrower to take the action contemplated on the date specified therein.

3.20 Swap Facility and Sharing of Security

- (a) **Swaps:** Subject to the terms and conditions hereof (and specifically Section 9.2(k)), each of the Lenders (or an Affiliate of such Lender) may from time to time enter into Swaps with the Borrower or any Borrowing Base Subsidiary during the term of this Agreement. Prior to engaging in any such Swaps, the applicable Obligor shall have entered into an ISDA Master Agreement or Term Gas Purchase Agreement (in respect of physical Commodity Swaps), as

applicable, with the applicable Swap Lender the terms of which are not inconsistent with this Agreement and which provide for cross default hereto.

- (b) **Secured Obligations:** The parties agree that all Permitted Swap Indebtedness shall be secured by the Security on a *pari passu* basis and shall rank *pari passu* with the Production Indebtedness, the Working Capital Indebtedness, the Credit Card Obligations and the Cash Management Obligations (collectively, such equal ranking Indebtedness called the "**First Ranking Indebtedness**"). All Swap Indebtedness of an Obligor to any Swap Lender other than Permitted Swap Indebtedness shall, as to the Security, rank junior and be subordinate in every respect to the First Ranking Indebtedness, and enforcement of the Security for such other Swap Indebtedness shall be postponed to enforcement for and collection of all First Ranking Indebtedness.
- (c) **Determination of Permitted Swaps:** The Lender Swaps which constitute Permitted Swaps at any time shall be determined starting with the earliest Lender Swap entered into which is still outstanding on the date such determination is made and so on chronologically with each subsequent Lender Swap which remains outstanding on such date until the applicable limitations under Section 9.2(k) are exceeded; provided that a Lender Swap shall be deemed to be a Permitted Swap (and the indebtedness thereunder Permitted Swap Indebtedness) if it is entered into by a Swap Lender without actual notice or knowledge that such Lender Swap is not a Permitted Swap and for greater certainty, each Lender Swap outstanding on the Effective Date that was entered into by the applicable Swap Lender without actual notice or knowledge at the time entered into that such Lender Swap was not a Permitted Swap shall be deemed to be Permitted Swap.
- (d) **Information:** Each Swap Lender shall, from time to time upon request of the Agent, provide the Agent with details as to all outstanding Lender Swaps entered into by it with any Obligor and any related information as may be reasonably required by the Agent.

3.21 Cash Management Services and Creditcard Facilities

- (a) Any Cash Management Lender and any Creditcard Lender may provide Cash Management Services and Creditcard Facilities, as applicable, to the Borrower or any other Obligor from time to time. The parties agree that all Cash Management Obligations and Creditcard Obligations shall be secured by the Security and shall rank, as to the Security, *pari passu* with the Borrowings and the Permitted Swap Indebtedness, notwithstanding that they do not form part of the Borrowings.
- (b) The Borrower agrees that it will not, and will not permit any other Obligor to, incur Creditcard Obligations in excess of a principal amount of \$500,000, provided that breach by the Borrower of this limitation shall not have the result of any Creditcard Obligations becoming unsecured.

ARTICLE 4 REPAYMENT AND PREPAYMENT

4.1 Reduction of Commitment and Repayment of Accommodations

- (a) **Reduction on Term-Out Date:** On the Term-Out Date of each Lender, its Commitment shall be permanently reduced to the Outstandings to such Lender on that date and thereafter such Outstandings shall be repaid to such Lender, on the Term Maturity Date. On the Term Maturity Date applicable to each such Lender, the Borrower shall repay all Outstandings owed to such Lender and the Production Facility Commitment and Working Capital Facility Commitment of

such Lender shall be reduced to zero. The Borrower shall ensure that LIBOR Loans, Bankers' Acceptances and Letters of Credit made by or accepted by such Lender mature on or prior to its Term Maturity Date, and shall ensure that the maturities of all Bankers' Acceptances and LIBOR Loans are such that the foregoing reductions to such Lender can be effected.

- (b) **Maturity and Expiration Dates:** The Borrower shall ensure that LIBOR Loans, Bankers' Acceptances and Letters of Credit either mature or expire in sufficient amounts to facilitate the reduction of the Production Facility Commitments, the Working Capital Commitment (if the Working Capital Facility is not revolving during the Term Period of the Working Capital Lender) and Total Commitment and the making of all payments required pursuant to Section 4.1.

4.2 Repayment of Outstandings In Excess of Commitments

If the amount of Outstandings under any Facility outstanding to any Lender is on any day in excess of the amount of such Lender's Applicable Commitment in respect of such Facility, or aggregate Outstandings under the Facilities are in excess of the Borrowing Base (other than as contemplated by Section 3.6(i)), the Borrower shall within two (2) Business Days thereafter repay or otherwise reduce a portion of such Outstandings to the extent of the amount of such excess. For the purposes of the foregoing, Outstandings shall be determined in Cdn. Dollars with all Accommodations denominated in U.S. Dollars being converted to the Equivalent Amount of Cdn. Dollars using the Noon Rate for U.S. Dollars in Canadian Dollars as of the first day of each month.

Notwithstanding the foregoing, if an excess referred to above is as a result of exchange rate fluctuations then the Borrower shall not be obligated to provide the cash cover referred to above unless such excess has been in an aggregate amount in excess of the Equivalent Amount of three percent (3%) of the Total Commitment for three (3) consecutive Business Days, or in excess of Cdn. \$2,000,000 on any single day.

4.3 Cancellation of Commitment and Prepayment

The Borrower may, at any time without penalty or premium, upon three (3) Business Days' prior written notice substantially in the form of Schedule "B", cancel all of the Total Commitment or any portion thereof in minimum amounts of Cdn. \$5,000,000 and in whole multiples of \$1,000,000 and provided that, on or prior to the last day of such notice period, the Borrower has:

- (a) identified in writing, the amount of reduction to be applicable to the Production Facility Amount or the Working Capital Facility Amount;
- (b) prepaid or otherwise reduced Accommodations outstanding to each Lender in an amount equal to the amount by which Accommodations outstanding to such Lender would otherwise be in excess of such Lender's Applicable Commitment immediately after the reduction of the Total Commitment provided in such notice; and
- (c) paid all accrued interest and other charges and fees in respect of the Accommodations being repaid or reduced as aforesaid.

Any such notice of cancellation is irrevocable and the amount of the Commitment of each Lender so cancelled and reduced may not be reinstated hereunder.

4.4 Early Repayment of LIBOR Loans and Bankers' Acceptances

If, on any day on which prepayments are required to be made under Sections 4.1 or 4.2, the Outstandings include LIBOR Loans or Bankers' Acceptances in an amount such that the prepayment would require the Borrower to be liable under the funding indemnity contained in Section 11.7 or pay a Bankers' Acceptance prior to its maturity date, that portion of the prepayment which would otherwise be applied against any such LIBOR Loan or Bankers' Acceptance may, at the option of the Borrower, be paid to the Agent for deposit into a Cash Collateral Account in accordance with Section 10.4 and be applied against such LIBOR Loan on the expiration of the LIBOR Interest Period applicable thereto or to such Bankers' Acceptance on its maturity date. Interest earned on such amounts while on deposit in a Cash Collateral Account shall be paid to the Borrower if no Default or Event of Default has occurred and is continuing after the payment of the amounts required pursuant to Sections 4.1 or 4.2.

The Borrower shall not cancel all or any portion of the Total Commitment pursuant to Section 4.3 if the Accommodations required to be repaid to a Lender as a result thereof include Letters of Credit with an expiry date falling subsequent to the date of such cancellation, LIBOR Loans with a LIBOR Interest Period falling subsequent to the date of such cancellation or Bankers' Acceptances accepted by such Lender with a maturity date falling subsequent to the date of such cancellation unless, on the date of such cancellation, the Borrower has paid to the Agent at the applicable Agent's Account for Payments, for the account of such Lender in respect of LIBOR Loans, the amount required to be paid pursuant to Section 11.7, and in respect of Bankers' Acceptances, the amount determined by such Lender, acting reasonably, (and advised to the Agent) to be the amount required to be paid on such date of cancellation in order to yield to the Lender the face amount of all such Bankers' Acceptances, as applicable, on the maturity date thereof.

4.5 Cash-Collateralization of Letters of Credit

If:

- (a) the Agent delivers an Acceleration Notice or an Event of Default occurs under Sections 10.1(g) or 10.1(h);
- (b) any Letter of Credit is the subject matter of any order, judgement, injunction or other such determination (a "**Judicial Order**") restricting payment under and in accordance with such Letter of Credit or extending the Working Capital Lender's liability beyond the expiration date stated in such Letter of Credit; or
- (c) there are any unexpired Letters of Credit issued and outstanding on the Term Maturity Date of the Working Capital Lender;

then the Borrower shall pay to the Agent an amount, in the currency in which the Letter of Credit is denominated, equal to (A) the maximum amount available to be drawn under all unexpired Letters of Credit in the case of paragraphs (a) and (c) above; and (B) the maximum amount available to be drawn under the Letter of Credit subject to the Judicial Order in the case of paragraph (b). Any such amounts paid by the Borrower to the Agent shall be held by the Agent in a Cash Collateral Account pursuant to Section 10.4 as continuing collateral security for the obligations of the Borrower for such Letters of Credit and any amounts paid by the Working Capital Lender in respect of any such Letter of Credit.

4.6 Evidence of Indebtedness

The Agent shall open and maintain on the books of the Agent's Branch of Account, accounts and records evidencing the Accommodations and other amounts owing by the Borrower to the Agent and each Lender under this Agreement. The Agent shall debit therein the amount of such Accommodations, and shall enter therein each payment of principal of and interest on the Accommodations and fees and other amounts payable pursuant to this Agreement and shall record the Bankers' Acceptances accepted by each Lender and all other amounts becoming due to the Agent and each Lender under this Agreement. The Accounts constitute, in the absence of manifest error, *prima facie* evidence of the Indebtedness of the Borrower to the Agent and each Lender pursuant to this Agreement, the date each Lender made each Accommodation available to the Borrower and the amounts the Borrower has paid from time to time on account of the principal of and interest on the Accommodations, fees payable pursuant to this Agreement and other amounts owing under the Loan Documents.

ARTICLE 5 PAYMENT OF INTEREST AND FEES

5.1 Interest on Prime Loans

The Borrower shall pay to the Agent on behalf of each Applicable Lender interest on each Prime Loan in Canadian Dollars at the applicable Agent's Account for Payments at a rate per three hundred sixty-five (365) day period equal to the Prime Rate plus the Applicable Margin applicable to Prime Loans. A change in the Prime Rate will simultaneously cause a corresponding change in the interest payable for a Prime Loan and a change in the Applicable Margin (if any Applicable Margin is applicable) will cause a change in the interest payable as provided for in Section 5.11. Such interest is payable monthly in arrears on each Interest Date for the period commencing on and including the immediately prior Interest Date up to and including the last day prior to the Interest Date on which such interest is to be paid and shall be calculated on a daily basis and on the basis of the actual number of days elapsed in a year of three hundred sixty-five (365) days. The annual rates of interest to which the rates determined in accordance with the foregoing provisions of this Section 5.1 are equivalent, are the rates so determined multiplied by the actual number of days in a period of one year commencing on the first day of the period for which such interest is payable and divided by three hundred sixty-five (365).

5.2 Interest on U.S. Base Rate Loans

The Borrower shall pay to the Agent on behalf of each Applicable Lender interest on each U.S. Base Rate Loan in U.S. Dollars at the applicable Agent's Account for Payments at a rate per three hundred sixty-five (365) day period equal to the U.S. Base Rate plus the Applicable Margin applicable to such U.S. Base Rate Loans. A change in the U.S. Base Rate will simultaneously cause a corresponding change in the interest payable for a U.S. Base Rate Loan and a change in the Applicable Margin (if any Applicable Margin is applicable) will cause a change in the interest payable as provided for in Section 5.11. Such interest is payable monthly in arrears on each Interest Date for the period commencing on and including the immediately prior Interest Date up to and including the last day prior to the Interest Date on which such interest is to be paid and shall be calculated on a daily basis and on the basis of the actual number of days elapsed in a year of three hundred sixty-five (365) days. The annual rates of interest to which the rates determined in accordance with the foregoing provisions of this Section 5.2 are equivalent, are the rates so determined multiplied by the actual number of days in a period of one year commencing on the first day of the period for which such interest is payable and divided by three hundred sixty five (365).

5.3 Interest on LIBOR Loans

The Borrower shall pay to the Agent on behalf of each Applicable Lender interest on each LIBOR Loan in U.S. Dollars at the applicable Agent's Account for Payments for the period commencing on and including the first day of the LIBOR Interest Period applicable to such LIBOR Loan up to but not including the last day of such LIBOR Interest Period at a rate per three hundred sixty (360) day period, equal to the sum of LIBOR plus the applicable Applicable Margin applicable to such LIBOR Loan. A change in the Applicable Margin will cause a corresponding change in the interest payable for a LIBOR Loan as provided for in Section 5.11. Such interest shall be payable on each LIBOR Interest Date applicable to such LIBOR Interest Period and shall be calculated on a daily basis and on the basis of the actual number of days elapsed in the period for which such interest is payable (including the first day of such period but excluding the date on which such interest is payable) divided by three hundred sixty (360). The annual rates of interest to which the rates determined in accordance with the foregoing provisions of this Section 5.3 are equivalent, are the rates so determined multiplied by the actual number of days in a period of one year commencing on the first day of the period for which such interest is payable and divided by three hundred sixty (360).

5.4 Bankers' Acceptance Fees

The Borrower shall pay acceptance fees in Canadian Dollars to the Agent on behalf of the Applicable Lenders at the applicable Agent's Account for Payments forthwith upon the acceptance by each Applicable Lender of each Bankers' Acceptance issued by the Borrower at a rate per three hundred sixty-five (365) day period equal to the applicable Applicable Margin, calculated on the face amount of such Bankers' Acceptance and on the basis of the number of days in the term of such Bankers' Acceptance divided by three hundred sixty-five (365). Acceptance fees payable to the Applicable Lenders pursuant to this Section 5.4 shall be paid in the manner specified in Section 3.12. All fees payable pursuant to this Section 5.4 on any date in respect of any issuance of Bankers' Acceptances shall be calculated by the Agent and payable by the Borrower based on the applicable Applicable Margin in effect on such date as provided for in Section 5.11; provided that if during the term of any such Bankers' Acceptance a change in the Applicable Margin occurs, the fees paid by the Borrower in respect of such Bankers' Acceptance shall be adjusted, effective at the beginning of the day on which the change in the Applicable Margin occurs pursuant to Section 5.11, to reflect the Applicable Margin for the remaining term (if any) of the Bankers' Acceptance and the Borrower, in the case of an increase in the Applicable Margin, shall forthwith after receipt of a notice from the Agent make such payments to the Agent at the applicable Agent's Account for Payments for the account of the Applicable Lenders as are necessary to reflect such change and the Applicable Lenders, in the case of a decrease in the Applicable Margin, shall credit any amount which would otherwise be refundable to the Borrower against amounts in respect of interest or fees accruing hereunder in relation to the Borrower.

5.5 Letter of Credit Fees

The Borrower shall pay to the Working Capital Lender at its Branch of Account, the following fees in respect of each Letter of Credit issued by the Working Capital Lender hereunder:

- (a) **Issue fee:** an issue fee payable in Canadian Dollars or U.S. Dollars, as applicable, on the date of issue of each Letter of Credit and thereafter on the first day of each Fiscal Quarter until the expiry of such Letter of Credit. Such issue fee shall be calculated on the face amount of such Letter of Credit and on the basis of the number of days to elapse, based on a year of 365 days, from and including the date of issue to and including the last day of the then current Fiscal Quarter of the Borrower and thereafter, the lesser of the number of days in the then current Fiscal Quarter of the Borrower and the number of days until expiry of such Letter of Credit;

- (b) **Amendment fee:** on the date of each amendment of each Letter of Credit an amending fee as customarily charged by the Working Capital Lender; and
- (c) **Customary fees:** the standard set-up, drawing, registration, communication and other processing and out-of-pocket fees and other miscellaneous charges, as the case may be, customarily charged by the Working Capital Lender for Letters of Credit.

5.6 Interest on Overdue Amounts

Notwithstanding any other provision hereof, in the event that any amount due hereunder (including, without limitation, any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall and hereby agree to pay to the Lenders interest on such unpaid amount (including, without limitation, interest on interest), if and to the fullest extent permitted by Applicable Law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is made before 12:00 p.m. at the place of payment on the date of such payment), and such interest shall accrue daily, be calculated and compounded on the last Business Day of each calendar month and be payable in the currency of the relevant Accommodation on demand, as well as after as before maturity, default and judgment, at a rate per annum that is equal to:

- (a) **Overdue Canadian Dollar Amounts:** if such amount is payable in Canadian Dollars, the interest rate applicable to Prime Rate Loans from time to time hereunder plus 3.0% per annum; and
- (b) **Overdue U.S. Dollar Amounts:** if such amount is payable in U.S. Dollars, the interest rate applicable to U.S. Base Rate Loans from time to time hereunder plus 3.0% per annum.

The Borrower hereby waives, to the fullest extent it may do so under Applicable Law, any provisions of Applicable Law, including specifically the *Interest Act* (Canada) or the *Judgment Interest Act* (Alberta) which may be inconsistent with this Agreement.

5.7 Standby Fees

The Borrower shall pay standby fees to the Agent on behalf of each Revolving Lender at the applicable Agent's Account for Payments calculated in arrears on the last day of each calendar quarter commencing with the calendar quarter in which the Effective Date occurs, and payable in arrears on the first Business Day of each calendar quarter commencing with the first Business Day of the calendar quarter following the month in which the Effective Date occurs and continuing on the first Business Day of each calendar quarter thereafter and on the Term-Out Date of each such Lender. Each payment of standby fees shall be calculated for the period commencing on and including the Effective Date or the first day of the calendar quarter for which such standby fees are to be paid, as the case may be, up to and including the last day of the calendar quarter for which such standby fees are to be paid or the Term-Out Date applicable to such Lender (whichever is earlier) and shall be in an amount equal to the Standby Fee Rate in effect on each day during such period of calculation multiplied by the difference, if positive, obtained by subtracting the Accommodations outstanding from such Lender for each day in the period of the calculation from the amount of such Lender's Applicable Commitment in effect on each such day. Such standby fees shall be calculated on a daily basis and on the basis of a 365-day year. For purposes of calculating standby fees payable pursuant to this Section 5.7, the amount of Accommodations outstanding from time to time in U.S. Dollars on each day during the period for which such standby fees are payable shall, for the purposes of determining an Equivalent Amount on such day, be notionally converted to the Equivalent Amount in Canadian Dollars using the Noon Rate for converting U.S. Dollars to Canadian Dollars on the first Business Day of such calendar month for any calculation in such month.

5.8 Agent's Fees

The Borrower shall pay agency fees to the Agent (for the Agent's sole account) at the applicable Agent's Account for Payments at the time or times in the amount agreed to in writing by the Borrower and the Agent and such fees shall, for purposes of this Agreement, be deemed to be an amount payable pursuant to, and any such written agreement shall be deemed to be a Loan Document under, this Agreement.

5.9 Maximum Rate Permitted by Law

No interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by Applicable Law. In the event any such interest or fee exceeds such maximum rate, such interest or fee shall be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under Applicable Law.

5.10 Interest Generally

The theory of deemed reinvestment shall not apply to the calculation of interest or payment of fees or other amounts hereunder, notwithstanding anything contained in this Agreement or in any other Loan Document now or hereafter granted to or taken by the Lender and all interest and fees payable by the Borrower to any Lender shall accrue from day to day and be computed as described herein in accordance with the "nominal rate" method of interest calculation.

5.11 Interest and Fee Adjustment

In the event of a change in the Applicable Margin as a result of a change in the Consolidated Debt to Cash Flow Ratio, such change shall become effective (except with respect to acceptance fees as provided by Section 5.4) on the day on which the Borrower delivers a Compliance Certificate in accordance with the requirements hereof, evidencing such change in the Consolidated Debt to Cash Flow Ratio, or, if the Borrower has not delivered a Compliance Certificate as required by the terms hereof within 60 days after the end of any Fiscal Quarter (or in the case of a Fiscal Year, within 90 days after the end thereof), then such change in the margin shall become effective on such 60th day (or 90th day as applicable) and the determination of the Consolidated Debt to Cash Flow Ratio effective on such date may, at the option of the Agent, be made by the Agent, in its sole discretion, and such determination so made by the Agent shall be final and binding for all purposes hereof.

ARTICLE 6 SECURITY

6.1 Security

To secure the payment and performance of all Senior Obligations, the Borrower shall execute and deliver or cause to be executed and delivered to the Agent on behalf of the holders of Senior Obligations, the following documents (collectively, the "Security"):

- (a) a Subsidiary Guarantee from each Borrowing Base Subsidiary with respect to the obligations of the Borrower;
- (b) an unlimited liability guarantee from the Borrower with respect to the obligations of each Borrowing Base Subsidiary to the Swap Lenders and the Cash Management Lender; and

- (c) a fixed and floating charge demand debenture from each Obligor in the amount of \$500,000,000 granting a fixed charge over certain assets named therein, a first priority security interest over all present and after-acquired personal property and a first floating charge over all other present and after-acquired property of such Obligor; and
- (d) if an Obligor intends to grant Security Interests to another Obligor, a subordination agreement with respect to such Security Interests.

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 the 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, the Lenders, the Swap Lenders, the Cash Management Lender and the Creditcard Lender with the Security Interests and priority to which each 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 or Swap Lender whether for Indebtedness hereunder or under any Security. For greater certainty, no judgment recovered by the Agent, any Lender or Swap 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 Borrowing Base Subsidiary Designation

No Subsidiary shall be a Borrowing Base Subsidiary unless designated by the Borrower as a Borrowing Base Subsidiary or unless such Subsidiary owns Borrowing Base Assets. The Borrower may from time to time by notice in writing to the Agent be entitled to:

- (a) request the consent of all of the Lenders that a Borrowing Base Subsidiary will no longer be a Borrowing Base Subsidiary; or
- (b) request the consent of the Majority Lenders that a Subsidiary which is not currently a Borrowing Base Subsidiary be designated as a Borrowing Base Subsidiary,

provided that the Borrower shall not be entitled to make any such request or designation if immediately after giving effect to any such designation:

- (c) a Default or Event of Default would occur or be continuing;
- (d) a Borrowing Base Shortfall would result; or
- (e) such proposed Borrowing Base Subsidiary in the case of (b) above has not provided the Security and opinion required pursuant Section 6.1 and has been amended to the satisfaction of the Agent and the Lenders, acting reasonably, to add such proposed Borrowing Base Subsidiary thereto so as to provide subordinations and postponements comparable to those provided in respect of other Borrowing Base Subsidiaries.

If a Borrowing Base Subsidiary is requested to no longer be designated as a Borrowing Base Subsidiary, all of the Lenders have consented thereto and the conditions in Sections 6.5(c) and 6.5(d) have been or will be satisfied, the Lenders shall (as soon as reasonably practicable) redetermine the Borrowing Base to exclude the Borrowing Base Assets of such Borrowing Base Subsidiary and, provided that such redetermination confirms no Borrowing Base Shortfall and the Agent determines that no Default or Event of Default would result, the Agent shall confirm in writing the redesignation of such Borrowing Base Subsidiary as a Subsidiary and shall cancel and return the Subsidiary Guarantee and Security of such Subsidiary.

6.6 Release and Amendment of Security

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 the Agent may 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 Sections 6.5 and 9.2(b) and whether with respect to the Borrower or any Borrowing Base Subsidiary.

6.7 Registrations and Renewals

The Borrower shall and shall cause each Obligor 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.

6.8 Extensions, Etc.

The Lenders and Swap 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 and Swap 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 or Swap Lenders under the Loan Documents.

6.9 Permitted Encumbrances and Permitted Indebtedness

None of:

- (a) the fact that any 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, 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.

6.10 Fixed Charge Reports and Supplements

From time to time upon the request of the Agent, the Borrower shall and shall cause each Borrowing Base Subsidiary 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 Borrowing Base 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 Borrowing Base Subsidiaries to execute and deliver such additional or supplemental Security Interests as the Agent may require in order to ensure that all Borrowing Base 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.

6.11 Further Assurances - Security

The Borrower shall, forthwith and from time to time on reasonable request of the Agent grant, and shall cause each Borrowing Base Subsidiary to grant, to the Agent on behalf of the Lenders and Swap Lenders 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. In addition, the Borrower shall and shall cause each other Obligor to forthwith and from time to time on the reasonable request of the

Agent execute and do or cause to be executed and done all assurances and things which in the opinion of the Agent may be necessary or of advantage to give the Agent, the Lenders, the Swap Lenders, the Cash Management Lender and the Creditcard Lender the Security Interests and the priority intended hereunder to be created by the Security.

ARTICLE 7 PAYMENT AND TAXES

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. All payments shall be made at the applicable Agent's Account for Payments. Receipt by the Agent from the Borrower of funds pursuant to this Agreement, as principal, interest, fees or otherwise, shall be deemed to be receipt of such funds by the Agent or Lenders, as the case may be.

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 Applicable Lenders and the Agent in accordance with amounts owed to the Applicable Lenders under such 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 Facility pursuant to Sections 5.1, 5.2 and 5.3, fees pursuant to Section 5.4, 5.5, 5.7 and 5.8, and interest on overdue amounts pursuant to Section 5.6;
- (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 and other than any Swap Indebtedness; and

with the balance to be applied to repay or otherwise reduce Accommodations in a manner so that the Accommodations and each basis of Accommodation outstanding hereunder to each Lender will, to the extent possible, be in the same proportion as the Lender's Proportion hereunder, provided that in the case of a Non-Agreeing Lender, such payments shall only be made to a Non-Agreeing Lender when made in relation to a reduction of the Total Commitment.

7.3 Account Debit Authorization

The Borrower authorizes and directs the Agent, in its discretion, to automatically debit, by mechanical, electronic or manual means, the bank accounts of the Borrower maintained with BMO (for so long as BMO is Agent hereunder) for all amounts payable under this Agreement, including but not limited to the

repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

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

8.1 Effectiveness and Conditions Precedent

This Agreement shall become effective at such time as the following conditions precedent have been satisfied:

- (a) **No Default:** as of such time, there exists no Default or Event of Default;
- (b) **Representations and Warranties True:** the representations and warranties contained in Article 2 are true and correct as of such time;
- (c) **Due Diligence:** the Agent and the Lenders shall have completed and been satisfied with all engineering and technical review and all environmental, tax and legal due diligence;
- (d) **Receipt of Documentation:** the Agent has received, in form and substance satisfactory to the Lenders, the following:
 - (i) a duly executed copy of this Agreement for the Agent and each Lender;
 - (ii) a certificate of status in respect of the Borrower and 1332993 issued under the laws of the provinces in which it carries on any material business;
 - (iii) a partnership search or equivalent in respect of the Partnership issued under the laws of the provinces in which it carries on any material business or in which it has any material assets;
 - (iv) an officer's certificate of the Borrower on its own behalf and as manager on behalf of the Partnership certifying its constating documents and by-laws, the Partnership Agreement and the Material Contracts as amended to the date hereof, as applicable, a resolution of the directors respecting the Loan Documents executed by the Borrower and the Partnership and a certificate of incumbency;
 - (v) an officer's certificate of each of 1332993 certifying its constating documents and by-laws, a certified resolution of the directors respecting the Loan Documents executed by it and a certificate of incumbency;
 - (vi) an opinion of [REDACTED] counsel to the Obligors, addressed to the Agent and each Lender, with respect to this Agreement and the Loan Documents;
 - (vii) an opinion of [REDACTED], counsel to the Lenders, addressed to the Agent and each Lender; and
 - (viii) such other documents and documentation which the Agent may reasonably request;
- (e) **Fees:** payment of all agency, underwriting, extension, increased commitment, arrangement and legal fees of the Agent, each Lender and their counsel then due;

- (f) **Material Adverse Change:** as of such time, no circumstance or event has occurred which could reasonably be expected to have a Material Adverse Effect (nor have the Lenders 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 there has been no material adverse change in the operations or financial condition of the Borrower and the Borrowing Base Subsidiaries, or of their assets, taken as a whole; and
- (g) **Know-Your-Client Confirmations:** the Agent and each of the Lenders shall have received from the Borrower all such information and evidence the Agent or such Lender requires as contemplated by Section 14.14.

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 Continuing Conditions Precedent

The obligations of the Lenders to make available any Accommodations pursuant to Sections 3.8 or 3.9 or to make any conversion of Accommodations pursuant to Section 3.17 or to make a Rollover pursuant to Section 3.18, is, in addition to the satisfaction of the conditions set forth in Section 8.1, subject to and conditional upon the condition precedent that, on each Drawdown Date and Conversion Date and date of a Rollover: (i) there exists no Default or Event of Default; (ii) the representations and warranties set forth in Section 2.1 would be true and correct if made on such date; and (iii) after giving effect to the Drawdown, Conversion or Rollover, the aggregate Outstandings will not exceed the Borrowing Base.

8.3 Waiver of a Condition Precedent

The terms and conditions of Sections 8.1 and 8.2 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 Accommodations, without affecting the right of the Lenders to assert such terms and conditions in whole or in part in respect of any other Accommodations.

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 at the Agent's Branch of Account 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 Obligor) financial statements of the Borrower, and the unaudited unconsolidated annual financial statements of the Borrower and the Partnership as at the close of such Fiscal Year, 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.

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;

- (d) **Quarterly Financial Statements:** the Borrower shall furnish to the Agent at the Agent's Branch of Account, 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 and Partnership'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;
- (e) **Compliance Certificate:** the Borrower shall furnish to the Agent at the Agent's Branch of Account, concurrently with the provision of the financial statements pursuant to Section 9.1(c) and 9.1(d), and effective as of the last day of such Fiscal Year or Fiscal Quarter, as applicable, a duly executed and completed Compliance Certificate;
- (f) **Production Reports:** the Borrower shall furnish to the Agent at the Agent's Branch of Account, within sixty (60) days from the end of each Fiscal Quarter (unless requested more frequently by the Agent), production reports (the same to include information as to volumes produced and sold and the amount received by the Borrower or any Borrowing Base Subsidiary) in respect of the Borrowing Base Assets;
- (g) **Other Reports:** the Borrower shall furnish to the Agent, promptly upon receipt or delivery of same as applicable, all material reports which the Borrower or any Borrowing Base Subsidiary receives or provides pursuant to any of the Material Contracts;
- (h) **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;

- (i) **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;
- (j) **Insurance:** the Borrower shall, and shall cause each Borrowing Base Subsidiary 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 Borrower and the Borrowing Base Subsidiaries, 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 Swap 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;
- (k) **Defend Title to Assets:** the Borrower shall, and shall cause each Borrowing Base Subsidiary to, maintain, protect and defend title to the Borrowing Base 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 the Borrower and each Borrowing Base Subsidiary of its interest in the Borrowing Base Assets in good standing (other than such lease surrenders as the Borrower or any Borrowing Base Subsidiary makes, or such lease expiration as the Borrower or any Borrowing Base Subsidiary 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 or Swap 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;

- (l) **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);
- (m) **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 the Borrower or any Borrowing Base Subsidiary 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 the Borrower or any Borrowing Base Subsidiary or any Operator of a property in which the Borrower or any Borrowing Base Subsidiary 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 Borrowing Base Asset, other than a Minor Title Defect;
 - (vi) the exercise of any ROFR in respect of a Borrowing Base Asset after the acquisition thereof by the Borrower or a Borrowing Base Subsidiary (but excluding exercises thereof upon a sale by the Borrower or the Borrowing Base Subsidiary 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 5% of the Borrowing Base as most recently determined or redetermined;
 - (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 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

- (x) any matter that has had, or could reasonably be expected to have, a Material Adverse Effect;
- (n) **Environmental Reports:** 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 the Borrower and each Borrowing Base Subsidiary during the previous Fiscal Year and confirming compliance with all Environmental Laws;
- (o) **Compliance with Laws and Regulations; Maintenance of Permits:** the Borrower shall and shall cause each Borrowing Base Subsidiary, 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;

- (p) **Facilities:** the Borrower shall and shall cause each Borrowing Base Subsidiary 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;
- (q) **Additional Environmental Information:** the Borrower shall, and shall cause each Borrowing Base Subsidiary 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 Borrowing Base Subsidiary 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 Borrowing Base 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 Borrowing Base Subsidiary 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;

- (r) **Operational Covenants:** the Borrower shall, and shall cause each Borrowing Base Subsidiary to, or if it is not the Operator, will and will cause the applicable Borrowing Base Subsidiary to use all reasonable commercial efforts to cause the applicable Operator to, carry on and conduct its business, and keep, maintain and operate the Borrowing Base Assets and process, transport and sell the production attributable thereto, in accordance with Applicable Law and sound oil and gas industry practice;
- (s) **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 Borrowing Base Subsidiary 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;
- (t) **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 Borrowing Base Subsidiaries, and in respect of a Subsidiary that is a partnership, that the only partners thereof are the Borrower or Borrowing Base Subsidiaries;
- (u) **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;
- (v) **Subsidiary Guarantees and Security:** On the earlier of (i) the provision of any guarantee or other credit support by a Subsidiary with respect to the Second Lien Notes and (ii) the date that is 10 Business Days following the date of any Subsidiary becoming a Borrowing Base Subsidiary, the Borrower will cause each such Subsidiary to provide the Agent with a guarantee and the other Security listed in Section 6.5 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; and

- (w) **Second Lien Note Documents:** the Borrower will promptly furnish to the Agent copies of: (i) all amendments to any Second Lien Note Documents, and (ii) all material notices given or received, and all material reports delivered, by the Borrower or any Borrowing Base Subsidiary pursuant to or in connection with the Second Lien Note Documents to the extent not already delivered pursuant to this Agreement.

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 for Borrowed Money arising under the Second Lien Note Documents in an aggregate principal amount not exceeding \$30,000,000 while the Second Lien Intercreditor Agreement is in effect;
 - (iii) Indebtedness arising from a Capital Lease by the Borrower or a Borrowing Base Subsidiary 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 5% of the amount of the Borrowing Base most recently determined or redetermined;
 - (iv) unsecured Indebtedness of the Borrower to a Borrowing Base Subsidiary or of a Borrowing Base Subsidiary to another Borrowing Base Subsidiary;
 - (v) Financial Assistance of the Indebtedness for Borrowed Money permitted by Section 9.2(a)(ii) above; and
 - (vi) Financial Assistance provided by the Borrower to any Borrowing Base Subsidiary or by any Borrowing Base Subsidiary to another Borrowing Base Subsidiary, but only for so long as the recipient of such Financial Assistance remains a Borrowing Base Subsidiary;
- (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 Borrowing Base 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 Borrowing Base Assets;
 - (iv) sales or dispositions by the Borrower to a Borrowing Base Subsidiary, or by a Borrowing Base Subsidiary to the Borrower or to another Borrowing Base Subsidiary provided that if such sales or dispositions are of Borrowing Base Assets to a Borrowing Base Subsidiary, the acquiring Borrowing Base Subsidiary 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 together with all other sales or dispositions of assets by the Borrower and Borrowing Base Subsidiaries since the date of the last redetermination of the Borrowing Base as most recently redetermined by the Lenders hereunder, have an aggregate fair market value (consisting of only cash and/or petroleum, natural gas and related hydrocarbon properties) in the aggregate for all such transactions not exceeding an amount equal to 5% of the Borrowing Base as most recently determined or redetermined by the Lenders hereunder; or
 - (vi) sales or dispositions by the Borrower or a Borrowing Base Subsidiary 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;
- (c) **Conduct of Activities:** engage in any activities or business or enter into ventures other than (i) in the case of the Borrower and the Borrowing Base Subsidiaries, 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 Borrowing Base Subsidiary or by a Borrowing Base Subsidiary to another Borrowing Base Subsidiary or the Borrower;
 - (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 5% of the Borrowing Base as most

recently determined or redetermined, until the Majority Lenders have determined that, as a result of the insured events, a Borrowing Base Shortfall has not resulted or would not result from an application of such proceeds of insurance other than on account of the Indebtedness;

- (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 the Partnership from December 31, or of the Borrower or 1332993 from December 30, or the basis on which the financial records of any of them are now maintained;
- (j) **No Material Subsidiaries:** except for Borrowing Base Subsidiaries, create, acquire or suffer to exist from time to time: (i) any Subsidiary having directly or indirectly total assets greater than Cdn. \$1,000,000 including any Subsidiary holding, directly or indirectly, shares, partnership interests or trust interests in any such Person; or (ii) Subsidiaries in the aggregate having directly or indirectly aggregate total assets greater than Cdn. \$2,000,000;
- (k) **Restrictions on Swaps:** enter into any Swap outside the ordinary course of its business or for speculative purposes (determined, where relevant, by reference to GAAP); provided, without limiting the generality of the foregoing, the following shall be considered to be Swaps entered into outside of the ordinary course of business or entered into for speculative purposes:
 - (i) any Interest Swap if the Equivalent Amount in Canadian dollars of the notional amount of Indebtedness under such Interest Swap, together with the Equivalent Amount in Canadian dollars of the notional amount of all other Interest Swaps and then in effect in respect of the Borrower and the Borrowing Base Subsidiaries exceed the Equivalent Amount in Canadian dollars of all Outstandings then outstanding;
 - (ii) any Interest Swap having as a subject matter principal amounts which are at any time greater than 50% of the Indebtedness of the Borrower hereunder;
 - (iii) any Commodity Swap if:
 - (A) the term of such Commodity Swap exceeds three (3) years; or
 - (B) the aggregate amounts hedged under all Commodity Swaps at the time such Commodity Swap is entered into and after giving effect thereto exceeds 75% in the first year, 60% in the second year and 25% in the third year of the Combined Forecasted Production where "**Combined Forecasted Production**" means the combined forecasted daily oil and natural gas production (net of royalties) of the Obligors for the next twelve (12) month period, as determined by the Borrower's most recent consolidated operating budget delivered pursuant to Section 9.1(c), or such other forecast that has been approved by the Borrower's board of directors and delivered to the Agent, and which is in form and substance acceptable to the Majority Lenders, acting reasonably, in each case, as adjusted for acquisitions and dispositions, in a manner satisfactory to the Agent, acting reasonably;

provided that the limits stipulated in (B) above may be exceeded, if an Obligor enters into fixed price commodity puts allowing it to put production to a counterparty having a term

of three (3) years or less, any premium in respect thereof is paid at the time of entering into each such put and the aggregate amount hedged under all Commodity Swaps of the Obligors at the time each such put is entered into and after giving effect thereto, does not exceed 100% of the Combined Forecasted Production.

- (iv) other than as permitted in subsection (iii) above, any Swap having a term to maturity exceeding two (2) years;
- (v) where Currency Swaps (excluding foreign exchange futures contracts and foreign exchange options which are based on anticipated revenue or cash flow) entered into are true currency swap agreements and such Currency Swaps have as their subject matter amounts which would exceed in the aggregate 50% of the amount of the Indebtedness of the Borrower in that currency; and
- (vi) any Swap in respect of which a Security Interest is granted, except for Permitted Encumbrances,

and to the extent the Borrowing Base includes any value for any Swap, such Swap shall not be terminated by the applicable Obligor without the prior written consent of the Agent.

- (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 Borrower and the Borrowing Base Subsidiaries 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 with the Agent;
 - (ii) Permitted Investments;
 - (iii) Investments by the Borrower and the Borrowing and the Borrowing Base Subsidiaries in Borrowing Base Subsidiaries or in Indebtedness of the Borrower or any Borrowing Base Subsidiaries;
- (n) **Borrowing Base Shortfall:** cause, or permit to exist, a Borrowing Base Shortfall, except during a BBS Cure Period;
- (o) **Partnership:** add any Person as, or otherwise allow or permit any Person to be, a partner to the Partnership which is not a Borrowing Base Subsidiary, nor make any changes, amendments or supplements to the Partnership Agreement which could reasonably be expected to adversely affect the interests of the Lenders;
- (p) **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 Borrower and the Borrowing Base Subsidiaries may enter into such transactions with each other;

- (q) **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;
- (r) **Use of Proceeds:** use the proceeds of the Facilities for any expenditures, capital or otherwise, except in accordance with this Agreement;
- (s) **Anti-Cash Hoarding:** at any time while there are Outstandings (other than when Letters of Credit are the only Outstandings), accumulate or maintain cash or cash equivalents accumulate or maintain cash or cash equivalents (including without limitation using the proceeds of any Accommodation) in one or more accounts (including, for certainty, any depository, investment or securities account) maintained by the Borrower or any of its Subsidiaries in an amount, in the aggregate, greater than Cdn. \$5,000,000 (or the U.S. Dollar equivalent), but excluding therefrom amounts accumulated or maintained therein for a specified business purpose (other than simply accumulating a cash reserve), and the Borrower hereby authorizes the Lenders to refuse to make any requested Accommodation which the Lenders, in their discretion, determine would contravene the foregoing;
- (t) **Prepayment of Second Lien Note Indebtedness:** notwithstanding the terms of any Second Lien Note Document, make any redemption, repurchase or optional prepayment of the Second Lien Note Indebtedness (or any portion thereof), except from proceeds derived from (i) the issuance of shares of the Borrower, or (ii) the issuance or incurrence of other Permitted Refinancing Debt; provided that in each case, (A) such proceeds are immediately used to fund such repayment or prepayment or, if not so immediately used, are segregated into an account and are not used for any purpose other than to fund such repayment or prepayment and (B) no Borrowing Base Shortfall, Default or Event of Default exists at the time of such prepayment. The proceeds of the Credit Facilities shall not be used to finance any such payments;
- (u) **Payment of Interest Under Second Lien Notes:** notwithstanding the terms of any Second Lien Note Document, make any payments of interest in connection with the Second Lien Notes if a Borrowing Base Shortfall, Default or Event of Default exists at the time of the such prepayment or could reasonably be expected to result therefrom; or
- (v) **Amendments to Second Lien Documents:** amend, restate, supplement or otherwise modify the Second Lien Notes or any Second Lien Note Document if it would (i) contravene the provisions of the Second Lien Intercreditor Agreement, (ii) result in the aggregate principal amount of the Second Lien Notes exceeding \$30,000,000, (iii) increase the applicable rate of interest under the Second Lien Notes (excluding increases resulting from the accrual of interest at the default rate thereunder, if applicable), (iv) add or increase any fees to the Second Lien Note Indebtedness from those fees set forth in the Second Lien Note Documents (as in effect on the date hereof), (v) increase any default rate that becomes due in connection with an event of default thereunder, (vi) change to earlier dates any scheduled dates for payment of principal or of interest in respect thereof, (vii) change any default or event of default provisions set forth in the Second Lien Note Documents in a manner that is materially adverse to the Lenders, (viii) change the redemption, prepayment, repurchase, tender or defeasance provisions set forth in the Second Lien Note Documents (other than extensions in the times therefor) in a manner that would require a redemption, prepayment, repurchase, tender or defeasance not required pursuant to the terms of the Second Lien Notes as of the date hereof or in a manner otherwise materially adverse to Lenders, (ix) modify the Security Interest to the Second Lien Creditor in a manner that is

materially adverse to the Lenders except as expressly permitted pursuant to the terms and conditions of the Second Lien Intercreditor Agreement, (x) modify any financial covenant or negative covenant to make it more restrictive than those set forth in this Agreement, or (xi) otherwise materially increase the obligations of the Borrower or any Borrowing Base Subsidiary thereunder or confer additional rights on the Second Lien Creditor in a manner materially adverse to the Lenders.

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 or the face amount of a maturing Bankers' Acceptance, or any portion of the foregoing, 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 9.2(b) through 9.2(h) inclusive or Section 9.2(p); 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, except for a representation and warranty made pursuant to Section 2.1(e) in relation to a Title Defect where the provisions of Section 3.6(g) are applicable thereto and have been complied with;
- (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 Borrowing Base Subsidiary 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 Borrowing Base Assets in connection with any judgment or judgments against such Obligor, the Operator or in respect of the Borrowing Base 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 Borrowing Base 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) **Other Provision:** if any Event of Default has occurred or is deemed to have occurred pursuant to Section 3.6(i);
- (p) **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;
- (q) **Lender Swaps or Bilateral Financial Services Agreement:** if a Termination Event shall occur under a Lender Swap, or if any Obligor breaches or is in default under any Lender Swap or Bilateral Financial Services Agreement and such breach or default is not remedied or waived within any applicable cure period in the relevant agreement with respect thereto;
- (r) **Swaps:** if a Termination Event shall occur under a Swap which is not a Lender Swap or any Obligor breaches or is in default under any Swap which is not a Lender Swap and the aggregate Mark-to-Market amount payable by such Obligor under all such Swaps, when taken together with the aggregate amounts which are the subject of any breaches or defaults provided for in Section 10.1(e), is in excess of \$5,000,000; and, in the case of a breach or default under any Swap which is not a Lender Swap, such breach or default is not remedied or waived within any applicable cure period in the relevant agreement with respect thereto;

- (s) **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; or
- (t) **Second Lien Note Documents:** if any event of default has occurred under any Second Lien Note Document after the expiry of any applicable grace period in respect thereof.

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 Accommodations hereunder, notwithstanding any prior receipt by the Agent of a Borrowing Notice, Conversion Notice or a Rollover 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 Accommodations to be terminated; and
- (b) **Acceleration Notice:** by written notice to the Borrower (an "Acceleration Notice"), declare all Outstandings (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) and other Liabilities (whether matured or unmatured) of the Borrower to the Agent and the Lenders, the Creditcard Lender and the Cash Management Lender hereunder and under the other Loan Documents and the Bilateral Financial Services Agreements 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 (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) and other Liabilities hereunder, under the other Loan Documents and under the Bilateral Financial Services Agreements 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 (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) and other Liabilities hereunder, under the other Loan Documents and under the Bilateral Financial Services Agreements, failing which all rights and remedies of the Agent and the Lenders under the Loan Documents shall thereupon become enforceable.

10.3 Demands for Repayment

- (a) **Lender Demands:** If the Agent, on behalf of the Majority Lenders delivers an Acceleration Notice, each Swap Lender shall, within three (3) Business Days, deliver (to the extent applicable to it) a Swap Demand for Repayment.

- (b) **Termination Event:** If a Termination Event has occurred and all the Lender Outstandings are not thereafter due and payable, the Agent and each Swap Lender, each Cash Management Lender and the Creditcard Lender shall, within three (3) Business Days, deliver such Demands for Repayment as may be necessary to ensure that all Lender Outstandings are thereafter due and payable under the Credit Agreements.
- (c) **Swap Demand:** If any Swap Lender proposes to deliver a Swap Demand for Repayment, it shall notify the Agent of its determination, and the Agent, within a further 5 Business Days after delivery of the aforesaid notice shall notify each of the Lenders and Swap Lenders whether the Agent, on behalf of the Majority Lenders, proposes to deliver an Acceleration Notice hereunder. If the Agent does not so advise the other Lenders and Swap Lenders within such 5 Business Day period, it shall be deemed to advise that the Majority Lenders do not propose to deliver an Acceleration Notice. If the Agent does notify the Swap Lenders that the Majority Lenders propose to deliver an Acceleration Notice, all Demands for Repayment shall be delivered concurrently by the Agent, the Swap Lenders, the Cash Management Lender and the Creditcard Lender. If the Agent does not notify the Swap Lenders that the Majority Lenders do not propose, or the Agent is deemed to have advised that the Majority Lenders do not propose, to deliver an Acceleration Notice, the Swap Lender which delivered the notice to the Agent may at any time within 30 Business Days thereafter deliver a Swap Demand for Repayment. If any Swap Lender delivering any such Demand for Repayment does not receive the amount so demanded on or prior to the time stated in such Demand for Repayment, such Swap Lender shall so notify the Agent and the Agent and each other Swap Lender, Cash Management Lender and the Creditcard Lender shall forthwith concurrently deliver such Demands for Repayment or other notices as may be necessary to ensure that all Lender Outstandings are thereafter due and payable under the Credit Agreements.
- (d) **No Sharing:** Any amounts which are lawfully received by any Swap Lender under a Swap or by the Cash Management Lender or the Creditcard Lender under a Bilateral Financial Services Agreement prior to the earlier of the delivery by the Agent of an Acceleration Notice or the occurrence of a Termination Event hereunder are not required to be shared pursuant to the provisions of Section 10.7.
- (e) **Lender Subsidiaries:** If a Lender Swap or any Bilateral Financial Services Agreement is entered into with an Affiliate of a Lender, that Lender shall cause such Affiliate to deliver all Swap Demands for Repayment as required by this Section 10.3 and such obligations shall survive such Lender (at any time after any such Lender Swap or Bilateral Financial Services Agreement was entered into) ceasing to be a Lender hereunder.

10.4 Cash Collateral Accounts

- (a) **Exchange Rate Fluctuations:** Upon the receipt of cash cover by the Agent pursuant to Section 4.4 and in addition to any other rights or remedies of the Lenders hereunder, the Agent, for the benefit of the Lenders hereunder, shall thereafter be entitled to deposit and retain in a Cash Collateral Account amounts which are received by the Agent from the Borrower until the next Business Day on which there has been no such excess under Section 4.4 for a period of 5 consecutive Business Days whereupon all such amounts shall be immediately credited to the Borrower's Prime Loans outstanding under the Working Capital Facility, or if such amounts exceed those Outstandings, then on account of Prime Loans under the Production Facility.
- (b) **Bankers' Acceptances, LIBOR Loans and Letters of Credit:** Upon the occurrence of a Termination Event or delivery of an Acceleration Notice, and in the case of Letters of Credit on

the Term Maturity Date, the Borrower shall forthwith pay to the Agent, for deposit into a Cash Collateral Account, an amount equal to the Lenders' maximum potential liability of the Borrower then outstanding Bankers' Acceptances, Letters of Credit and (unless the Borrower makes payment of the amount required pursuant to Section 11.7) LIBOR Loans (collectively, the "Escrow Funds"). The Escrow Funds shall be held by the Agent for set-off against, Indebtedness owing by the Borrower to the Production Lenders or the Working Capital Lender, as applicable, in respect of such Bankers' Acceptances, LIBOR Loans and Letters of Credit and, subject to application for the purposes of such set-off, shall be held until repayment of such Outstandings in full.

- (c) **Letters of Credit:** Upon the occurrence of the circumstances set forth in Section 4.4 applicable to a Letter of Credit or if any Letters of Credit are outstanding on the Term Maturity Date of the Working Capital Lender, the face amount of the applicable Letter of Credit shall be paid to the Agent for deposit into a Cash Collateral Account to be held by the Agent for set-off against future Indebtedness owing by the Borrower to the Working Capital Lender in respect of such Letters of Credit and shall be held until the Working Capital Lender has no further liability in respect of any such Letter of Credit. If any such amounts continue to be held at the time of a Demand Notice or Termination Event, such amounts shall be included as Realization Proceeds for the purposes of Section 10.7; and
- (d) **Borrowing Base:** Upon the occurrence of the circumstances set forth in Section 3.6(g), the amount required thereby shall be paid to the Agent for deposit into a Cash Collateral Account to be held by the Agent and applied as required by Section 3.6(g).

10.5 Remedies on Default

- (a) **Instructions to Agent:** If the Majority Lenders, provide directions or instructions to the Agent, then the Agent, on behalf of the Working Capital Lender, the Lenders, Swap Lenders, Cash Management Lender and the Creditcard Lender may take such actions and commence such proceedings as the Majority Lenders in their sole discretion may determine and may enforce or otherwise realize upon any Security, all without any obligation to marshal any Security Interests and without additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent such rights may be waived under Applicable Law). If from time to time there are no Lenders other than Swap Lenders, the Cash Management Lender and the Creditcard Lender, the Majority Lenders for the purposes of this Agreement shall be calculated by revising the definition of Majority Lenders to delete paragraph (b) thereof, change all references to "Lenders" to "Swap Lenders" and by revising paragraph (c) thereof to change the reference to "Outstandings" to "Lender Outstandings" and the reference to "Facilities" to "Swaps".
- (b) **General Remedies:** The rights and remedies of the Agent and each Lender, each Swap Lender, each Cash Management Lender and the Creditcard Lender under the Loan Documents, Lender Swaps and the Bilateral Financial Services Agreements are cumulative and are in addition to and not in substitution for any rights or remedies provided by Applicable Law. The Agent may on behalf of the Lenders, Swap Lenders, the Cash Management Lender and the Creditcard Lender, and shall, if so required by the Majority Lenders to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:
- (i) **Specific Performance:** the specific performance of any covenant or agreement contained in the Loan Documents and Credit Agreements;

- (ii) **Injunction:** enjoining a violation of any of the terms of the Loan Documents and Credit Agreements;
- (iii) **Assistance:** aiding in the exercise of any power granted by the Loan Documents and Credit Agreements or by law; or
- (iv) **Judgment:** obtaining and recovering judgment for any and all amounts due in respect of the Accommodation or amounts otherwise due hereunder or under the Loan Documents or Credit Agreements.

10.6 Right of Set-Off

If an Event of Default under Section 10.1 has occurred and is continuing or an Acceleration Notice has been given hereunder, each of the Lenders and each of their respective Subsidiaries is hereby authorized at any time and from time to time to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of any Obligor against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender has made any demand under this Agreement or any other Loan Document and although such obligations of the Obligor may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each of the Lenders and their respective Subsidiaries under this Section 10.6 are in addition to other rights and remedies (including other rights of setoff, consolidation of accounts and bankers' lien) that the Lenders or their respective Subsidiaries may have. Each Lender agrees to promptly notify the Borrower and the Agent after any such setoff and application, but the failure to give such notice shall not affect the validity of such setoff and application. If any Affiliate of a Lender exercises any rights under this Section 10.6, it shall share the benefit received in accordance with Section 12.16 as if the benefit had been received by the Lender of which it is an Affiliate.

10.7 Application and Sharing of Payments Following Acceleration

Except as otherwise agreed to by all of the Lenders in their sole discretion, and subject to Section 10.8 and Section 12.16(a) all monies and property received by the Lenders (in their capacity as Lenders and, if applicable, Swap Lenders, the Cash Management Lender or the Creditcard Lender) for application in respect of the Lender Outstandings subsequent to the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 10.1(g) or 10.1(h) and all monies received as a result of a realization upon the Security (collectively, the "**Realization Proceeds**") shall be applied and distributed to the Lenders (in their capacity as Lenders and, if applicable, Swap Lenders, the Cash Management Lender or the Creditcard Lender) and the Agent in the order and manner set forth below (but subject at all times to the terms of the Second Lien Intercreditor Agreement), each such application to be made in the following order with any balance remaining after application in respect of each category to be applied to the next succeeding category:

- (a) **Realization Expenses:** firstly, to pay or reimburse to the Lenders, the Agent and any receiver the costs, expenses, Accommodations, advances and reasonable compensation in connection with enforcement of the obligations of the Obligor or in connection with realization upon the Security;
- (b) **First Ranking Indebtedness:** secondly, distributed Rateably to the Lenders and Swap Lenders on account of First Ranking Indebtedness;

- (c) **Other Lender Outstandings:** thirdly, distributed pro rata to the Lenders, Swap Lenders, the Cash Management Lender and the Creditcard Lender on account of any other Lender Outstandings (excluding Swap Indebtedness, other than the First Ranking Indebtedness); and
- (d) **Other Indebtedness:** fourthly, distributed pro rata to the Swap Lenders on account of any Subordinated Swap Indebtedness of the Swap Lenders,

and the balance of the Realization Proceeds (if any) shall be paid to the Borrower or otherwise as may be required by law.

10.8 Adjustments Among the Lenders

- (a) Notwithstanding anything herein to the contrary or any other Loan Document, if all Outstandings and other Liabilities hereunder and under the other Loan Documents become due and payable pursuant to Section 10.2 (an "Acceleration"):
 - (i) each Lender agrees that it will at any time or from time to time thereafter at the request of the Agent as required by any Lender, (A) purchase at par on a non-recourse basis a participation in the Borrowings owing to each other Lender under the Facilities and (B) make any other adjustments as are reasonably necessary or appropriate (including indemnities for any then outstanding Letters of Credit, Bankers' Acceptances and LIBOR Loans), in order that the aggregate Borrowings owing to each of the Lenders under the Facilities, as adjusted pursuant to this Section 10.8(a), shall be in the same proportion as each Lender's aggregate Commitments for all Facilities was to the Total Commitment immediately prior to the Acceleration; and
 - (ii) any payment made by or on behalf of any of the Obligors under or pursuant to the Loan Documents, any proceeds from the exercise of any rights and remedies of the Agent and the Lenders under the Loan Documents and any distribution or payment received by the Agent or the Lenders with respect to the Obligors in the event of any bankruptcy, insolvency, winding-up, liquidation, arrangement, compromise or composition, shall be applied against the Borrowings in a manner so that, to the extent possible, the Borrowings owing to each Lender under the Facilities will be in the same proportion as each Lender's aggregate Commitments for all Facilities was to the Total Commitment immediately prior to the Acceleration.
- (b) Each Lender shall, at any time and from time to time at the request of the Agent as required by any Lender, execute and deliver such agreements, instruments and other documents and take such other steps and actions as may be required to confirm, evidence or give effect to the foregoing.

10.9 Calculations as at the Adjustment Time

For the purposes of this Agreement, if:

- (a) **Swap Demand:** a Swap Demand for Repayment has been delivered; or
- (b) **Termination Event:** a Termination Event has occurred under any Credit Agreement evidencing a Swap,

then any amount which is payable by the Borrower or a Borrowing Base Subsidiary under such Swap in settlement of obligations arising thereunder as a result of the early termination of the Swap (or failing

such specification, an amount calculated on a Mark-to-Market basis) shall be deemed to have become payable at the time of delivery of such Swap Demand for Repayment or the time of occurrence of such Termination Event as the case may be, notwithstanding that the amount payable by the Borrowing Base Subsidiary is to be subsequently calculated and notice thereof given to the Borrower in accordance with such Swap. For the purposes of the foregoing, the Agent shall make all determinations of the applicable Termination Amounts in accordance with its usual practices, acting reasonably, and for such purposes each Swap Lender shall provide details to the Agent of its own calculations of the applicable termination amounts.

10.10 Lenders May Perform Covenants

If any Obligor shall fail to perform any of its obligations under any covenant contained in any of the Loan Documents within the time permitted for the performance of any such covenant or for the cure of any default thereof, the Agent may on behalf of the Lenders, the Swap Lenders, the Cash Management Lender and the Creditcard Lender and with the approval of the Majority Lenders, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, it may make such payment or expenditure with its own funds on behalf of the Lenders, the Swap Lenders, the Cash Management Lender and the Creditcard Lender. If the Majority Lenders elect to effect such observance or performance, neither the Agent nor any Lender, Swap Lender, Cash Management Lender nor the Creditcard Lender shall be liable for any failure or deficiency, apart from fraud, in effecting such observance or performance, nor for the payment of any bills, invoices or accounts incurred or rendered in connection therewith. All amounts so paid by the Agent hereunder shall be repaid by the Borrower on demand therefor, and shall bear interest at the rate set forth in Section 5.6 from and including the date paid by the Agent hereunder to but excluding the date such amounts are repaid in full by the Borrower and shall be secured by the Security.

10.11 Distributions

From and including the date of any Default or Event of Default, Borrowing Base Shortfall or Termination Event and for so long as the same is outstanding and continuing, the Borrower shall not, and shall ensure that each Obligor shall not, unless waived as permitted by Section 12.17, make any Capital Distributions.

10.12 Waiver of Default

Any single or partial exercise by any Lender, Swap Lender, Cash Management Lender or the Creditcard Lender, the Agent or by the Agent on behalf of any Lender or Swap Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in the Loan Documents or the Credit Agreements shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy to which the Agent or such Lender, Swap Lender, Cash Management Lender or the Creditcard Lender may be lawfully entitled for the same default or breach, and any waiver by any Lender, the Agent or by the Agent on behalf of any Lender, Swap Lender, Cash Management Lender or the Creditcard Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement contained in the Loan Documents or the Credit Agreements, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. To the extent permitted by Applicable Law, the Borrower hereby waives any rights now or hereafter conferred by statute or otherwise which are inconsistent with the rights or remedies of the Agent, a Lender, Swap Lender, Cash Management Lender or the Creditcard Lender under the Loan Documents or the Credit Agreements. To the extent permitted by Applicable Law, the Borrower hereby waives any rights now or hereafter conferred by statute or otherwise which are inconsistent with the Agent's or a Lender's, a Swap Lender's, the Cash Management Lender's or the Creditcard Lender's rights or remedies under the Loan Documents, the Bilateral Financial Services Agreements and Lender Swaps.

ARTICLE 11
EXPENSES AND INDEMNITIES

11.1 Reimbursement of Expenses

All statements, reports (including Engineering Reports and environmental reports), certificates, opinions and other documents or information required to be furnished to the Agent or the Lenders by the Borrower or any Borrowing Base Subsidiary under this Agreement shall be supplied by the Borrower without cost to the Agent or the Lenders and in sufficient quantities for distribution to the Agent and the Lenders. In addition, the Borrower shall pay:

- (a) **Expenses:** all reasonable out-of-pocket expenses incurred by the Lead Arranger, the Agent and their Subsidiaries, including the reasonable fees, charges and disbursements of counsel for the Lead Arrangers and the Agent, in connection with the syndication of the Facilities, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated);
- (b) **Letter of Credit Expenses:** all reasonable out-of-pocket expenses incurred by the Working Capital Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder; and
- (c) **Working Capital Lender Expenses:** all reasonable out-of-pocket expenses incurred by the Working Capital Lender, including the reasonable fees, charges and disbursements of counsel, in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section 11.1, or in connection with the Accommodations made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Accommodations.

11.2 Increased Cost

- (a) **Increased Costs Generally:** If any Change in Law shall:
 - (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;
 - (ii) subject any Lender to any Tax of any kind whatsoever with respect to this Agreement or any Borrowing made by it, or change the basis of taxation of payments to such Lender in respect thereof, except for (x) Indemnified Taxes or Other Taxes covered by Section 11.3 and (y) the imposition, or any change in the rate, of any Excluded Tax payable by such Lender; or
 - (iii) impose on any Lender or any applicable interbank market any other condition, cost or expense affecting this Agreement or any Accommodation made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Accommodation (or of maintaining its obligation to make any such Accommodation), or to increase the cost to such Lender of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender hereunder

(whether of principal, interest or any other amount), then upon request of such Lender, including reasonable details as to the amount and calculation thereof, the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

- (b) **Capital Requirements:** If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Accommodations made by, or the Letters of Credit issued or participated in by such Lender, to a level below that which such Lender or its holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of its holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts ("**Additional Amounts**") as will compensate such Lender or its holding company for any such reduction suffered.
- (c) **Certificates for Reimbursement:** A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in Section 11.2(a) or (b), including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender the applicable Additional Amounts within ten (10) days after receipt of such certificate.
- (d) **Delay in Requests:** Failure or delay on the part of any Lender to demand compensation pursuant to this Section 11.2 shall not constitute a waiver of such Lender's right to demand such compensation, except that the Borrower shall not be required to compensate a Lender pursuant to this Section 11.2 for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefore, unless the Change in Law giving rise to such increased costs or reductions is retroactive, in which case the nine-month period referred to above shall be extended to include the period of retroactive effect thereof.

11.3 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 11.3) 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 11.3(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 11.3) 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 11.3 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 11.3 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 11.3(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.

11.4 Mitigation Obligations; Replacement of Lenders

- (a) **Designation of a Different Lending Office:** If any Lender requests compensation under Section 11.2, or requires the Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 11.2, then, if requested by the Borrower, such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Accommodations hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Subsidiaries, if, in the judgment of such Lender, such designation or assignment:
- (i) would eliminate or reduce amounts payable pursuant to Section 11.2 or 11.3, as the case may be, in the future; and
 - (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender.

The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

- (b) **Replacement of Lenders:** If any Lender requests compensation under Section 11.2, if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 11.3, if any Lender's obligations are suspended pursuant to Section 11.5 or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon 10 days' notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Article 10), all of its interest, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:
- (i) the Borrower pays the Agent the assignment fee specified in Section 13.1(b)(vi);
 - (ii) the assigning Lender receives payment of an amount equal to the outstanding principal of its Loans and participations in disbursements under Letters of Credit, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any breakage costs and amounts required to be paid under this Agreement as a result of prepayment to a Lender) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);
 - (iii) in the case of any such assignment resulting from a claim for compensation under Section 11.2 or payments required to be made pursuant to Section 11.3, such assignment will result in a reduction in such compensation or payments thereafter; and

- (iv) such assignment does not conflict with Applicable Law.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

11.5 Illegality

If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to make, or maintain any Accommodation (or to maintain its obligation to make any Accommodation), or to participate in, issue or maintain any Letter of Credit (or to maintain its obligation to participate in or to issue any Letter of Credit), or to determine or charge interest rates based upon any particular rate, then, on notice thereof by such Lender to the Borrower through the Agent, any obligation of such Lender with respect to the activity that is unlawful shall be suspended until such Lender notifies the Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Agent), prepay or, if conversion would avoid the activity that is unlawful, convert any Loans, or take any necessary steps with respect to any Letter of Credit in order to avoid the activity that is unlawful. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different lending office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

11.6 Substitute Basis of Borrowing

- (a) **LIBOR Loans:** Notwithstanding anything to the contrary herein contained, if at any time subsequent to the Borrower giving a Borrowing Notice, a Conversion Notice or a Rollover Notice to the Agent or the Operating Lenders, as applicable, with regard to any requested LIBOR Loan:
- (i) the Agent acting reasonably, determines that by reason of circumstances affecting the London Interbank Eurodollar Market, adequate and fair means do not exist for ascertaining the rate of interest with respect to, or deposits are not available in sufficient amounts in the ordinary course of business at the rate determined hereunder to fund, a requested LIBOR Loan during the ensuing LIBOR Interest Period selected;
 - (ii) the Agent acting reasonably, determines that the making or continuing of the requested LIBOR Loan by the Applicable Lenders has been made impracticable by the occurrence of an event which materially adversely affects the London Interbank Eurodollar Market generally; or
 - (iii) the Agent is advised by Lenders, acting reasonably, holding at least 25% of the Total Syndicated Facility Commitment by written notice (each, a "**Lender LIBOR Suspension Notice**"), such notice to be received by the Agent no later than 12:00 noon (Calgary time) on the third Business Day prior to the date of the requested Drawdown, Rollover or Conversion, as applicable, that such Lenders have determined, acting reasonably, that LIBOR will not or does not represent the effective cost to such Lenders of U.S. Dollar deposits in the London Interbank Eurodollar Market for the relevant LIBOR Interest Period,

then the Agent shall give notice thereof to the Lenders and the Borrower shall give notice thereof to the Borrower, as soon as possible after such determination or receipt of such Lender LIBOR Suspension Notice, as applicable, and the Borrower shall, within one (1) Business Day after receipt of such notice and in replacement of the Borrowing Notice, Conversion Notice or Rollover Notice previously given by the Borrower, give the Agent a Borrowing Notice or a Conversion Notice, as applicable, which specifies the Drawdown of any other Accommodation or the Conversion of the relevant LIBOR Loan on the last day of the applicable LIBOR Interest Period into any other Accommodation which would not be affected by the notice from the Agent pursuant to this Section 11.6.

In the event the Borrower fails to give, if applicable, a valid replacement Conversion Notice with respect to the maturing LIBOR Loans which were the subject of a Conversion Notice or Rollover Notice, such maturing LIBOR Loans shall be converted on the last day of the applicable LIBOR Interest Period into U.S. Base Rate Loans from the Syndicated Lenders or Operating Lender, as applicable, as if a valid replacement Conversion Notice had been given by the Borrower pursuant to the provisions hereof. In the event the Borrower fails to give, if applicable, a valid replacement Borrowing Notice with respect to a Drawdown originally requested by way of a LIBOR Loan, then the Borrower shall be deemed to have requested a Drawdown by way of a U.S. Base Rate Loan under the Syndicated Facility or Operating Facility, as applicable, as specified in the original Borrowing Notice, in the amount specified in the original Borrowing Notice and, on the originally requested Drawdown Date, the Syndicated Lenders or Operating Lender, as applicable, (subject to the other provisions hereof) shall make available the requested amount by way of a U.S. Base Rate Loan.

(b) **Bankers' Acceptances:** If:

- (i) the Agent or the Operating Lender, as applicable, acting reasonably, makes a determination, which determination shall be conclusive and binding upon the Borrower, and notifies the Borrower, that there no longer exists an active market for bankers' acceptances accepted by the Applicable Lenders; or
- (ii) the Operating Lender determines, acting reasonably, or the Agent is advised by Lenders holding at least 25% of the Total Syndicated Facility Commitment by written notice (each, a "**Lender BA Suspension Notice**") that such Lenders have determined, acting reasonably, that the Discount Rate will not or does not accurately reflect the cost of funds of such Lenders or the discount rate which would be applicable to a sale of Bankers' Acceptances accepted by such Lenders in the market;

then:

- (iii) the right of the Borrower to request Bankers' Acceptances or BA Equivalent Advances from any Lender shall be suspended under the affected Facility until the Agent or the Operating Lender, as applicable, determines that the circumstances causing such suspension no longer exist, and the Agent so notifies the Borrower and the Lenders or the Operating Lender so notifies the Agent;
- (iv) any outstanding Borrowing Notice requesting an Accommodation under the affected Facility by way of Bankers' Acceptances shall be deemed to be a Borrowing Notice requesting a Prime Loan in the amount and under the Facility specified in the original Borrowing Notice;

- (v) any outstanding Conversion Notice requesting a Conversion of a U.S. Base Rate Loan or LIBOR Loan into a Bankers' Acceptance under the affected Facility shall be deemed to be a Conversion Notice requesting a Conversion of such Loan into a Prime Loan under the same Facility which such U.S. Base Rate Loan was drawn; and
- (vi) any outstanding Rollover Notice requesting a Rollover of a Bankers' Acceptance under the affected Facility shall be deemed to be a Conversion Notice requesting a Conversion of such Bankers' Acceptances into a Prime Loan under the same Facility which such Bankers' Acceptance was drawn.

The Agent or the Operating Lender, as applicable, shall promptly notify the Borrower and the Lenders of any suspension of the Borrower's right to request Bankers' Acceptances and of any termination of any such suspension. A Lender BA Suspension Notice shall be effective upon receipt of the same by the Agent if received prior to 12:00 noon (Calgary time) on a Business Day and if not, then on the next following Business Day, except in connection with a Borrowing Notice, Conversion Notice or Rollover Notice previously received by the Agent, in which case the applicable Lender BA Suspension Notice shall only be effective with respect to such previously received Borrowing Notice, Conversion Notice or Rollover Notice if received by the Agent prior to 12:00 noon (Calgary time) two (2) Business Days prior to the proposed Drawdown Date, Conversion Date or Rollover Date (as applicable) applicable to such previously received Borrowing Notice, Conversion Notice or Rollover Notice, as applicable.

The Agent or the Operating Lender, as applicable, shall promptly notify the Borrower if the circumstances giving rise to the Lender LIBOR Suspension Notice no longer exist.

11.7 Funding Indemnity

If, for any reason whatsoever and whether or not required or permitted pursuant to the provisions of this Agreement, the Borrower repays, prepays, converts or cancels a LIBOR Loan other than on the last day of a LIBOR Interest Period applicable to such LIBOR Loan, or fails for any reason to borrow, convert, rollover or otherwise act in accordance with a notice given hereunder pursuant to Schedules "B", "D" or "E", the Borrower shall indemnify the Applicable Lender for any loss or expense incurred by such Lender including without limitation, any loss of profit or expenses such Lender incurs by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to maintain the LIBOR Loan or any increased interest or other charges payable to lenders of funds borrowed in order to maintain such LIBOR Loan together with any other out-of-pocket charges, costs or expenses incurred by such Lender relative thereto. A certificate of such Lender (acting reasonably and prepared in good faith) submitted by the Agent setting out the basis for the determination of the amount necessary to indemnify such Lender shall be, in the absence of manifest error, conclusive evidence thereof.

11.8 Indemnity; Damage Waiver

- (a) **Indemnification by the Borrower:** The Borrower shall indemnify the Agent, the Lead Arranger, (and any sub-agent thereof), each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Obligor arising out of, in connection with, or as a result of:

- (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance or non-performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation or non-consummation of the transactions contemplated hereby or thereby;
- (ii) any Accommodations or the use or proposed use of the proceeds therefrom (including any refusal by the Working Capital Lender to honour a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit);
- (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by the Borrower or any Borrowing Base Subsidiary, or any Environmental Liability related in any way to the Borrower or any Borrowing Base Subsidiary; or
- (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Obligor and regardless of whether any Indemnitee is a party thereto;

provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgement to have resulted from the gross negligence or wilful misconduct of such Indemnitee or (y) result from a claim brought by any Obligor against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Obligor has obtained a judgment in its favour on such claim as determined by a court of competent jurisdiction, nor shall it be available in respect of matters specifically addressed in Sections 11.1, 11.2 and 11.3.

- (b) **Reimbursement by Lenders:** To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under Section 11.1 or 11.8 to be paid by it to the Agent (or any sub-agent thereof), or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Agent (or any such sub-agent), or such Related Party, as the case may be, such Lender's Proportion (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent (or any such sub-agent), or against any Related Party of any of the foregoing acting for the Agent (or any such sub-agent), in connection with such capacity. The obligations of the Lenders under this Section 11.8(b) are subject to the other provisions of this Agreement concerning several liability of the Lenders.
- (c) **Waiver of Consequential Damages, Etc.:** To the fullest extent permitted by Applicable Law, the Obligors shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby (or any breach thereof), the transactions contemplated hereby or thereby, any Accommodation or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

- (d) **Payments:** All amounts due under Section 11.1 and this Section 11.8 shall be payable promptly after demand therefor. A certificate of the Agent or a Lender setting forth the amount or amounts owing to the Agent, such Lender, or a sub-agent or Related Party, as the case may be, as specified in Section 11.1 and this Section 11.8, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error.

ARTICLE 12 THE AGENT AND THE LENDERS

12.1 Appointment and Authority

Each of the Lenders, the Swap Lenders, the Cash Management Lender and the Creditcard Lender hereby irrevocably appoints BMO as the Agent to act on its behalf as the Agent hereunder and under the other Loan Documents and Credit Agreements and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article 12 are solely for the benefit of the Agent, the Lenders, the Swap Lenders, the Cash Management Lender and the Creditcard Lender and the Borrower shall not have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "Agent" herein or in any other Loan Documents (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties. The Agent is hereby authorized to enter into the Second Lien Intercreditor Agreement on behalf of the Lenders and to perform its obligations thereunder on behalf of the Lenders.

12.2 Rights as a Lender

The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender, Swap Lender, Cash Management Lender or Creditcard Lender as any other Lender, Swap Lender, Cash Management Lender or Creditcard Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders", "Swap Lender" or "Swap Lenders", "Cash Management Lender" or "Cash Management Lenders" or "Creditcard Lender" or "Creditcard Lenders", as applicable, shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Affiliate thereof as if such Person were not the Agent and without any duty to account to the Lenders.

12.3 Exculpatory Provisions

- (a) **Loan Document duties only:** The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Agent:
- (i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;
 - (ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Agent is required to exercise as directed in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be

expressly provided for in the Loan Documents), but the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of the Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the person serving as the Agent or any of its Subsidiaries in any capacity.

(b) **No liability:** The Agent shall not be liable for any action taken or not taken by it:

(i) with the consent or at the request of the Majority Lenders (or such other number or percentage of the Lenders as is necessary, or as the Agent believes in good faith is necessary, under the provisions of the Loan Documents); or

(ii) in the absence of its own gross negligence or wilful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgement.

The Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing the Default or Event of Default is given to the Agent by the Borrower or a Lender.

(c) **No duty to enquire:** The Agent shall not be responsible for or have any duty to ascertain or inquire into:

(i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document;

(ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith;

(iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default;

(iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document; or

(v) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to the Agent.

12.4 **Reliance by Agent**

The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person,

and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of any Accommodation, that by its terms must be fulfilled to the satisfaction of a Lender, the Agent may presume that such condition is satisfactory to such Lender unless the Agent shall have received notice to the contrary from such Lender prior to the making of such Accommodation. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

12.5 Indemnification of Agent

Each Lender agrees to indemnify the Agent and hold it harmless (to the extent not reimbursed by the Borrower), ratably according to its Lender's Proportion (and not jointly or jointly and severally) from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel, which may be 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 losses, claims, damages, liabilities and related expenses 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 for its Lender's Proportion of the Total Commitment of 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, the Loan Documents, but only to the extent that the Agent is not reimbursed for such expenses by the Borrower.

12.6 Delegation of Duties

The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Agent from among the Lenders (including the Person serving as Agent) and their respective Subsidiaries. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Article 12 and other provisions of this Agreement for the benefit of the Agent shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

12.7 Non-Reliance on Agent and Other Lenders

Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

12.8 Collective Action of the Lenders

Each of the Lenders hereby acknowledges that to the extent permitted by Applicable Law, any collateral security and the remedies provided under the Loan Documents to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder and under any collateral security are to be exercised not severally, but by the Agent upon the

decision of the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents). Accordingly, notwithstanding any of the provisions contained herein or in any collateral security, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action hereunder or thereunder including, without limitation, any declaration of default hereunder or thereunder but that any such action shall be taken only by the Agent with the prior written agreement of the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents). Each of the Lenders hereby further covenants and agrees that upon any such written agreement being given, it shall co-operate fully with the Agent to the extent requested by the Agent. Notwithstanding the foregoing, in the absence of 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.

12.9 No Other Duties, etc.

Anything herein to the contrary notwithstanding, none of the Lead Arranger, the Bookrunner or holders of similar titles, if any, specified in this Agreement shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Agent or a Lender hereunder.

12.10 Determinations by Lenders

- (a) **Lenders' Determinations:** Where the provisions of this Agreement provide that any waiver of or any amendment to any provision of the Loan Documents may be made or any action, consent or other determination in connection with the Loan Documents may be taken or given, with the consent or agreement of the Majority Lenders, then any such waiver, amendment, action, consent or determination so made, so taken or so given with the consent or agreement of the Majority Lenders shall be binding on all of the Lenders and all of the Lenders shall cooperate in all ways necessary or desirable to implement and effect such waiver, amendment, action, consent or determination.
- (b) **Deemed Non-Consent:** Unless otherwise specifically dealt with in this Agreement, in the event the Agent delivers a written notice to a Lender requesting advice from such Lender as to whether it consents or objects to any matter in connection with the Loan Documents, then, except as otherwise expressly provided herein, if such Lender, Swap Lender, Cash Management Lender or Creditcard Lender does not deliver to the Agent its written consent or objection to such matter:
- (i) where a time period is specified hereunder for the Agent or the Majority Lenders to provide any response, notice or other communication, not less than one (1) Business Day prior to the end of such period; or
 - (ii) where no such time period is specified hereunder, then within twenty (20) Business Days of the delivery of such written notice by the Agent to such Lender, Swap Lender, Cash Management Lender or Creditcard Lender,

the such Lender, Swap Lender, Cash Management Lender or Creditcard Lender shall be deemed not to have consented thereto.

12.11 Notices between the Lenders and Swap Lenders, the Agent and the Borrower

All notices by the Lenders, Swap Lenders, Cash Management Lender or Creditcard Lender to the Agent shall be through the applicable Agent's Branch of Account and all notices by the Agent to a Lender or Swap Lender shall be through such Lender's Branch of Account. All notices or communications between the Borrower and the Lenders or Swap Lenders which are required or contemplated pursuant to the Loan Documents shall be given or made through the Agent at the applicable Agent's Branch of Account.

12.12 Agent's Duty to Deliver Documents Obtained from the Borrower or an Obligor

The Agent shall promptly deliver (and which delivery may be made electronically) to each Lender or Swap Lender, at its Branch of Account, such documents, papers, materials and other information as are furnished by the Borrower or an Obligor to the Agent on behalf of such Lender or Swap Lender pursuant to this Agreement, and the Borrower shall provide the Agent with sufficient copies of all such information for such purpose.

12.13 Arrangements for Accommodations

The Agent shall promptly give written notice to each Applicable Lender at its Branch of Account upon receipt by the Agent of any notice given pursuant to Article 3 or Section 4.3. The Agent shall advise each Applicable Lender of the amount, date and details of each Accommodation and of such Lender's share in each Accommodation. At or before 1:00 p.m. (Toronto time) on each Drawdown Date, Conversion Date or date of a Rollover:

- (a) **Loans:** each Applicable Lender will make available to the Borrower its share of Accommodations by way of Loans by forwarding to the Agent at the Agent's Account for Payments the amount of Loans required to be made available by such Lender; and
- (b) **Bankers' Acceptances:** each Applicable Lender will make available to the Borrower its share of Accommodations by way of Bankers' Acceptances and BA Equivalent Advances by forwarding to the Agent at the Agent's Account for Payments the amount of the Discount Proceeds (less the amount of applicable fees payable by the Borrower to such Lender pursuant to Section 5.4).

12.14 Arrangements for Repayment of Accommodations

- (a) **Prior to Default or Acceleration:** Prior to the delivery of an Acceleration Notice, or the occurrence of an Event of Default, specified in Sections 10.1(g) or 10.1(h), receipt by the Agent of payments from the Borrower on account of principal, interest, fees or any other payment made to the Agent on behalf of the Lenders, the Agent shall pay over to each Lender at its Branch of Account the amount to which it is entitled under this Agreement and shall use its best efforts to make such payment to such Lender on the same Business Day on which such payment is received by the Agent. If the Agent does not remit any such payment to a Lender on the same Business Day as such payment is received by the Agent, the Agent shall pay interest thereon to such Lender until the date of payment at a rate determined by the Agent (such rate to be conclusive and binding on such Lender) in accordance with the Agent's usual banking practice in respect of deposits of amounts comparable to the amount of such payment which are received by the Agent at a time similar to the time at which such payment is received by the Agent.
- (b) **Subsequent to Acceleration:** Following delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Sections 10.1(h), or 10.1(i), the Lenders, the Swap Lenders, the

Cash Management Lender and the Creditcard Lender shall share any payments subsequently received in accordance with Section 10.7 of this Agreement.

12.15 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 Accommodation that such Lender will not make available to the Agent such Lender's share of such Accommodation, 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, 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 Accommodation available to the Agent, then the applicable Lender shall pay 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 a rate determined by the Agent in accordance with prevailing banking industry practice on interbank compensation. If such Lender pays such amount to the Agent, then such amount shall constitute such Lender's Proportion of such Borrowing. If the Lender does not do so forthwith, the Borrower shall pay to the Agent forthwith on demand such corresponding amount with interest thereon at the interest rate applicable to the Borrowing in question. 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 Borrower; Presumptions by 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 Lenders. In such event, if the Borrower has not in fact made such payment, then each of the 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 determined by the Agent in accordance with prevailing banking industry practice on interbank compensation.

12.16 Sharing of Payments by Lenders

- (a) **Excess payments:** If any Lender, by exercising any right of setoff or counterclaim or otherwise, obtains any payment or other reduction that might result in such Lender receiving payment or other reduction of a proportion of the aggregate amount of its Accommodations and accrued interest thereon or other obligations hereunder greater than its pro rata share thereof as provided herein, then the Lender receiving such payment or other reduction shall (a) notify the Agent of such fact, and (b) purchase (for cash at face value) participations in the Accommodations and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders rateably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:
- (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest,

- (ii) the provisions of this Section 12.16 shall not be construed to apply to (x) any payment made by any Obligor pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Accommodations to any assignee or participant, other than to any Obligor or any Affiliate of an Obligor (as to which the provisions of this Section 12.16 shall apply); and
- (iii) the provisions of this Section 12.16 shall not be construed to apply to (w) any payment made while no Event of Default has occurred and is continuing in respect of obligations of the Borrower to such Lender that do not arise under or in connection with the Loan Documents, (x) any payment made in respect of an obligation that is secured by a Permitted Encumbrance or that is otherwise entitled to priority over the obligations of the Borrower under or in connection with the Loan Documents, (y) any reduction arising from an amount owing to an Obligor upon the termination of derivatives entered into between the Obligor and such Lender, or (z) any payment to which such Lender is entitled as a result of any form of credit protection obtained by such Lender.

The Borrower on its own behalf and for and on behalf of the Obligors consent to the foregoing and agree, to the extent they may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Obligor rights of setoff and counterclaim and similar rights of Lenders with respect to such participation as fully as if such Lender were a direct creditor of each Obligor in the amount of such participation.

- (b) **Further Assurances:** The Borrower agrees to be bound by and, at the request of the Agent, to do all things necessary or appropriate to give effect to any and all purchases and other adjustments made by and between the Lenders pursuant to this Section 12.16 but shall incur no increased liabilities, in aggregate, by reason thereof.

12.17 Lenders' Consents to Waivers, Amendments, etc.

- (a) **Unanimous Consent:** Any waiver of or any amendment to a provision of the Loan Documents which relates to:
 - (i) a change in the types of Accommodations, interest periods, interest rates, standby fees, the Applicable Margin, the Standby Fee Rate, notice periods or the amount of any payments payable by the Borrower to any Lender under this Agreement, including any waiver of the time of payment thereof;
 - (ii) an increase or decrease in the Commitment of any Lender other than as provided for herein;
 - (iii) an increase or decrease to, or confirmation of, the Borrowing Base;
 - (iv) a change in the definition of "Applicable Margin", "Borrowing Base", "CDOR Rate", "Discount Rate", "Majority Lenders", "Term-Out Date", "Term Maturity Date";
 - (v) any matter which, pursuant to the Loan Documents, specifically requires the consent or agreement of all of the Lenders (or words to like effect) rather than the consent or agreement of "the Lenders" or the "Majority Lenders" or the "Agent";

- (vi) the provisions of Sections 3.6(f) or 3.6(h) of this Section 12.17(a);
- (vii) an Event of Default; or
- (viii) any release or modification of the Security, except as provided in Section 6.6, and except for modifications which are mechanical and administrative in nature,

shall bind the Lenders, the Swap Lenders, the Cash Management Lender and the Creditcard Lender only if such waiver or amendment is agreed to in writing by all of the Lenders.

- (b) **Majority Consent:** Subject to Section 12.17(a) and except as otherwise provided in the Loan Documents, any waiver, consent to or any amendment to any provision of the Loan Documents and any action, consent or other determination in connection with the Loan Documents shall bind all of the Lenders, Swap Lenders, the Cash Management Lender and the Creditcard Lender if such waiver, amendment, action, consent or other determination is agreed to in writing by the Majority Lenders.
- (c) **Agent's Consent:** Any waiver, consent to or any amendment to any provision of the Loan Documents which relates to the rights or obligations of the Agent shall require the agreement of the Agent thereto.
- (d) **Working Capital Lender's Consent:** Any waiver, consent to or any amendment to any provision of the Loan Documents which relates solely to the rights or obligations of the Working Capital Lender shall only require the agreement of the Working Capital Lender thereto.

12.18 Replacement of Agent

- (a) **Notice of Resignation:** The Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Majority Lenders shall have the right, with the consent of the Borrower, such consent not to be unreasonably withheld, to appoint a successor, which shall be a Lender having a Commitment having an office in Toronto, Ontario or Montréal, Québec or an Affiliate of any such Lender with an office in Toronto. The Agent may also be removed at any time by the Majority Lenders upon 30 days' notice to the Agent and the Borrower as long as the Majority Lenders, with the consent of the Borrower, such consent not to be unreasonably withheld, appoint and obtain the acceptance of a successor within such 30 days, which shall be a Lender having a Commitment and having an office in Toronto or Montréal, or an Affiliate of any such Lender with an office in Toronto or Montréal.
- (b) **Appointment of Successor:** If no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders, appoint a successor Agent meeting the qualifications specified in Section 12.18(a), provided that if the Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Agent on behalf of the Lenders under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time as the Majority Lenders appoint a successor Agent as provided for in Section 12.18(a).

- (c) **Rights Vest in Successor or Agent:** Upon a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the former Agent, and the former Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided in the preceding paragraph). The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the termination of the service of the former Agent, the provisions of this Section 12.18 and of Section 11.1 and 11.8 shall continue in effect for the benefit of such former Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the former Agent was acting as Agent.

12.19 **Sharing of Information**

Subject to Section 13.2, the Borrower authorizes the Agent and each Lender, Swap Lender, Cash Management Lender and the Creditcard Lender to share among each other, with any of their Affiliates, and with any successor, assignee or any potential assignee, any information possessed by it regarding an Obligor, the Loan Document or the Credit Agreements.

12.20 **Amendment to this Article 12**

Save and except for the provisions of Sections 12.16, 12.17 and 12.18, the provisions of this Article 12 may be amended or added to, from time to time, without the agreement of the Borrower, provided such amendment or addition does not adversely affect the rights of the Borrower hereunder or increase, in aggregate, the liabilities of the Borrower hereunder. A copy of the instrument evidencing such amendment or addition shall be forwarded by the Agent to the Borrower as soon as practicable following the execution thereof; provided that after an Event of Default the Agent shall not have any liability to the Borrower to do so.

12.21 **The Agent and Defaulting Lenders**

- (a) Each Defaulting Lender shall be required to provide to the Agent cash in an amount, as shall be determined from time to time by the Agent in its discretion, equal to all obligations of such Defaulting Lender to the Agent that are owing or may become owing pursuant to this Agreement, including such Defaulting Lender's obligation to pay its Lender's Proportion of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrower. Such cash shall be held by the Agent in one or more cash collateral accounts, which accounts shall be in the name of the Agent and shall not be required to be interest bearing. The Agent shall be entitled to apply the foregoing cash in accordance with Section 12.5, in the case of amounts owing to the Agent.
- (b) In addition to the indemnity and reimbursement obligations noted in Section 12.5, the Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower and without limiting the obligations of the Borrower hereunder) rateably according to their respective Lender's Proportion (and in calculating the Lender's Proportion of a Lender, ignoring the Commitments of Defaulting Lenders) any amount that a Defaulting Lender fails to pay the Agent and which is due and owing to the Agent pursuant to Section 12.5. Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender and which would otherwise be payable by the Defaulting Lender.
- (c) The Agent shall be entitled to set off any Defaulting Lender's Proportion of all payments received from the Borrower against such Defaulting Lender's obligations to make payments and fund

Accommodations required to be made by it and to purchase participations required to be purchased by it in each case under this Agreement and the other Loan Documents. To the extent permitted by law, the Agent shall be entitled to withhold and deposit in one or more non-interest bearing cash collateral accounts in the name of the Agent all amounts (whether principal, interest, fees or otherwise) received by the Agent and due to a Defaulting Lender pursuant to this Agreement, for so long as such Lender is a Defaulting Lender, which amounts shall be used by the Agent:

- (i) first, to reimburse the Agent for any amounts owing to it, in its capacity as Agent, by such Defaulting Lender pursuant to any Loan Document;
 - (ii) second, to repay on a *pro rata* basis the incremental portion of any Accommodations made by a Lender pursuant to Section 14.2 in order to fund a shortfall created by a Defaulting Lender and, upon receipt of such repayment, each such Lender shall be deemed to have assigned to the Defaulting Lender such incremental portion of such Accommodations;
 - (iii) third, to cash collateralize all other obligations of such Defaulting Lender to the Agent owing pursuant to this Agreement in such amount as shall be determined from time to time by the Agent in its discretion, including such Defaulting Lender's obligation to pay its Lender's Proportion of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrower; and
 - (iv) fourth, to fund from time to time the Defaulting Lender's Proportion of Lender Outstandings.
- (d) For greater certainty and in addition to the foregoing, neither the Agent nor any of its Affiliates nor any of their respective shareholders, officers, directors, employees, agents or representatives shall be liable to any Lender (including a Defaulting Lender) for any action taken or omitted to be taken by it in connection with amounts payable by the Borrower to a Defaulting Lender and received and deposited by the Agent in a cash collateral account and applied in accordance with the provisions of this Agreement, save and except for the gross negligence or wilful misconduct of the Agent as determined by a final non-appealable judgment of a court of competent jurisdiction.

ARTICLE 13 SUCCESSORS AND ASSIGNS, JUDGMENT CURRENCY AND CONFIDENTIAL INFORMATION

13.1 Successors and Assigns

- (a) **Successors and Assigns Generally:** Subject to Section 3.4, the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that, the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior, written consent of the Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except:
- (i) to an Eligible Assignee in accordance with the provisions of Section 13.1(b);
 - (ii) by way of participation in accordance with the provisions of Section 13.1(d); or

- (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 13.1(f) (and any other attempted assignment or transfer by any party hereto shall be null and void).

Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 13.1(d) and, to the extent expressly contemplated hereby, the Related Parties of each of the Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

- (b) **Assignments by Lenders:** Subject to Section 3.4, any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Accommodations at the time owing to it); provided that:

- (i) except if an Event of Default has occurred and is continuing or in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Accommodations at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Investment Fund with respect to a Lender, the aggregate amount of the Commitment being assigned (which for this purpose includes Accommodations outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Accommodations of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption Agreement with respect to such assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment and Assumption Agreement, as of the Trade Date) shall not be less than Cdn. \$5,000,000, in the case of any assignment in respect of the Production Facility, or in the case of any assignment in respect of the Working Capital Facility, all of such Commitment, unless each of the Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrower otherwise consents to a lower amount (each such consent not to be unreasonably withheld or delayed);
- (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Accommodations and the Commitment assigned, except this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate credits on a non-*pro rata* basis;
- (iii) any assignment of a Commitment relating to a credit under which Letters of Credit may be issued must be approved by the Working Capital Lender (such approval not to be unreasonably withheld or delayed) unless the Person that is the proposed assignee is itself already a Lender;
- (iv) any assignment must be approved by the Agent (such approval not to be unreasonably withheld or delayed) unless:
- (A) in the case of an assignment of a Commitment relating to a revolving credit, the proposed assignee is itself already a Lender;
- (B) no Event of Default has occurred and is continuing and the Commitment has been fully advanced and is no longer permitted to revolve; or

- (C) the proposed assignee is a bank whose senior, unsecured, non-credit enhanced, long term debt is rated at least A3, A- or A low by at least two of Moody's Investor Service, Inc., Standard & Poor's Rating Group and Dominion Bond Rating Service, respectively;
- (v) any assignment must be approved by the Borrower (such approval not to be unreasonably withheld or delayed) unless the proposed assignee is itself already a Lender or an Event of Default has occurred and is continuing; and
- (vi) the parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption Agreement, together with a processing and recordation fee of Cdn \$3,500.

Subject to acceptance and recording thereof by the Agent pursuant to Section 13.1(c), from and after the effective date specified in each Assignment and Assumption Agreement, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations of a Lender under this Agreement and the other Loan Documents, including any collateral security, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Article 11, and shall continue to be liable for any breach of this Agreement by such Lender, with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with Section 13.1(b) shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 13.1(d). Any payment by an assignee to an assigning Lender in connection with an assignment or transfer shall not be or be deemed to be a repayment by the Borrower or a new Accommodations to the Borrower.

- (c) **Register:** The Agent shall maintain at one of its offices in Toronto, Ontario a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Accommodations owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.
- (d) **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, including any Restricted Subsidiary) (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 Accommodations owing to it); provided that:
 - (i) such Lender's obligations under this Agreement shall remain unchanged;
 - (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and

- (iii) 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 by the Accommodation or a new Accommodation to the Borrower.

Subject to Section 13.1(e), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 11.2 and 11.3 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 13.1(b).

- (e) **Limitations upon Participant Rights:** A Participant shall not be entitled to receive any greater payment under Section 11.2 and 11.3 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 11.3 unless the Borrower are notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 11.3(e) as though it were a Lender.
- (f) **Certain Pledges:** Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, but no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledge or assignee for such Lender as a party hereto.

13.2 Treatment of Certain Information; Confidentiality

- (a) **Confidentiality:** Each of the Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed:
 - (i) to it, its Subsidiaries and its and its Subsidiaries' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and required to keep such Information confidential);
 - (ii) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority);
 - (iii) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process;
 - (iv) to any other party hereto;
 - (v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder;
 - (vi) subject to the execution and delivery of an agreement in favour of the Borrower containing provisions substantially the same as those of this Section 13.2, to:

- (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement; or
 - (B) any actual or prospective counterparty (or its advisors) to any swap, derivative, credit-linked note or similar transaction relating to the Borrower and its obligations;
- (vii) with the consent of the Borrower; or
 - (viii) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Agent or any Lender on a non-confidential basis from a source other than the Borrower or a Restricted Subsidiary.
- (b) **Information:** For purposes of this Section 13.2, "**Information**" means all information received in connection with this Agreement or the other Loan Documents from any Obligor relating to any Obligor or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Agent or any Lender on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section 13.2 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if required to do so, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and shall only make available to the public such Information as such person normally makes available in the course of its business of assigning identification numbers.
- (c) **Certain Disclosure:** In addition, and notwithstanding anything herein to the contrary but subject to the prior approval by the Borrower, such approval not to be unreasonably withheld, the Agent may provide such information concerning the Borrower and the Facilities to Loan Pricing Corporation and/or other recognized trade publishers of information for general circulation in the loan market as is provided by Agent to any such Persons in accordance with the Agent's usual and customary practices.

13.3 Judgment Currency

If for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement it becomes necessary to convert into the currency of such jurisdiction (herein called the "**Judgment Currency**") any amount due hereunder in any currency other than the Judgment Currency, then such conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For such purpose "rate of exchange" means the spot rate at which the Agent, on the relevant date at or about 12:00 o'clock noon (Toronto time), would be prepared to sell a similar amount of such currency in Toronto, Ontario against the Judgment Currency. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of payment of the amount due, the Borrower shall, on the date of payment, pay such additional amounts (if any) as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of payment is the amount then due under this Agreement in such other currency. Any additional amount due from the Borrower under this Section 13.3 shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Agreement.

13.4 Swap Lender

If any Swap Lender for any reason ceases to be a Lender, such Swap Lender shall continue to be bound by and entitled to the benefits of the terms and conditions hereof in such capacity and entitled to the benefits of the Security until such time as it is no longer a party to any Swap with the Borrower or a Borrowing Base Subsidiary and with the exception of any indemnities of, or in favour of, such Swap Lender hereunder existing at that time and which shall survive such termination.

**ARTICLE 14
MISCELLANEOUS**

14.1 Severability

Any provision of this Agreement which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

14.2 Defaulting Lenders

- (a) Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:
- (i) the standby fees payable pursuant to Section 5.7 shall cease to accrue on the unused portion of the Commitment of such Defaulting Lender;
 - (ii) a Defaulting Lender shall not be included in determining whether, and the Commitment and the Lender's Proportion of the Lender Outstandings of such Defaulting Lender shall not be included in determining whether, all Lenders or the Majority Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 12.17, provided that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that (A) materially and adversely affects such Defaulting Lender differently than other affected Lenders, (B) increases the Commitment or extends the Term Maturity Date of such Defaulting Lender, or (C) relates to the matters set forth in Sections 12.17(a)(i), (i) (in so far as it relates to the Commitment of a Defaulting Lender), (ii), (iv) and (vi), shall require the consent of such Defaulting Lender; and
 - (iii) for the avoidance of doubt, the Borrower shall retain and reserve its other rights and remedies respecting each Defaulting Lender.
- (b) If the Agent has actual knowledge that a Lender is a Defaulting Lender at the time that the Agent receives (i) a Borrowing Notice or (ii) a Conversion Notice that will result in a currency conversion, then each other Lender shall fund its Lender's Proportion of such affected Accommodation (and, in calculating such Lender's Proportion, the Agent shall ignore the Commitments of each such Defaulting Lender); provided that, for certainty, no Lender shall be obligated by this Section 14.2(b) to make or provide Accommodations in excess of its Commitment. If the Agent acquires actual knowledge that a Lender is a Defaulting Lender at any time after the Agent receives (i) a Borrowing Notice or (ii) a Conversion Notice that will result in a currency conversion, then the Agent shall promptly notify the Borrower that such Lender is a

Defaulting Lender (and such Lender shall be deemed to have consented to such disclosure). Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender under this Section 14.2(b) and which would otherwise have been paid by the Defaulting Lender if its Commitment had been included in determining the Lender's Proportion of such affected Accommodations.

- (c) If any Lender shall cease to be a Defaulting Lender, then, upon becoming aware of the same, the Agent shall notify the other Lenders and (in accordance with the written direction of the Agent) such Lender (which has ceased to be a Defaulting Lender) shall purchase, and the other Lenders shall on a rateable basis sell and assign to such Lender, portions of such Lender Outstandings equal in total to such Lender's Lender's Proportion thereof without regard to Section 14.2(b).

14.3 Survival of Undertakings

All covenants, undertakings, agreements, representations and warranties made pursuant to this Agreement survive the execution and delivery of this Agreement and continue in full force and effect until the full payment and satisfaction of all obligations of the Borrower and all Obligors incurred pursuant to the Loan Documents and the termination of this Agreement.

14.4 Failure to Act

No failure, omission or delay on the part of the Agent or any Lender or Swap Lender in exercising any right, power or privilege hereunder shall impair such right, power or privilege or operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

14.5 Waivers

No breach of any of the provisions of any of the Loan Documents may be waived or discharged verbally; any such waiver or discharge may only be made by way of an instrument in writing signed by either the Agent on behalf of the Lenders or the Majority Lenders, as applicable, or by the Lenders and, if required by the Agent, the Borrower, and such waiver or discharge will then be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given. Any such waiver or discharge, which affects the rights of the Agent, may only be made by way of an instrument in writing signed by the Agent.

14.6 Amendments

No provision of the Loan Documents may be amended verbally and, except as provided in Section 12.19, any such amendment may only be made by way of an instrument in writing signed by the Borrower, the Agent and either the Agent on behalf of the Lenders or by all of the Lenders.

14.7 Notice

- (a) **Notices Generally:** Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 14.7(b)), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to the addresses or telecopier numbers specified elsewhere in this Agreement or, if to a Lender, to it at its address or telecopier number specified in the Register or, if to an Obligor other than the Borrower, in care of the Borrower.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given on a Business Day between 9:00 a.m. and 1:00 p.m. local time where the recipient is located, shall be deemed to have been given at 9:00 a.m. on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 14.7(b), shall be effective as provided in Section 14.7(b).

- (b) **Electronic Communications:** Notices and other communications to the Agent and the Lenders hereunder, may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Agent, provided that the foregoing shall not apply to notices to any Lender of Accommodations to be made if such Lender has notified the Agent that it is incapable of receiving such notices by electronic communication. The Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Agent otherwise prescribes:

- (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient; and
- (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) **Platform:**

- (i) The Borrower agrees that the Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system (the "**Platform**").
- (ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Agent or any of its Related Parties (collectively, the "**Agent Parties**") have any liability to the Borrower or the other Obligor, any Lender or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower's, any Obligor's or the Agent's transmission of communications through the

Platform. "**Communications**" means, collectively, any notice, demand, communication, information, document or other material that the Borrower or any Obligor provides to the Agent pursuant to any Loan Document or the transactions contemplated therein which is distributed to the Agent or any Lender by means of electronic communications pursuant to this Section, including through the Platform.

- (d) **Change of Address Etc.:** Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

14.8 Whole Agreement

This Agreement together with the other Loan Documents constitutes the whole and entire agreement between the parties and cancels and supersedes any prior agreements, undertakings, declarations and representations, written or verbal, in respect of the subject matter of this Agreement and the other Loan Documents.

14.9 Governing Law

- (a) **Governing Law:** This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein.
- (b) **Submission to Jurisdiction:** The Borrower irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the Province of Alberta, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.
- (c) **Waiver of Venue:** The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 14.9(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

14.10 Waiver of Jury Trial

Each party hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto:

- (a) certifies that no representative, agent or attorney of any other Person has represented, expressly or otherwise, that such other Person would not, in the event of litigation, seek to enforce the foregoing waiver; and

- (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Loan Documents by, among other things, the mutual waivers and certifications in this Section 14.10.

14.11 Counterparts: Integration: Effectiveness: Electronic Execution

- (a) **Counterparts: Integration: Effectiveness:** This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents and any separate letter agreements with respect to fees payable to the Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Article 8, this Agreement shall become effective when it has been executed by the Agent and when the Agent has received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.
- (b) **Electronic Execution of Assignments:** The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the *Electronic Transactions Act* (Alberta), Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada), the *Electronic Commerce Act, 2000* (Ontario) and other similar federal or provincial laws based on the *Uniform Electronic Commerce Act* of the Uniform Law Conference of Canada or its *Uniform Electronic Evidence Act*, as the case may be.

14.12 Term of Agreement

The term of this Agreement is until the later of the termination of all Credit Agreements such that thereafter there is not then nor can be any Outstandings, Lender Outstandings or Swap Indebtedness arising under any Loan Documents.

14.13 Time of Essence

Time shall be of the essence of this Agreement.

14.14 Anti-Money Laundering Legislation

- (a) Each Lender and the Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that, pursuant to the requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (USA) or any other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" Applicable Laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "AML Legislation"), it may be required to obtain, verify and record information that identifies the Borrower and its Subsidiaries, which information includes the name and address of each such Person and such other information that will allow such Lender

or the Agent, as applicable, to identify each such Person in accordance with AML Legislation (including information regarding such Person's directors, authorized signing officers, direct or indirect shareholders or unitholders or other Persons in control of each such Person). The Borrower shall promptly provide and cause its Subsidiaries to provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Agent (for itself and not on behalf of any Lender), or any permitted prospective assignee or permitted participant of a Lender or the Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

- (b) If, upon the written request of any Lender, the Agent has ascertained the identity of the Borrower or any other Obligor or any authorized signatories of the Borrower or any other Obligor for the purposes of applicable AML Legislation on such Lender's behalf, then the Agent;
- (i) shall be deemed to have done so as an agent for such Lender, and this Agreement shall constitute a "written agreement" in such regard between such Lender and the Agent within the meaning of applicable AML Legislation; and
 - (ii) shall provide to such Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence, each of the Lenders agrees that the Agent has no obligation to ascertain the identity of the Borrower or any other Obligor or any authorized signatories of the Borrower or any other Obligor, on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Borrower or any other Obligor or any such authorized signatory in doing so.

14.15 Conflict with Loan Documents

In the event there is a conflict or inconsistency as to any matter between the provisions hereof and the provisions of any other Loan Document, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency; provided, however, that for the purposes of this Section 14.14 there shall not be considered to be a conflict or inconsistency between any provision hereof and any provision of any other Loan Document merely because one of such Loan Documents does, and the other does not, deal with the particular matter.

14.16 Dealings with Agent

Subject to Section 12.10(a) and 12.17, the Borrower shall be entitled to accept the written advice, instruction or direction of the Agent on behalf of the Majority Lenders or the Lenders without further inquiry. Each Lender hereby agrees to be bound by any advice, instruction or direction in writing given to the Borrower by the Agent on behalf of the Majority Lenders or the Lenders, where it is authorized to do so in accordance with the terms and conditions hereof or under any other Loan Document, and each Lender hereby waives any right to contest or disaffirm any such advice, instruction or direction in writing of the Agent, in the absence of manifest error.

14.17 Further Assurances

The Borrower, the Agent and each of the Lenders shall do all such further acts and things and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms of the Loan Documents.

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

Schedule "A" to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC., as Borrower and a consortium of Lenders with [REDACTED], as Agent

LENDER COMMITMENTS

<u>Lender</u>	Production Facility Commitment	Working Capital Facility Commitment	Total Lender's Commitment
[REDACTED] Calgary, Alberta T2P 1G1 Attention: Director Fax No.: [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] Attention: Director Fax No.: [REDACTED]	[REDACTED]	Nil	[REDACTED]
[REDACTED] Attention: Relationship Manager Fax No.: [REDACTED]	[REDACTED]	Nil	[REDACTED]
Total:	[REDACTED]	[REDACTED]	[REDACTED]

*All amounts in the above table are expressed in Cdn. \$

Schedule "B" to the Amended and Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED], as Agent

**NOTICE OF ACCOMMODATION, REPAYMENT, PREPAYMENT
OR CANCELLATION OF TOTAL COMMITMENT**

Date: _____

[REDACTED]
[REDACTED]
[REDACTED]

Attention: Manager, Agent Bank Services
Fax No.: [REDACTED]

Dear Sirs:

We refer to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 as amended from time to time, between JOURNEY ENERGY INC. and a consortium of lenders with BANK OF MONTREAL, as Agent (the "Credit Agreement"). Capitalized terms used herein have the same meaning as in the Credit Agreement.

We hereby give notice of our request for an [Accommodation, repayment, prepayment and/or cancellation of Total Commitment] pursuant to Section [3.8, 3.9, 3.12 or 4.3] of the Credit Agreement as follows:

1. Amount of [Accommodation, Repayment, Cancellation, or Prepayment] [Cdn. \$ or US \$]

2. Date of [Accommodation, repayment, prepayment and/or cancellation of Commitment] is

3. [If applicable]. Nature of [Accommodation, Repayment or Prepayment] is by way of a [Prime Loan, U.S. Base Rate Loan, LIBOR Loan] [Letter of Credit], BA Equivalent Advance or Bankers' Acceptance].
4. Facility under which the Accommodation is to be drawn [Production Facility] [Working Capital Facility].
5. [If applicable]. The amount of the [Production Facility Commitment] to be cancelled is Cdn. \$ _____. Accordingly, the amount of the Applicable Commitment of each Lender and the amount of the [Production Facility Commitment] after giving effect to the cancellation request shall be as follows:

[specify particulars]
6. [If applicable]. The LIBOR Interest Period for the LIBOR Loan is _____ months.
7. [If applicable]. The details with respect to the Letter of Credit are _____.

8. The term of each Bankers' Acceptance shall be for a period of _____ days not less than 30 days nor more than 180 days. Please forward confirmation of this Accommodation by way of Bankers' Acceptance in the form of Schedule "C-1" to the Borrower and Schedule "C-2" to the Lenders on the Drawdown Date.
9. Special Instructions [if applicable].

We hereby represent and warrant that all of the representations and warranties contained in Section 2.1 of the Credit Agreement are true and correct on the date hereof, that there is no Default or Event of Default outstanding and that the proceeds of any Accommodation requested hereunder will be used for the purposes specified in Section 3.5 of the Credit Agreement.

Yours very truly,

JOURNEY ENERGY INC.

By: _____

Title: _____

Schedule "C" -1 to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED], as Agent

CONFIRMATION OF ACCOMMODATION BY WAY OF BANKERS' ACCEPTANCE

Confirmation to Borrower

Date: _____

TO: Journey Energy Inc.
700, 517 - 10th Avenue S.W.
Calgary, Alberta
T2R 0A8

Attention: Chief Financial Officer

Dear Sirs:

We refer to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 as amended from time to time, between JOURNEY ENERGY INC. and a consortium of lenders with BANK OF MONTREAL, as Agent (the "Credit Agreement"). Capitalized terms used herein have the same meanings as in the Credit Agreement.

1. In accordance with Section 3.13(b) of the Credit Agreement, we confirm the particulars of the issuance of Bankers' Acceptances purchased by the Lenders today were as follows:

Aggregate Face Amount: Cdn \$

Term:

Discount Rate (%):

- Schedule I Lenders:

- Schedule II Lenders:

- Schedule III Lenders:

Aggregate Price: Cdn \$

Aggregate Discount Proceeds: Cdn \$

Aggregate B/A Stamping Fees: Cdn \$

Net Proceeds: Cdn \$

2. For value _____ we will credit your account _____ maintained at
_____ Branch with Cdn. \$ _____

Yours very truly,

_____ as Agent

By: _____

Title: _____

Schedule "C-2" to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED], as Agent

CONFIRMATION OF ACCOMMODATION BY WAY OF BANKERS' ACCEPTANCE

Confirmation to Lenders

Date: _____

TO: [Name of Lender]

Dear Sir:

We refer to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 as amended from time to time, between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED], as Agent (the "Credit Agreement"). Capitalized terms used herein have the same meaning as in the Credit Agreement.

1. In accordance with Section 3.13(b) of the Credit Agreement, we confirm the particulars of Bankers' Acceptances to be purchased by you (or if applicable BA Equivalent Advances to be made by you), as follows:

Aggregate Face Amount: Cdn \$

Term:

Discount Rate (%):

- Schedule I Lenders:

- Schedule II Lenders:

- Schedule III Lenders:

Aggregate Price: Cdn \$

Aggregate Discount Proceeds: Cdn \$

Aggregate B/A Stamping Fees: Cdn \$

Net Proceeds: Cdn \$

Section 5.4 Fees: Cdn \$

[Note: B/A Stamping Fees]

2. For value _____, _____, please remit \$ _____ to the applicable Agent's Account for Payments as set forth in the Credit Agreement.

Yours very truly,

_____, as Agent

By: _____

Title: _____

Schedule "D" to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED] as Agent

NOTICE OF CONVERSION

Date: _____

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Attention: Manager, Agent Bank Services
Fax No.: [REDACTED]

Dear Sirs:

We refer to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 as amended from time to time, between JOURNEY ENERGY INC. and a consortium of lenders with BANK OF MONTREAL, as Agent (the "Credit Agreement"). Capitalized terms used herein have the same meaning as in the Credit Agreement.

We hereby give notice of a conversion of Accommodations pursuant to Section 3.17 of the Credit Agreement.

We have under [Production Facility/Working Capital Facility] outstanding [Cdn. \$ or US \$] _____ by way of [Prime Loan, U.S. Base Rate Loan, LIBOR Loan or under Bankers' Acceptances (and, if applicable, BA Equivalent Advances)]. Please convert [Cdn. \$ or US \$] _____ outstanding by way of _____ [Prime Loan, U.S. Base Rate Loan, LIBOR Loan, BA Equivalent Advance or Bankers' Acceptance] into a _____ [Prime Loan, U.S. Base Rate Loan, LIBOR Loan, BA Equivalent Advance or Bankers' Acceptance] on the _____ day of _____, 201____.

[If Applicable] The LIBOR Interest Period for the LIBOR Loan is _____ months. The term of each such Bankers' Acceptance shall be for a period of _____ days. Please forward a confirmation of the Accommodation by way of Bankers' Acceptance in the form of Schedule "C-1" to the Borrower and Schedule "C-2" to the Lenders on the Conversion Date.

We hereby represent and warrant that all of the representations and warranties contained in Section 2.1 of the Credit Agreement are true and correct as at the date hereof, that there is no Default or Event of Default outstanding and that the proceeds of any converted Accommodation effective pursuant to this Notice will be used for the purposes required by Section 3.5 of the Credit Agreement.

Yours truly,

JOURNEY ENERGY INC.

By: _____
Name:
Title:

Schedule "E" to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED], as Agent

NOTICE OF ROLLOVER

Date: _____

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Attention: Manager, Agent Bank Services
Fax No.: [REDACTED]

Dear Sirs:

We refer to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 as amended from time to time, between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED], as Agent (the "Credit Agreement"). Capitalized terms used herein have the same meaning as in the Credit Agreement.

We hereby give notice of a Rollover of a [LIBOR Loan /Bankers' Acceptance] (and, if applicable, BA Equivalent Advance) pursuant to Section 3.18 of the Credit Agreement.

We have, under [Production Facility/Working Capital Facility] outstanding US \$ _____ by way of LIBOR Loan. The LIBOR Interest Period in respect of such LIBOR Loan expires on _____, _____. Please rollover such LIBOR Loan such that the subsequent LIBOR Interest Period is _____ months.

We have outstanding under [Production Facility/Working Capital Facility] CDN \$ _____ by way of Bankers' Acceptances or BA Equivalent Advances which mature on _____, _____. Please Rollover CDN \$ _____ of such Bankers' Acceptances (and, if applicable, BA Equivalent Advances). We will forward a Notice of Accommodation by way Bankers' Acceptances or BA Equivalent Advances in the form of Schedule "B" to the Credit Agreement on the Date of Rollover. The term of each such Bankers' Acceptance shall be • days not less than 30 days nor more than 180 days maturing on _____, _____.

Yours very truly,

[JOURNEY ENERGY INC.]

By: _____]
Name:
Title:

Schedule "F" to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with _____, as Agent

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 as of the 24th day of November, 2016 between the Borrower, a consortium of lenders and Bank of Montreal, 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. The Borrower and Borrowing Base Subsidiaries, as applicable, have made available to the independent petroleum engineer who prepared the Engineering Report [**provided concurrently herewith**] [**most recently provided to the Agent**] all relevant information relating to the petroleum or natural gas reserves and related facilities of the Borrower and each Borrowing Base Subsidiary and any material royalties, overriding royalties, carried interests, reversionary interests, net profits interest and other burdens related thereto and there is not, to the best of the knowledge of the Borrower or any Borrowing Base Subsidiary, any material error in such Engineering Report or material omission therefrom nor are the Borrower or any Borrowing Base Subsidiary aware of any subsequent event or circumstance (excluding matters in respect of which the independent petroleum engineer has made pricing, discount rate or other similar assumptions) which would affect, in any material manner, the information, conclusion or calculations contained in such Engineering Report;
7. The Swap Indebtedness of the Obligors to the Swap Lenders, in the aggregate, as at the last day of the Fiscal Quarter/Year most recently ended is as follows:
 - (a) Currency Swaps - CDN \$ _____ and the notional amount swapped thereunder is CDN\$ _____;
 - (b) Interests Swaps - CDN \$ _____ and the notional amount thereof is CDN \$ _____; and
 - (c) Commodity Swaps - CDN \$ _____ and the quantity of Petroleum Substances subject to such Swaps is (_____ MMCF);

The foregoing amounts of Swap Indebtedness were calculated by the Borrower on a Mark-to-Market basis as at the end of the Fiscal Quarter/Year most recently ended, and by converting all amounts in U.S. Dollars at such date based on the Noon Rate on such date.

8. As of the last day of the above-referenced Fiscal Quarter, the Consolidated Debt to Consolidated Cash Flow Ratio was • to 1.0, calculated as follows:
- (a) Consolidated Debt as of such date was \$ _____, calculated in the manner set forth in Appendix 1 attached hereto; and
 - (b) Consolidated Cash Flow as of such date was \$ _____, calculated in the manner set forth in Appendix 2 attached hereto.
9. Except where the context otherwise requires, all capitalized terms used herein have the same meaning as in the Credit Agreement.
10. 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: Chief Financial Officer

Schedule "G" to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED], as Agent

SUBSIDIARY GUARANTEE

This Guarantee and Indemnity (this "**Guarantee**") is made as of •, 20• and is granted by [•] (the "**Guarantor**") in favour of Bank of Montreal, as agent for the Lenders (as defined below) (in such capacity, including any successor thereof, the "**Agent**").

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Guarantor hereby agrees with the Agent and each Lender as follows:

1. **Definitions:** In this Guarantee, including any preamble and recitals, terms and expressions defined in the Credit Agreement (including the singular and plural form and derivatives thereof) shall, when used herein and unless otherwise defined herein, have the same meanings as are ascribed to them under the Credit Agreement, and:
 - (a) "**Borrower**" means Journey Energy Inc., a corporation amalgamated under the laws of Alberta, and having its principal place of business in Calgary, Alberta, and its successors and assigns;
 - (b) "**Borrowing Base Subsidiary**" means any Subsidiary of the Borrower other than the Guarantor which at the time of determination constitutes a Borrowing Base Subsidiary under the Credit Agreement or which, at the time a Lender Swap was entered into, constituted a Borrowing Base Subsidiary under the Credit Agreement;
 - (c) "**Credit Agreement**" means the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between the Borrower, the financial institutions which are or may become party thereto from time to time, as lenders, and Bank of Montreal, as agent for such lenders, as amended, amended and restated, modified, replaced or supplemented from time to time;
 - (d) "**Lenders**" has the meaning ascribed thereto in the Credit Agreement, but includes any Person that is from time to time a Swap Lender, a Cash Management Lender or a Creditcard Lender; and "**Lender**" means any one of them;
 - (e) "**Loan Documents**" has the meaning ascribed thereto in the Credit Agreement, but includes any Bilateral Financial Services Agreements or Lender Swaps; and "**Loan Document**" means any one of them;
 - (f) "**Obligations**" means the collective reference to all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Borrower or any other Obligor to the Agent and/or any of the Lenders under or in any way connected with, arising out of or contemplated by the Credit Agreement or any other Loan Document (including fees, expenses, costs and indemnities), and whether present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Borrower or any such

other Obligor be bound alone or with others and whether as principal or surety; and "**Obligation**" means any one of them; and

(g) "**Obligor**" means the Borrower or any Borrowing Base Subsidiary.

2. Guarantee and Indemnity: The Guarantor hereby irrevocably, absolutely and unconditionally:
 - (a) guarantees payment and performance to the Agent and each Lender of all Obligations (as hereinafter defined) as and when due; and
 - (b) indemnifies and saves harmless the Agent and each Lender from and against any and all losses, damages, costs, expenses or liabilities suffered or incurred by the Agent or any Lender resulting or arising from or relating to any failure of any other Obligor (as hereinafter defined) to pay in full or fully perform the Obligations as and when due, provided that the amount of such indemnification shall not exceed the amount of such Obligations together with any and all other amounts due and owing hereunder from time to time.
3. Evidence of Accounts: Any account settled or stated between the Agent or any of the Lenders and the Borrower or applicable Borrowing Base Subsidiary shall be accepted by the Guarantor as *prima facie* evidence that the amount thereby appearing due by the Borrower or applicable Borrowing Base Subsidiary to the Lenders or any of them is so due.
4. Waiver of Defences: The liability of the Guarantor under this Guarantee shall be irrevocable, unconditional and absolute, and, without limiting the generality of the foregoing, the obligations of the Guarantor shall not be released, discharged, limited or otherwise affected by, and the Guarantor hereby waives as against the Agent and each Lender to the fullest extent permitted by Applicable Law, any defence relating to:
 - (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation or otherwise;
 - (b) any modification or amendment of or supplement to the Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable in respect thereof;
 - (c) whether the Lender Swaps shall be in respect of commodity risk, interest rate risk, currency risk or otherwise and whether on a financial or physical basis, and whether speculative or not;
 - (d) any incapacity, disability or lack or limitation of status or power of the Guarantor, any other Obligor or any other Person or of the directors, officers, employees, partners or agents thereof, or that the Guarantor, any other Obligor or any other Person may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of moneys or credits, or incurring liabilities, in respect of the Obligations;
 - (e) any change in the existence, structure, constitution, name, control or ownership of the Guarantor, any other Obligor or any other Person;

- (f) any insolvency, bankruptcy, amalgamation, merger, reorganization, arrangement or other similar proceeding affecting the Guarantor, any other Obligor or any other Person or the assets of the Guarantor, any other Obligor or any other Person;
- (g) any change in the shareholdings, unitholdings or membership of the Guarantor, as applicable, whether through the retirement of one or more partners or members or the introduction of one or more partners or members or otherwise;
- (h) the existence of any claim, set-off or other rights which the Guarantor may have at any time against any other Obligor, any of the Lenders, the Agent or any other Person, whether in connection with all or any part of the Obligations or any unrelated transactions;
- (i) any release or non-perfection or any invalidity, illegality or unenforceability relating to or against the Guarantor, any other Obligor or any other Person, whether relating to any instrument evidencing all or any part of the Obligations or any other agreement or instrument relating thereto or any part thereof or any provision of Applicable Law or regulation purporting to prohibit the payment by the Guarantor, any other Obligor or any other Person of any of the Obligations;
- (j) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Agent or any of the Lenders to payment of all or any part of the Obligations or to take any steps in respect thereof, including any stay of proceedings against the Borrower or any other Obligor;
- (k) any release, substitution or addition of any co-signer, endorser, other guarantor or any other Person in respect of all or any part of the Obligations;
- (l) any failure of the Agent or any of the Lenders to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of: (i) acceptance of this Guarantee, (ii) partial payment or non-payment of all or any part of the Obligations, or (iii) the existence, creation, or incurring of new or additional Obligations;
- (m) any failure of the Agent or any of the Lenders to proceed against any other Obligor or any other Person, to proceed against, apply or exhaust any security held from the Guarantor, any other Obligor or any other Person for all or any part of the Obligations, or to proceed against or to pursue any other remedy in the power of the Agent or any Lender whatsoever;
- (n) the benefit of any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligations;
- (o) the cessation from any cause whatsoever of the liability of the Guarantor, any other Obligor or any other Person with respect to all or any part of the Obligations, or any act or omission of the Agent or any Lender or others which directly or indirectly results in the discharge or release of the Guarantor, any other Obligor or all or any part of the Obligations or any security or guarantee therefor, whether by operation of law or otherwise unless in connection with any such discharge or release there is an agreement

by the Agent and the Lenders in writing that the liabilities of the Guarantor in respect of such Obligations are discharged or released;

- (p) any failure by the Agent or any Lender to obtain, perfect or maintain a perfected (or any) Security Interest in or upon any property of the Guarantor, any other Obligor or any other Person or any interest of the Agent or any Lender in any property, whether as owner thereof or the holder of a Security Interest therein being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or any impairment by the Agent or any Lender of any right to recourse or collateral;
- (q) the failure of the Agent or any Lender to marshal any assets;
- (r) any failure of the Agent or any Lender to give to the Guarantor, any other Obligor or any other Person notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Agent or any Lender to comply with any provision of Applicable Law in enforcing any Security Interest in or upon any such property, including any failure by the Agent or any Lender to dispose of any such property in a commercially reasonable manner;
- (s) any dealing whatsoever with the Guarantor, any other Obligor or other Person or any security, or any failure to do so;
- (t) any extinguishment of all or any of the Obligations for any reason whatsoever (other than the actual satisfaction thereof or an agreement by the Agent and the Lenders that the liabilities of the Guarantor in respect of such Obligations are extinguished); or
- (u) any other circumstances which might otherwise constitute a defence available to, or a discharge of the Guarantor, any other act or omission to act or delay of any kind by any other Obligor, the Agent or any Lender, the Guarantor or any other Person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 4, constitute a legal or equitable discharge, limitation or reduction of the obligations of the Guarantor hereunder (other than the payment or satisfaction in full of all of the Obligations).

The foregoing provisions apply (and the foregoing waivers shall be effective) even if the effect is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against any other Obligor for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy.

5. Indemnity: The Guarantor shall indemnify and save the Agent and each Lender harmless from and against any losses which may arise by virtue of any of the Obligations, the Credit Agreement, any other Loan Document, any Security held by the Agent for all or any part of the Obligations, or any other agreement related to any of the foregoing being or becoming for any reason whatsoever in whole or in part (a) void, voidable, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable in accordance with its terms, or (b) released or discharged by operation of law (collectively, an "**Indemnifiable Circumstance**"). For greater certainty, these losses shall include, without limitation, the amount of all Obligations which would have been payable by any other Obligor but for the existence of an Indemnifiable Circumstance. The Guarantor shall also be liable for and shall indemnify and save the Agent and each Lender harmless from and against any and all liabilities, costs and expenses (including reasonable legal fees and expenses on a

solicitor and his own client full indemnity basis) (x) incurred by the Agent or any Lender in the preparation, registration, administration or enforcement of this Guarantee, (y) with respect to or resulting from any failure or delay by the Guarantor in performing or observing any of its obligations under this Guarantee, and (z) incurred by the Agent or any Lender in performing or observing any of the other covenants of the Guarantor under this Guarantee.

6. No Waiver: No delay on the part of the Agent or any Lender in exercising any of its or their options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No amendment or waiver of any of the rights of the Agent or any of the Lenders hereunder shall be deemed to be made by the Agent or any of the Lenders unless the same shall be in writing, duly signed on behalf of the Agent and the Lenders and each such waiver, if any, shall apply only with respect to the specific instance involved and for the specific purpose for which given, and shall in no way impair the rights or liabilities of the Agent or any Lender or the Guarantor hereunder in any other respect at any other time.
7. Deemed Existence: If at any time, all or any part of any payment previously applied by the Agent or any Lender to any Obligation is or must be rescinded or returned by the Agent or any Lender for any reason whatsoever (including, without limitation, the insolvency, bankruptcy, or reorganization of any Obligor) such Obligation shall, for the purpose of this Guarantee, to the extent that such payment is rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Agent or any Lender, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Agent or any Lender had not been made.
8. Other Securities: This Guarantee is in addition to and not in substitution for any other guarantee or any other securities by whomsoever given at any time held by the Agent or any Lender for any present or future Obligations and the Agent or any Lender shall at all times have the right to proceed against or realize upon all or any portion of any other guarantees or securities or any other money or assets to which the Agent or any Lender may become entitled or have a claim in such order and in such manner as the Agent or any Lender in its sole and unfettered discretion may deem fit.
9. Continuing Guarantee: This Guarantee is a continuing guarantee and: (a) shall remain in full force and effect in accordance with its terms until payment in full of all amounts payable under this Guarantee; and (b) shall be binding upon the Guarantor, its successors and permitted assigns.
10. Enforcement of Guarantee: Upon an Event of Default, the obligations of the Guarantor under this Guarantee shall be enforceable by the Agent on behalf of the Lenders upon demand by the Agent for payment of the Obligations without the necessity of any action or recourse whatsoever against any other Obligor, any Security or any other guarantor. The remedies provided in this Guarantee are cumulative and not exclusive of any remedies provided by Applicable Law, any of the Loan Documents or otherwise.
11. Subrogation: This Guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Agent or any Lender, and all dividends, compensations, proceeds of security valued and payments received by the Agent or any Lender from the Guarantor, or any other Obligor or from others or from any estate shall be regarded for all purposes as payments in gross without right on the part of any Guarantor to claim in reduction of the liability under this Guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Agent or any Lender or proceeds thereof, and the Guarantor shall have no

right to be subrogated in any rights of the Agent or any Lender until the Agent and the Lenders shall have received full, final and indefeasible payment and performance of the Obligations and the Lenders have no further obligation to extend credit, enter into Swaps or advance monies to or for the benefit of the Borrower.

12. Foreign Currency Obligations: The Guarantor will make payment relative to each Obligation in the currency (the "**Original Currency**") in which the Borrower is required to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Agent in a currency (the "**Other Currency**") other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of the Guarantor hereunder in respect of such Obligation only to the extent of the amount of the Original Currency which the Agent is able to purchase at Toronto, Ontario with the amount it receives on the date of receipt. If the amount of the Original Currency which the Agent is able to purchase is less than the amount of such currency originally due to it in respect of the relevant Obligation, the Guarantor will indemnify and save the Agent and each Lender harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Agent or any Lender and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.
13. Guarantee of Payment and Performance: This Guarantee is a guarantee of payment and performance and not of collection and is in addition and without prejudice to any securities of any kind now or hereafter held by the Agent or any Lender.
14. Costs: The Guarantor shall reimburse the Agent and each Lender for all reasonable expenses (including the reasonable fees and disbursements of its counsel on a solicitor and his own client basis) incurred by the Agent or any of the Lenders in collecting or compromising any of the Obligations and in enforcing this Guarantee or any other guarantee of the Obligations.
15. Payment: All payments hereunder with respect to any Obligations shall be made to the Agent, for and on behalf of each Lender, at the Agent's Account for Payments or at such other branch or agency of the Agent as the Agent shall designate from time to time by notice in writing to the Guarantor.
16. Payment on Stay: If: (a) any other Obligor is prevented from making payment of any of the Obligations when it would otherwise be required to do so; or (b) the Agent or any Lender is prevented from demanding payment of the Obligations because of a stay or other judicial proceeding or any other legal impediment, all Obligations or other amounts otherwise subject to demand, acceleration or payment shall be payable by the Guarantor as provided for hereunder.
17. Waiver of Notice: To the fullest extent permitted by Applicable Law, the Guarantor waives all notices which may be required by any statute, rule of law, contract or otherwise to preserve any rights to the Agent or any Lender against the Guarantor.
18. Taxes: Any and all payments by the Guarantor hereunder shall be made free and clear of and without deduction for any and all present and future taxes, liens, imposts, stamp taxes, deductions, charges or withholdings, and all liabilities with respect thereto and any interest, additions to tax and penalties imposed with respect thereto, but excluding, with respect to the Agent or any Lender, taxes imposed on their income or capital and franchise taxes imposed on

them by any taxation authority (hereinafter referred to as "Taxes"). If the Guarantor shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Agent or any Lender:

- (a) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 18) the Agent and any applicable Lenders receive an amount equal to the sum they would have received had no such deductions been made; and
- (b) the Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with Applicable Law.

19. Covenants: The Guarantor acknowledges receipt of a copy of the Credit Agreement and the other Loan Documents and understands the Obligations thereunder. The Guarantor consents and agrees to be bound by any provisions in the Credit Agreement which relate to the Guarantor. In addition, the Guarantor covenants and agrees that it shall perform each and every term, covenant, condition and agreement which the Borrower has covenanted in the Credit Agreement to cause the Guarantor to perform, and the Guarantor will comply with each and every term, covenant, condition and agreement which the Borrower has covenanted under the Credit Agreement to cause the Guarantor to comply with, when and as provided for by the terms of the Credit Agreement and the Guarantor will not do anything which would result in a breach of the Credit Agreement.

The Guarantor confirms and makes and repeats on its own behalf in favour of the Agent each of the representations and warranties set forth in the Credit Agreement to the extent such representations and warranties relate to the Guarantor or any matter in respect thereof, and shall be deemed to make, repeat and re-affirm each such representation and warranty on each date on which such representations and warranties are made or deemed to be made or re-made by the Borrower under the Credit Agreement, all to the same extent as if the Guarantor was a party to the Credit Agreement, and all as though such representations and warranties were set out at length herein.

20. Governing Law: This Guarantee shall be governed by and construed in accordance with the laws of the Province of Alberta. The Guarantor irrevocably agrees that any legal proceedings in respect of this Guarantee may be brought in the courts of the Province of Alberta and the courts of appeal therefrom (the "**Specified Courts**"). The Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of the Specified Courts. The Guarantor hereby irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the commencement of any suit, action or proceeding arising out of or relating to the Guarantee or any other Loan Document in any Specified Court, and hereby further irrevocably waives any claims that any such suit, action or proceeding brought in any such Specified Court has been brought in an inconvenient forum. Nothing herein shall affect the right of any Lender to commence legal proceedings or otherwise proceed against the Guarantor in any jurisdiction or to serve process in any manner permitted by Applicable Law. The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.
21. Severability: If any provision or paragraph of this Guarantee shall be invalid, illegal or unenforceable in any respect or in any jurisdiction, it shall not affect the validity, legality or enforceability of such provision or paragraph in any other jurisdiction or the validity, legality or enforceability of any other provision of this Guarantee.

22. Notices: Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by transmittal by telex, facsimile, telecopy, rapifax or other electronic means of communication addressed to the respective parties as follows:

(a) the Guarantor at:

c/o Journey Energy Inc.
700, 517 – 10th Avenue S.W.
Calgary, Alberta T2R 0A8

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

(b) the Agent and any Lender at:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Attention: Manager, Agent Bank Services
Fax No.: [REDACTED]

or to such other address or telex number, facsimile number, telecopy number or rapifax number as any party may from time to time notify the others in accordance with this Section 22. Any demand, notice or communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof, or, if made or given by telex or other electronic means of communication, on the first Business Day following the transmittal thereof.

23. Amendment: No amendment or any change to, or waiver of, any provision of this Guarantee shall be effective unless in writing and signed by the Guarantor, the Agent and each of the Lenders.

24. Enurement: The provisions hereof shall enure to the benefit of the Agent, each Lender and their respective successors and assigns and shall be binding upon the Guarantor and its successors and permitted assigns.

IN WITNESS WHEREOF the Guarantor has caused this Guarantee to be signed by its proper officer(s) duly authorized in that behalf as of the date and year first above written.

[•]

Per: _____
Name:
Title:

Per: _____
Name:
Title:

[•]

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Schedule "H" to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with _____, as Agent

LENDER TRANSFER AGREEMENT

ASSUMPTION AND ASSIGNMENT AGREEMENT

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan-transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____
2. Assignee: _____
[and is an Affiliate/Approved Fund of [*Identify Lender*]]
3. Borrower(s): _____
4. Agent: _____, as the Agent under the Credit Agreement
5. Credit Agreement: The Amended and Restated Credit Agreement dated as of the 24th day of November, 2016, as amended from time to time, between JOURNEY ENERGY INC. and a consortium of lenders with BANK OF MONTREAL, as Agent, and the other agents parties thereto

¹ Select as applicable.

6. Assigned Interest:

Facility Assigned ²	Aggregate Amount of Commitment/Accommodations for all Lenders ³	Amount of Commitment/Accommodations Assigned ³	Percentage Assigned of Commitment/Accommodations ⁴	CUSIP Number
	\$	\$	%	
	\$	\$	%	
	\$	\$	%	

[7. Trade Date: _____]⁵

² Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment.

³ Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

⁴ Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

⁵ To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: _____, 20__ **[TO BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]**

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and]⁶ Accepted:
[NAME OF AGENT], as Agent

By: _____
Title:

[Consented to and]⁷
[NAME OF RELEVANT PARTY]

By: _____
Title:

⁶ To be added only if the consent of the Agent is required by the terms of the Credit Agreement.

⁷ To be added only if the consent of the Borrower and/or other parties (e.g. Fronting Lender) is required by the terms of the Credit Agreement.

ANNEX 1 to Assignment and Assumption Agreement
STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Subsidiaries or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Subsidiaries or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 9.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or facsimile or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law governing the Credit Agreement.

Schedule "I" to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED], as Agent

POWER OF ATTORNEY TERMS - BANKERS ACCEPTANCE

In order to facilitate the acceptance of Bankers' Acceptances pursuant to the terms of the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between Journey Energy Inc. and a consortium of Lenders with Bank of Montreal, as Agent (as amended, supplemented and restated from time to time, the "**Credit Agreement**") the Borrower hereby appoints each Lender (hereinafter individually called the "**Bank**"), acting by an authorized signing officer (the "**Attorney**") for the time being of the Bank's Branch of Account, the attorney of the Borrower:

- (a) to sign for and on behalf and in the name of the Borrower as drawer, drafts in the Bank's standard form which are "depository bills" under and as defined in the Depository Bills and Notes Act (the "**DBNA**") ("**Drafts**") drawn on the Bank payable to a "clearing house" under the DBNA or its nominee for deposit by the Bank with the "clearing house" after acceptance thereof by the Bank; and
- (b) to fill in the amount, date and maturity date of such Drafts;

provided that such acts in each case are to be undertaken by the Bank in accordance with instructions given to the Bank by the Borrower as provided in this power of attorney.

Instructions to the Bank relating to the execution, completion, endorsement, discount, purchase and/or delivery by the Bank on behalf of the Borrower of Drafts which the Borrower wishes to submit to the Bank for acceptance by the Bank shall be communicated by the Agent in writing to the Attorney at the Bank's Branch of Account concurrently with delivery by the Borrower, pursuant to the provisions of (i) Section 3.12 of the Credit Agreement, a notice of Drawdown by way of Bankers' Acceptances in the form of Schedule "B" to the Credit Agreement, or (ii) Section 3.17 of the Credit Agreement, a notice of Conversion in the form of Schedule "D" to the Credit Agreement; or (iii) Section 3.18 of the Credit Agreement, a notice of Rollover in the form of Schedule "E" to the Credit Agreement. The instructions to the Bank shall specify the following information:

- (a) a Canadian Dollar amount, which shall be the aggregate face amount of the Drafts to be accepted by the Bank in respect of a particular Borrowing, Conversion or Rollover; and
- (b) a specified period of time, as provided in the Credit Agreement, which shall be the number of days after the date of such Drafts that such Drafts are to be payable, and the dates of issue and maturity of such Drafts; and
- (c) payment instructions specifying the account number of the Borrower and the financial institution at which proceeds from the sale of such Drafts are to be credited.

The communication in writing to the Bank of the instructions referred to above shall constitute (a) the authorization and instruction of the Borrower to the Bank to complete and endorse Drafts in accordance with such information as set out above and (b) the request of the Borrower to the Bank to accept such Drafts and deposit the same with the "clearing house" against payment as set out in the instructions. The Borrower acknowledges that the Bank shall not be obligated to accept any such Drafts except in accordance with the provisions of the Credit Agreement.

The Bank shall be and it is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to the Bank as provided herein if the Bank reasonably believes them to be genuine. If the Bank accepts Drafts pursuant to any such instructions, the Bank shall confirm particulars of such instructions and advise the Borrower that the Bank has complied therewith by notice in writing addressed to the Borrower in accordance with the Credit Agreement. The Bank's actions confirmed and advised to the Borrower by such notice shall be conclusively deemed to have been in accordance with the instructions of the Borrower.

The Borrower agrees to indemnify the Bank and its directors, officers, employees, Subsidiaries and agents and to hold it and them harmless from and against any loss, liability, expense or claim of any kind or nature whatsoever incurred by any of them as a result of any action or inaction in any way relating to or arising out of this power of attorney or the acts contemplated hereby including the deposit of any Draft with the "clearing house"; provided that this indemnity shall not apply to any such loss, liability, expense or claim which results from the negligence or wilful misconduct of the Bank or any of its directors, officers, employees, Subsidiaries or agents.

This power of attorney may be revoked at any time upon not less than 5 Business Days' written notice served upon the Bank at its Branch of Account, provided that (i) it may be replaced with another power of attorney forthwith in accordance with the requirements of Section 3.12 of the Credit Agreement; and (ii) no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any Draft executed, completed, endorsed, discounted and/or delivered in accordance herewith prior to the time at which such revocation becomes effective. This power of attorney may be terminated by the Bank at any time upon not less than 5 Business Days written notice to the Borrower in accordance with Section 14.7 of the Credit Agreement. Any revocation or termination of this power of attorney shall not affect the rights of the Bank and the obligations of the Borrower with respect to the indemnities of the Borrower above stated with respect to all matters arising prior in time to any such revocation or termination.

This power of attorney is in addition to and not in substitution for any agreement to which the Bank and the Borrower are parties.

This power of attorney shall be governed in all respects by the laws of the Province of Alberta and the laws of Canada applicable therein and each of the Borrower and the Bank hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of such jurisdiction in respect of all matters arising out of this power of attorney.

In the event of a conflict between the provisions of this Power of Attorney and the Credit Agreement, the Credit Agreement shall prevail. Capitalized terms used and not defined herein shall have the meanings given to them in the Credit Agreement.

Schedule "J" to the Amended and Restated Credit Agreement as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED], as Agent

MATERIAL CONTRACTS

1. Partnership Agreement

Schedule "K" to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED], as Agent

REQUEST FOR EXTENSION

Date: _____

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Attention: [REDACTED]
Fax No.: ([REDACTED])

Dear Sirs:

Re: JOURNEY ENERGY INC.

We refer to the Amended and Restated Credit Agreement dated as of the 24th day of November, 2016 between JOURNEY ENERGY INC. and a consortium of lenders with [REDACTED] as Agent (as the same may be amended, renewed, extended, modified and/or restated from time to time, the "Credit Agreement"). Capitalized terms used herein have the same meaning as in the Credit Agreement.

In accordance with Section 3.4 of the Credit Agreement, we hereby request that the Lenders each provide an offer to extend its Term-Out Date and accordingly its Revolving Period for a period of 364 days, with the Term-Out Date being extended from [•] to and the Term Maturity Date being extended to [•].

We hereby certify that:

2. except as disclosed to the Agent in writing, the representations and warranties contained in Section 2.1 of the Credit Agreement are and will be true and correct on the date hereof and on the date of extension, as applicable, with the same effect as if such representations and warranties were made on the date hereof; and
3. there exists no Default or Event of Default;

Yours very truly,

JOURNEY ENERGY INC.

By: _____
Name:
Title: