

**THIS FIFTH AMENDING AGREEMENT** is dated as of the 31<sup>st</sup> day of May, 2019.

**BETWEEN:**

**JOURNEY ENERGY INC.**, as borrower (the "**Borrower**")

**AND:**

██  
██ (collectively the "**Lenders**")

**AND:**

██, as agent for and on behalf of itself and the other Lenders (the "**Agent**")

**WHEREAS:**

- A. The Borrower, the Lenders and the Agent are parties to an amended and restated credit agreement dated as of November 24, 2016, as amended by a first amending agreement dated as of April 27, 2017, a second amending agreement dated as of June 13, 2017, a third amending agreement dated as of February 1, 2018 and a fourth amending agreement dated as of April 30, 2018 (the "**Credit Agreement**").
- B. The Borrower, the Lenders and the Agent wish to amend the 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:

**1. Definitions and Interpretation**

- (a) Capitalized terms used herein, including the recitals hereto, shall have the meanings ascribed thereto in the Credit Agreement, as amended by this Amending Agreement, unless otherwise defined herein and:

"**Amended Credit Agreement**" means the Credit Agreement, as amended by this Amending Agreement; and

"**Amending Agreement**" means this Fifth Amending Agreement and, for certainty, includes the Confirmation of Guarantee and Security attached to and forming part hereof.

- (b) Unless otherwise expressly stated, all references to Sections, paragraphs and Schedules shall be construed to refer to Sections and paragraphs of and Schedules to the Credit Agreement.
- (c) The division of this Amending Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Amending Agreement. The terms "this Amending Agreement", "hereof", "hereunder" and similar expressions refer to this Amending Agreement and not to any particular Section or other portion hereof and include any agreements supplemental hereto. Unless expressly indicated otherwise,

all references to "Section" or "Sections" are intended to refer to a Section or Sections of the Credit Agreement.

## 2. Annual Borrowing Base Redetermination

Pursuant to Section 3.6(d) of the Credit Agreement, the Lenders confirm that effective as of May 31, 2019, the Borrowing Base is reduced to \$90,000,000.

## 3. Amendments to Definitions

Section 1.1 of the Credit Agreement is amended as follows:

(a) the following new definitions are added in their proper alphabetical order:

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

**"Abandonment and Reclamation Report"** means a report pertaining to the abandonment and reclamation obligations of the Obligors in respect of upstream oil and gas wells, facilities, and pipelines, segmented and in sufficient detail as requested by the Agent or any of the Lenders, acting reasonably, which shall include: (a) the total number of such wells, categorized between active (producing) and inactive (non-producing) wells, and in each case, segregated between (i) operated and non-operated wells and (ii) gross and net wells; (b) ARO related to all such wells (expressed using uninflated and undiscounted values in nominal dollars), segregated between (i) active and inactive wells, (ii) operated and non-operated wells and (iii) gross and net wells; (c) ARO (expressed using uninflated and undiscounted values in nominal dollars) of the Obligors for active facilities and pipelines, inactive facilities and pipelines and sites requiring reclamation only; and (d) a list of third party operators for non-operated wells, facilities and pipelines of the Obligors (including gross number of wells, facilities and pipelines operated by each of them), but excluding any operators operating wells or pipelines comprising less than 5% of total net wells or 5% of pipelines, of the Obligors, respectively;

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

**"Energy Regulator"** means (a) with respect to Alberta, the Alberta Energy Regulator, (b) with respect to British Columbia, the BC Oil and Gas Commission, (c) with respect to Saskatchewan, the Saskatchewan Ministry of Energy and Resources, and (d) with respect to any other Material Jurisdiction, the regulatory body with responsibility for the oversight of environmental matters in the oil and gas industry in such jurisdiction; and in each case, together with any successor agency, department, ministry or commission thereto;

**"Fifth Amendment Effective Date"** means May 31, 2019;

**"Liability Management Rating"** means, subject to Section 1.9, for any Material Jurisdiction and with respect to the applicable Obligor in such jurisdiction, the environmental liability management rating (or equivalent) governing conventional upstream oil and gas wells, facilities, and pipelines for such jurisdiction, as determined in accordance with the rules and regulations of

each applicable Material Jurisdiction and its Energy Regulator for the then relevant period, provided that any security deposits provided to the applicable Energy Regulator will not be considered as part of the deemed assets used in such calculation for purposes of this definition; and

**"Material Jurisdiction"** means any jurisdiction where the Obligors, in aggregate, own or operate assets, property and undertaking with aggregate associated undiscounted and uninflated abandonment and reclamation liabilities (expressed in nominal dollars) exceeding 5% of the then current Borrowing Base in that jurisdiction. As of the Fifth Amendment Effective Date, the only Material Jurisdiction is Alberta;"

- (b) the definition of "Production Facility Amount" is amended by deleting the reference to "\$85,000,000" and replacing it with "\$75,000,000";
- (c) the definition of "Term Maturity Date" is deleted and replaced with the following:

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

- (d) the definition of "Term-Out Date" is amended by deleting the reference to "May 31, 2019" and replacing it with "October 31, 2019".

#### **4. Other Amendments**

- (a) Section 1.5 is amended by adding a new paragraph at the end of such section as follows:

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

- (b) Article 1 is amended by adding the following as new Section 1.9:

#### **"1.9 Liability Management Rating Changes**

If:

- (a) as a result of any change in any Applicable Law, any applicable Energy Regulator ceases to use a Liability Management Rating as a means of determining whether a Person is in compliance with such regulator's abandonment and reclamation policies, regulations and directives in any Material Jurisdiction of any Obligor;
- (b) the method of calculation of any such Liability Management Rating changes in any material respect in any Material Jurisdiction of any Obligor; or
- (c) if the threshold for which (i) license transfers of regulated properties shall be permitted under an Energy Regulator's licensee liability regime in any Material Jurisdiction changes in any material respect or (ii) any security deposits will be required to be provided to the applicable Energy Regulator changes in any material respect,

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

- (c) Section 2.1 is amended by deleting the "and" at the end of paragraph (u) thereof, replacing the period at the end of paragraph (v) thereof with ", and" and adding the following new paragraph (w):

"(w) No Obligor is in default of a material nature of (i) any Abandonment/Reclamation Order or (ii) other material directive that it has received from any applicable Energy Regulator."

- (d) Section 3.2 of the Credit Agreement is hereby amended by deleting the "and" at the end of paragraph (a) thereof, replacing the period at the end of paragraph (b) thereof with ", and" and adding the following new paragraph (c):

"(c) **Borrowing Limit:** Notwithstanding the Borrowing Base and the Commitments of the Lenders, aggregate Borrowings shall not exceed Cdn. \$85,000,000 until unanimous written consent of the Lenders has been provided to the Agent; provided that, except as expressly provided herein, standby fees shall remain payable by the Borrower pursuant to Section 5.7 of the Credit Agreement on the amount of Commitments. For greater certainty, until the unanimous consent required pursuant to this Section 3.2(c) is provided, aggregate Borrowings made by [REDACTED] under the Production Facility shall not exceed Cdn. \$27,900,000 (the "**Production Facility Availability**"). To the extent that the Production Facility Commitment of [REDACTED] exceeds the [REDACTED] Production Facility Availability, [REDACTED] waives any such standby fees otherwise payable to [REDACTED] and, at its request, [REDACTED] will be paid standby fees calculated using the [REDACTED] Production Facility Availability until such time as its Production Facility Commitment is equal to the [REDACTED] Production Facility Availability."

- (e) Section 3.6 of the Credit Agreement is amended by deleting paragraph (a) thereof and replacing it with the following:

"(a) **Borrowing Base:** The Borrowing Base as of May 31, 2019 is \$90,000,000."

- (f) Section 3.6 of the Credit Agreement is amended by adding the following sentence to the end of paragraph (g) thereof:

"Notwithstanding the foregoing, no disposition shall be permitted in this Section 3.6(g) if, on a *pro forma* basis after giving effect thereto, the Liability Management Rating of such Obligor would be less than 2.0 in any Material Jurisdiction."

- (g) Section 9.1 of the Credit Agreement is amended by deleting "and" at the end of paragraph (v) thereof, replacing the period at the end of paragraph (w) thereof with a semi-colon and adding the following as new paragraphs (x) through (bb) thereof:

- "(x) **Energy Regulator Notices:** The Borrower shall promptly upon receipt, deliver to the Agent copies of any material notices received from any relevant Energy Regulator in any Material Jurisdiction relating to non-compliance by any Obligor with applicable Environmental Laws, including any Abandonment/Reclamation Orders and any amendments, supplements or other modifications thereto (together with the estimated cost of compliance therewith), liability assessments, potential or designated problem site notices, requirement to post security deposits and operator insolvency notices, in each case, to the extent material to any Obligor;"
- (y) **Abandonment and Reclamation Report Update:** The Borrower shall deliver to the Agent, not later than March 31 of each year, an Abandonment and Reclamation Report;
- (z) **Semi-Annual Abandonment and Reclamation Report Update:** The Borrower shall deliver to the Agent not later than September 30 of each year, a semi-annual update to the most recently delivered Abandonment and Reclamation Report and details of any matters related to any material changes in the Borrower's abandonment and reclamation policies;
- (aa) **Maintenance of LMR:** The Borrower will ensure at all times that the Liability Management Rating of each Obligor that has a Liability Management Rating is not less than 2.0 in each Material Jurisdiction; and
- (bb) **Closing Hedging Covenant:** Not later than 60 calendar days after the Fifth Amendment Effective Date (the "**Closing Hedge Date**"), the Agent shall have received evidence satisfactory to it that the Borrower has entered into Commodity Swaps with one or more of the Lenders in a minimum monthly notional volume equal to 25% of the reasonably anticipated oil production from proved developed producing oil and gas properties of the Obligors for each month beginning September 1, 2019, through to December 31, 2019 at then-prevailing strip prices (the "**Closing Hedging Covenant**"); provided that failure of the Borrower to comply with the Closing Hedge Covenant by the Closing Hedge Date or at any time thereafter shall not constitute a Default or Event of Default, but the Borrowing Base shall be redetermined by the Lenders acting in good faith and consistent with their customary oil and gas lending criteria in accordance with Section 3.6 and, for certainty, any such redetermination shall require unanimous consent of the Lenders."

- (h) Section 9.2 of the Credit Agreement is amended as follows:

- (i) by adding the following proviso at the left margin under paragraph (b) thereof:

"provided that none of the foregoing shall be permitted if, on a *pro forma* basis after giving effect to any such disposition, the Liability Management Rating of such Obligor would be less than 2.0 in any Material Jurisdiction;"

- (ii) by deleting paragraph (e) thereof and replacing it with the following:

"(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 provided that on the date of any such Capital Distribution, no Default, Event of Default or Borrowing Base Shortfall shall have occurred and be then continuing or result therefrom."

- (iii) by deleting the reference to "or" at the end of paragraph (u) thereof, replacing the period at the end of paragraph (v) thereof with "; or" and adding the following as new paragraph (w):

"(w) **Prohibited Acquisitions:** directly or indirectly, purchase or otherwise acquire (by way of merger, amalgamation, acquisition, exchange or otherwise) any (A) Voting Shares or other ownership interest of any Person or (B) assets or property which, in any case, would result in the Liability Management Rating of such Obligor, on a *pro forma* basis after giving effect to such acquisition, being less than 2.0 in any Material Jurisdiction."

- (i) Section 10.1 of the Credit Agreement is amended by deleting "or" at the end of paragraph (s) thereof, replacing the period at the of paragraph (t) thereof with "; or" and adding the following as new paragraph (u) thereof:

"(u) **Abandonment/Reclamation Orders.** If any of the Obligors receives one or more Abandonment/Reclamation Orders from any applicable Energy Regulator and (i) the aggregate estimated cost of compliance with all such outstanding orders, together with the aggregate amount of all such security deposits (without duplication) determined at the time of receipt thereof by the Borrower or Material Subsidiary, as applicable, would exceed 10% of the then current Borrowing Base (provided that, for the purpose of determining any such estimated cost, the Borrower shall provide the Agent with a reasonable and factually supportable estimate of such costs within 10 Business Days of its receipt of the applicable order and shall deliver to each Lender all such other relevant information related to such estimate as may be reasonably required by any such Lender) and (ii) the Borrower or Material Subsidiary, as applicable, has not complied with the terms of the applicable Abandonment/Reclamation Order(s) or the circumstances identified in such order(s) remain unrectified (as such order(s) may be amended, supplemented or otherwise modified by the issuing Energy Regulator) by any deadline date for compliance or rectification as set forth therein (as any such date may be extended as a result of any appeal period in respect thereof) (the "**Compliance Date**"), unless the Agent has received evidence satisfactory to it, in its sole discretion, (A) of such compliance or rectification on or before the Compliance Date, (B) that such order has been withdrawn by the applicable Energy Regulator on or before the Compliance Date."

- (j) Section 11.6(a) of the Credit Agreement is amended by adding the following new paragraph after the last paragraph thereof:

"Notwithstanding the foregoing, if the Agent (A) determines that the circumstances described in clause (i) or (ii) of this Section 11.6(a) have arisen and such circumstances are unlikely to be temporary, (B) determines that the circumstances described in clause (i) or (ii) of this Section 11.6(a) have not arisen but the supervisor for the administrator of LIBOR or a Governmental Authority having jurisdiction over the Agent has made a public statement identifying a specific date after which LIBOR shall no longer be used for determining interest rates for loans, (C) is advised by the requisite Lenders of their determination in accordance with clause (iii) of this Section 11.6 (a), or (D) new syndicated loans have started to adopt a new benchmark interest rate, then the Agent and the Borrower shall endeavor to establish an alternate rate of interest to LIBOR

that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in Canada or the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. Notwithstanding anything to the contrary, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Agent shall not have received, within five (5) Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Majority Lenders stating that such Majority Lenders object to such amendment. Provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement."

- (k) Section 12.17(a) of the Credit Agreement is amended by deleting subparagraph (vi) thereof and replacing it with the following:

"(vi) the provisions of Sections 3.6(f), 3.6(h), 10.1(u) or this Section 12.17(a);".

- (l) Schedule "A" of the Credit Agreement is deleted and replaced with Exhibit "1" to this Amending Agreement.

- (m) Schedule "F" of the Credit Agreement is amended re-numbering paragraph 10 thereof as paragraph 11 and by adding the following as new paragraph 10 thereof:

"10. As of the date hereof, the Liability Management Rating of the Obligors for the most recently completed month in each Material Jurisdiction is as follows:

Material Jurisdiction	Obligor	Liability Management Rating
_____	_____	_____ "

## 5. Adjustments Among Lenders

Each Lender acknowledges and agrees that if there are outstanding Bankers' Acceptances and BA Equivalent Advances (collectively, the "**Existing BAs**") on the date hereof, then although the Production Facility Commitment of each Production Lender is being amended effective as of the date hereof, no adjustments or indemnities will be made or given on any such date in respect of the Existing BAs to provide that the amount of the Outstandings of each Lender thereunder is in the same proportion as its amended Lender's Proportion under the Production Facility. The Lenders agree that any such adjustments will only be made after the maturity date of each Existing BA in respect to any Rollover or Conversion thereof. Notwithstanding the Working Capital Commitment of Bank of Montreal, if at any time the aggregate face amount of the Existing BAs exceeds Cdn. \$70,000,000 prior to the maturity date of all Existing BAs (such amount, the "**Existing BA Excess**"), the maximum available amount of Working Capital Commitment shall be limited to an amount equal to the Working Capital Commitment less the Existing BA Excess.

## 6. Representations and Warranties

The Borrower hereby represents and warrants to and in favour of the Lenders and the Agent that:

- (a) this Amending Agreement has been duly authorized, executed and delivered by each Obligor party thereto, and constitutes a legal, valid and binding obligation of such Obligor, enforceable in accordance with its respective terms;

- (b) the execution, delivery and performance by each Obligor of this Amending Agreement:
  - (i) does not and will not violate, as applicable, its articles, by-laws, the Partnership Agreement or other governing documents;
  - (ii) does not require any Governmental Action, consent or approval of or notice or filing with any Governmental Authority; and
  - (iii) does not and will not contravene any provision of Applicable Laws, Governmental Action or any Material Contract applicable to it or any of its properties or assets;
- (c) all of the representations and warranties contained in Article 2 of the Amended Credit Agreement (with this Amending Agreement being a Loan Document and references to the Credit Agreement being deemed to be references to the Amended Credit Agreement), other than those stated to be made as of the Effective Date, are true and correct as of the date hereof; and
- (d) as of the date hereof, no Default or Event of Default has occurred and is continuing nor will occur as a result of each Obligor entering into this Amending Agreement and performing its obligations thereunder or under the Amended Credit Agreement.

## 7. Conditions Precedent

This Amending Agreement shall become effective upon the following conditions being satisfied:

- (a) **No Event of Default:** as of the date hereof, no Default or Event of Default has occurred and is continuing nor will occur as a result of each Obligor entering into this Amending Agreement and performing its obligations thereunder or under the Amended Credit Agreement;
- (b) **Representations and Warranties True:** the representations and warranties contained in Section 6 above are true and correct as at the date hereof;
- (c) **Receipt of Documentation:** the Agent has received, in sufficient numbers for distribution to each of the Lenders, and in form and substance satisfactory to the Agent and the Lenders:
  - (i) a duly executed copy of this Amending Agreement; and
  - (ii) such other documents and documentation which the Agent may reasonably request;
- (d) **Fees:** the Agent has received all agency, extension and legal fees of the Agent, each Lender and their counsel then due, including a work fee of [REDACTED] on behalf of each Lender; and
- (e) **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.

The conditions precedent set forth above are inserted for the sole benefit of the Agent and the Lenders and may be waived only by unanimous consent of the Agent and the Lenders.

**8. Miscellaneous**

- (a) The Borrower acknowledges and agrees that it shall pay all reasonable out-of-pocket costs incurred by the Agent and the Lenders in the preparation, negotiation, execution, delivery and administration of this Amending Agreement.
- (b) Save and except as amended by this Amending Agreement, the Credit Agreement remains in full force and effect and unamended and time remains of the essence thereunder.
- (c) For the purposes of the Credit Agreement, this Amending Agreement shall be read together with the Credit Agreement as one instrument, and this Amending Agreement shall also constitute a Loan Document.
- (d) This Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.
- (e) This Amending Agreement may be executed in any number of counterparts and by different parties and separate counterparts and by facsimile signature, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

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

*[Signature pages follow.]*

Exhibit "1" to the Fifth Amending Agreement dated as of May 31, 2019 between JOURNEY ENERGY INC., as Borrower and a consortium of Lenders with [REDACTED], as Agent

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

**LENDER COMMITMENTS**

<b><u>Lender</u></b>	<b>Production Facility Commitment</b>	<b>Working Capital Facility Commitment</b>	<b>Total Lender's Commitment*</b>
[REDACTED] [REDACTED] [REDACTED] [REDACTED] Attention: [REDACTED] Fax No.: [REDACTED]	\$22,100,000	\$15,000,000	\$37,100,000
[REDACTED] [REDACTED] [REDACTED] [REDACTED] Attention: [REDACTED] Fax No.: [REDACTED]	\$29,500,000	Nil	\$29,500,000
[REDACTED] [REDACTED] [REDACTED] Attention: [REDACTED] [REDACTED] Fax No.: [REDACTED]	\$23,400,000	Nil	\$23,400,000
<b>Total:</b>	<b>\$75,000,000</b>	<b>\$15,000,000</b>	<b>\$90,000,000</b>

\*Subject to the limit on Borrowings set forth in Section 3.2(c)

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