

FIRST SUPPLEMENTAL INDENTURE

between

SOUTHERN ENERGY CORP.

and

COMPUTERSHARE TRUST COMPANY OF CANADA

Dated as of June 30, 2021

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THIS FIRST SUPPLEMENTAL INDENTURE made as of the 30th day of June, 2021.

BETWEEN:

SOUTHERN ENERGY CORP., a corporation formed under the laws of the Province of Alberta and having its head office in the City of Calgary, in the Province of Alberta (hereinafter called "**Southern**" or the "**Corporation**")

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company incorporated under the federal laws of Canada (hereinafter called the "**Trustee**")

WITNESSETH THAT:

WHEREAS the Corporation and the Trustee entered into an indenture dated June 14, 2019 (the "**Base Indenture**"), providing for one or more series of Debentures issuable by the Corporation in accordance with the Base Indenture and specifically for the issue, pursuant to the terms of the Base Indenture, of the Initial Debentures (and establishing the terms, provisions and conditions of those Initial Debentures), of which an aggregate principal amount of \$8,069,000.00 were issued on such date;

AND WHEREAS on January 14, 2021, an additional aggregate principal amount of \$320,000.00 of Initial Debentures were issued pursuant to a written Extraordinary Resolution as payment-in-kind of the Interest Obligation arising on December 31, 2020;

AND WHEREAS the Corporation wishes to enter into this supplemental indenture (the "**Supplemental Indenture**" and together with the Base Indenture, the "**Indenture**") to amend the terms of the Initial Debentures as set forth in the Base Indenture such that: (a) the Maturity Date of the Initial Debentures is extended by two years to June 30, 2024; (b) the Conversion Price for the Initial Debentures is decreased to \$0.10 such that 10,000 Common Shares shall be issued for each \$1,000 principal amount of Initial Debentures converted pursuant to the terms of the Initial Debentures; and (c) the Corporation may satisfy its Interest Obligations by (among other things) delivering Freely Tradeable Common Shares to the Trustee for distribution directly to the Debentureholders as a payment-in-kind of accrued interest on the Initial Debentures;

AND WHEREAS pursuant to Section 13.11 of the Base Indenture, the Debentureholders have approved, by written Extraordinary Resolution, such amendments and the entering into of this Supplemental Indenture by the Company and the Trustee;

AND WHEREAS this Supplemental Indenture is made by the Corporation and the Trustee pursuant to and in execution of the powers conferred on or reserved under or provided for in the Base Indenture, including, without limitation, Section 16.1 of the Base Indenture;

NOW THEREFORE THIS INDENTURE WITNESSES that in consideration of the respective covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Corporation and the Trustee covenant and agree, for the benefit of each other and for the equal and ratable benefit of the holders, as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions and Interpretation

In this Supplemental Indenture, except as otherwise defined herein or unless the context otherwise requires, all terms used but not defined herein (including the recitals hereto) shall have the meanings specified in the Base Indenture. This Supplemental Indenture shall, unless otherwise required, be subject to the interpretation provisions contained in Article 1 of the Base Indenture. When entered into by the parties, this Supplemental Indenture shall be supplemental to, part of and read together with the Base Indenture as a single instrument, and all of the provisions of the Base Indenture, as supplemented by this Supplemental Indenture, shall apply to the Debentures.

If any term or provision contained in this Supplemental Indenture shall conflict or be inconsistent with any term or provision of the Base Indenture, the terms and provisions of the Supplemental Indenture shall govern.

1.2 Headings etc.

The division of this Supplemental Indenture into articles, sections, subsections and paragraphs, and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation hereof. Unless the context otherwise requires, "this Supplemental Indenture", "hereto", "hereby", "hereunder", "hereof", "herein" and similar expressions refer to this Supplemental Indenture and not to any particular article, section, subsection, paragraph or other portion hereof, and include any and every instrument which amends this Supplemental Indenture or is supplemental or ancillary hereto or in implementation hereof.

ARTICLE 2 AMENDMENTS TO THE BASE INDENTURE

2.1 Amendments to the Base Indenture

(1) Section 1.1 of the Base Indenture shall be amended as follows:

- (a) by deleting subsections (w), (x), (z), (bb), (cc), (xx) and (bbb) in their entirety;
- (b) by deleting subsection (aa) in its entirety and replacing it with the following:

“**Common Share Interest Payment Election Notice**” means a written notice made by the Corporation to the Trustee specifying: (i) the Interest Obligation to

which the election relates; and (ii) the portion of the Interest Obligation to be satisfied in cash, if any;"

- (2) Section 2.4(b) of the Base Indenture shall be deleted in its entirety and replaced with the following:

"The Initial Debentures shall be dated as of the date of the closing of the Initial Debenture Offering and shall have a Maturity Date of June 30, 2024."

- (3) Section 2.4(f) of the Base Indenture is amended by deleting the first sentence of the second paragraph in its entirety and replacing it with the following:

"The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Initial Debentures shall be equal to \$0.10 such that 10,000 Common Shares shall be issued for each \$1,000 principal amount of Initial Debentures so converted, subject to the terms of Article 6."

- (4) Section 6.4(j) of the Base Indenture shall be deleted in its entirety and replaced with the following:

"The holder of a Debenture surrendered for conversion in accordance with this Section 6.4 shall be entitled (subject to any applicable restriction on the right to receive interest on conversion of Debentures of any series) to receive accrued and unpaid interest in respect thereof, in: (i) cash; (ii) Freely Tradeable Common Shares; or (iii) a combination of (i) and (ii) to the Trustee pursuant to the Common Share Interest Payment Election, up to but excluding the Date of Conversion and the Common Shares issued upon such conversion shall rank only in respect of distributions or dividends declared in favour of shareholders of record on and after the Date of Conversion or such later date as such holder shall become the holder of record of such Common Shares pursuant to Section 6.5(g), from which applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares."

- (5) Section 10.1 of the Base Indenture shall be deleted in its entirety and replaced with the following:

"(a) Subject to the provisions of any series of Debentures, the Corporation shall have the right, from time to time (including following conversion, at the time of redemption or at the time of maturity), to make a Common Share Interest Payment Election in respect of any Interest Obligation by delivering a Common Share Interest Payment Election Notice to the Trustee no later than the earlier of: (i) the date required by applicable law or the rules of any stock exchange on which the Debentures or Common Shares are then listed; and (ii) the day which is 15 Business Days prior to the Interest Payment Date to which the Common Share Interest Payment Election relates. Such Common Share Interest Payment Election Notice shall provide that all or a portion of such Interest Obligation may be paid by the Corporation in Common Shares by the delivery of Common Shares to the Trustee in an amount equal to (A) the amount of interest payable

pursuant to such Interest Obligation divided by (B) the Current Market Price as of the day which is 5 Business Days prior to the Interest Payment Date.

- (b) The Corporation's right to exercise the Common Share Interest Payment Election shall be conditional upon the following conditions being met on or before 11:00 a.m. (Calgary time) on the day which is 3 Business Days prior to the Interest Payment Date, such conditions being in favour of the Debentureholders:
- (i) the issuance of the Common Shares on the exercise of the Common Share Interest Payment Election shall be made in accordance with Applicable Securities Legislation and such Common Shares shall be issued as Freely Tradeable Common Shares;
 - (ii) the listing of such additional Freely Tradeable Common Shares on each stock exchange on which the Common Shares are then listed;
 - (iii) no Event of Default shall have occurred and be continuing;
 - (iv) the receipt by the Trustee of an Officers' Certificate stating that conditions (i), (ii) and (iii) above have been satisfied and setting forth (A) the number of Common Shares to be delivered for each \$1,000 principal amount of Debentures, (B) the amount of interest payable on such Interest Payment Date, and (C) the Current Market Price as of the day which is 5 Business Days prior to the Interest Payment Date; and
 - (v) the receipt by the Trustee of an opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Interest Obligations, will be validly issued as fully paid and non-assessable Common Shares, and that conditions (i) and (ii) above have been satisfied.

If the foregoing conditions are not satisfied on or before 11:00 a.m. (Calgary time) on the day which is 3 Business Days prior to the Interest Payment Date, the Corporation shall pay the interest payable on the Debentures on such Interest Payment Date for which a Common Share Interest Payment Election was made in accordance with Section 2.14, unless the Debentureholders waive the conditions which are not satisfied by way of Extraordinary Resolution.

- (c) In the event that the Corporation duly exercises its Common Share Interest Payment Election, the Corporation shall on or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to the Interest Payment Date, deliver to the Trustee, for delivery to and on account of the registered holders of such Debentures appearing on the registers maintained by the Trustee at the close of business on the fifth Business Day prior to the applicable Interest Payment Date (the "**Entitled Debentureholders**"), the Freely Tradeable Common Shares to which such holders are entitled. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be

incurred by the Trustee in connection with the Common Share Interest Payment Election. Every such deposit shall be irrevocable. From the certificates so deposited, the Trustee shall deliver to such Debentureholders the certificates to which they are entitled. The delivery of such certificates to the Trustee will satisfy and discharge the liability of the Corporation for the Interest Obligation to which the delivery of certificates relates (including the amount of any Common Shares sold to pay applicable withholding taxes in accordance with Section 10.1(i)), and such Common Shares will represent full satisfaction of such Interest Obligation and such holders will have no further recourse to the Corporation in respect of such Interest Obligation.

- (d) No fractional Freely Tradeable Common Shares shall be delivered upon the exercise of the Common Share Interest Payment Election but, in lieu thereof, the Corporation shall pay to the Trustee for the account of the Entitled Debentureholders, at the time contemplated in Section 10.1(c), the cash equivalent thereof determined on the basis of the Current Market Price as of the day which is 5 Business Days prior to the Interest Payment Date (less applicable withholding tax, if any).
- (e) A holder shall be treated as the shareholder of record of the Freely Tradeable Common Shares issued on due exercise by the Corporation of its Common Share Interest Payment Election effective immediately after the close of business on the Interest Payment Date, and shall be entitled to all substitutions therefore, all income earned thereon or accretions thereto and all dividends or distributions (including dividends and dividends or distributions in kind) thereon and arising thereafter, and in the event that the Trustee receives the same, it shall hold the same in trust for the benefit of such holder.
- (f) The Corporation shall at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue and delivery upon the exercise of the Common Share Interest Payment Election as provided herein, and shall issue to Debentureholders to whom Freely Tradeable Common Shares will be issued pursuant to exercise of the Common Share Interest Payment Election, such number of Freely Tradeable Common Shares as shall be issuable in such event. All Freely Tradeable Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (g) The Corporation shall from time to time promptly pay, or make provision satisfactory to the Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province thereof (except income tax, withholding tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Freely Tradeable Common Shares to holders upon exercise of the Common Share Interest Payment Election pursuant to the terms of the Debentures and of this Indenture.
- (h) If the Corporation makes a Common Share Interest Payment Election in accordance with this Section 10.1 and if the payment represented by the Freely Tradeable Common Shares issuable in satisfaction of the Interest Obligation is

subject to withholding taxes and the amount of the cash payment, if any, of the principal amount due on maturity, if such maturity is concurrent with the interest payment, is insufficient to satisfy such withholding taxes, the Trustee, on the written direction of the Corporation but for the account of the holder: (i) shall sell, or cause to be sold, through the investment banks, brokers or dealers selected by the Corporation, out of the Freely Tradeable Common Shares issued by the Corporation for this purpose, such number of Freely Tradeable Common Shares that, together with any cash component of the principal amount due on maturity, if such maturity is concurrent to the interest payment, is sufficient to yield net proceeds (after payment of all costs) to cover the amount such withholding taxes; and (ii) shall remit such amount withheld on behalf of the Corporation to the proper tax authorities within the period of time prescribed for this purpose under applicable laws.”

(6) Schedule “A” of the Base Indenture shall be amended as follows:

(a) by deleting the first paragraph thereof and replacing it with the following:

“Southern Energy Corp. (the “**Corporation**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the debenture indenture (the “**Indenture**”) dated as of June 14, 2019, as amended from time to time, between the Corporation and Computershare Trust Company of Canada (the “**Trustee**”), promises to pay to the registered holder hereof on June 30, 2024 (the “**Maturity Date**”), or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of ● Dollars (\$●) in lawful money of Canada on presentation and surrender of this Initial Debenture at the main branch of the Trustee in Calgary, Alberta or in Toronto, Ontario in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 8.00% per annum (based on a year of 365 days), in like money, in arrears in (with the exception of the first interest payment which will include interest from June 14, 2019 as set forth below) semi-annual installments (less any tax required by law to be deducted) on June 30 and December 31 in each year commencing on December 31, 2019 and the last payment (representing interest payable from the Interest Payment Date immediately prior to the Maturity Date to, but excluding, the Maturity Date) to fall due on the Maturity Date and, should the Corporation at any time make default in the payment of any principal, premium, if any, or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. For certainty, the first interest payment will include interest accrued from and including the date of closing of the Initial Debenture Offering to, but excluding, December 31, 2019, which will be equal to \$43.84 for each \$1,000 principal amount of Initial Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.”

- (b) by deleting the fifth paragraph thereof and replacing it with the following:

“Any part, being \$1,000 or an integral multiple thereof, of the principal of this Initial Debenture, provided that the principal amount of this Initial Debenture is in a denomination in excess of \$1,000, is convertible, at the option of the holder hereof, upon surrender of this Initial Debenture at the principal office of the Trustee in Calgary, Alberta or in Toronto, Ontario, at any time prior to the close of business on the last Business Day immediately preceding the Maturity Date or, if this Initial Debenture is called for redemption on or prior to such date, then, to the extent so called for redemption, up to but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Initial Debenture or, if called for repurchase pursuant to the 90% Redemption Right on the Business Day immediately prior to the payment date, or, if subject to compulsory acquisition as provided for in the Indenture, on the Business Day immediately prior to the day on which such acquisition becomes effective, into Common Shares (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price of \$0.10 (the “**Conversion Price**”) per Common Share, being a rate of 10,000 Common Shares for each \$1,000 principal amount of Initial Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Initial Debentures may be converted during the five Business Days preceding and including June 30 and December 31 in each year, commencing June 30, 2019, as the registers of the Trustee will be closed during such periods. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the market price of such fractional interest determined in accordance with the Indenture. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Common Shares in respect of the Debentures so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date.”

ARTICLE 3 MISCELLANEOUS PROVISIONS

3.1 Confirmation of Indenture

On the date hereof, the Base Indenture shall be supplemented in accordance with this Supplemental Indenture, and this Supplemental Indenture shall form part of the Base Indenture for all purposes, and the holder of every Debenture heretofore or hereafter authenticated and delivered under the Base Indenture shall be bound thereby. The Base Indenture, as supplemented by this Supplemental Indenture, shall remain in full force and effect and is in all respects ratified and confirmed.

3.2 Acceptance of Duties

The Trustee hereby accepts the terms of this Supplemental Indenture and the modifications of the terms under Base Indenture as declared and provided for herein, and the Trustee agrees to perform the same upon the terms and conditions of the Indenture, as amended hereby.

3.3 Further Assurances

The parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Supplemental Indenture, and each party shall provide such further documents or instruments required by the other party as may be reasonably necessary or desirable to effect the purpose of this Supplemental Indenture and carry out its provisions.

3.4 Counterparts and Formal Date

This Supplemental Indenture shall be effective as of the date and year first set forth above. This Supplemental Indenture may be executed in several counterparts, each of which when so executed, shall be deemed to be an original and such counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Supplemental Indenture by a party hereto by facsimile transmission or PDF shall be as effective as the delivery of a manually executed copy of this Supplemental Indenture by such party.

3.5 Applicable Law

This Supplemental Indenture shall be construed and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and shall be treated in all respects as an Albertan contract.

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IN WITNESS whereof the parties hereto have executed this Supplemental Indenture as of the day and year first written above.

SOUTHERN ENERGY CORP.

By: (signed) "Ian Atkinson"

Name: Ian Atkinson
Title: President & CEO

By: (signed) "Calvin Yau"

Name: Calvin Yau
Title: VP Finance & CFO

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

By: (signed) "Corentin Leverrier"

Name: Corentin Leverrier
Title: Corporate Trust Officer

By: (signed) "Shannon Grover"

Name: Shannon Grover
Title: Manager Corporate Trust