

CREDIT AGREEMENT

AMONG

**PINE CLIFF ENERGY LTD.
as Borrower**

AND

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

AND

**ALBERTA INVESTMENT MANAGEMENT CORPORATION
as Agent of the Lenders**

MADE AS OF OCTOBER 1, 2019

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CREDIT AGREEMENT

THIS AGREEMENT is made as of October 1, 2019

AMONG:

PINE CLIFF ENERGY LTD., a corporation subsisting under the laws of the Province of Alberta (hereinafter referred to as the "**Borrower**"),

OF THE FIRST PART,

- and -

ALBERTA INVESTMENT MANAGEMENT CORPORATION, together with such other persons as become parties hereto as lenders (hereinafter sometimes collectively referred to as the "**Lenders**" and sometimes individually referred to as a "**Lender**"),

OF THE SECOND PART,

- and -

ALBERTA INVESTMENT MANAGEMENT CORPORATION, in its capacity as agent on behalf of the Lenders hereunder (hereinafter referred to as the "**Agent**"),

OF THE THIRD PART.

WHEREAS the Borrower has requested that the Lenders provide a term loan facility to the Borrower and the Lenders have agreed to provide such term loan facility subject to the terms and conditions set forth herein;

AND WHEREAS the Lenders wish the Agent to act on their behalf with regard to certain matters contemplated hereby;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

"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 of the Borrower and its Subsidiaries, including any ARO associated therewith.

"Abandonment and Reclamation Report" means a report pertaining to the abandonment and reclamation obligations of any of the Borrower and its Subsidiaries 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 any of the Borrower or its Subsidiaries 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 any of the Borrower or its Material Subsidiaries (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 any of the Borrower or its Subsidiaries, respectively.

“Acceleration Notice” means a written notice delivered by the Agent to the Borrower pursuant to Section 8.2(b) declaring all Obligations of the Borrower outstanding hereunder to be due and payable.

“Additional Existing Second Lien Notes” means the promissory note or notes in the aggregate principal amount of \$19,000,000 issued by the Borrower on or about July 13, 2018 in connection with the second advance under the Existing Second Lien Debenture, having a maturity date of July 31, 2022 and bearing interest at a rate not exceeding 7.05% per annum.

“Affiliate” means any person which, directly or indirectly, controls, is controlled by or is under common control with another person; and, for the purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” or “under common control with”) means the power to direct or cause the direction of the management and policies of any person, whether through the ownership of shares or other economic interests, the holding of voting rights or contractual rights or otherwise, provided that any reference to an Affiliate of a Lender when such Lender is AIMCo shall mean (i) any entity to which AIMCo directly or indirectly controls or provides or will provide investment management services pursuant to the *Alberta Investment Management Corporation Act* (Alberta) and (ii) any entity that directly or indirectly controls, is controlled by or is under common control with one or more of the entities described in clause (i).

“Agent” means AIMCo, in its capacity as agent for the Lenders and includes any Successor Agent appointed pursuant to Section 9.11.

“Agreement” means this credit agreement, as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions hereof.

“AIMCo” means Alberta Investment Management Corporation.

“Anti-Corruption Laws” means all laws concerning or relating to bribery or public corruption, including the *Corruption of Foreign Public Officials Act* (Canada), the *UK Bribery Act* and the FCPA and any similar laws currently in force or hereafter enacted (and including any regulations, rules, guidelines or orders thereunder) and, in any case, which are applicable to the Borrower, any Subsidiary, any Lender or Affiliate thereof, or the Agent.

“Anti-Money Laundering/ Anti-Terrorist Financing Laws” means all laws concerning or relating to money laundering or terrorist financing, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Bank Secrecy Act*, 31 U.S.C. sections 5301 et seq., the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* of 2001, Pub. L. 107-56 (a/k/a the USA Patriot Act), *Laundering of Monetary Instruments*, 18 U.S.C. section 1956, *Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity*, 18 U.S.C. section 1957, the *Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulations*, 31 C.F.R. Chapter X (Parts 1000 et. seq.) and any similar laws currently in force or hereafter enacted (and

including any regulations, rules, guidelines or orders thereunder) and, in any case, which are applicable to the Borrower, any Subsidiary, any Lender or Affiliate thereof, or the Agent.

“Applicable Laws” or **“applicable law”** means, in relation to any person, transaction or event:

- (a) all applicable provisions of laws, statutes, rules and regulations from time to time in effect of any Governmental Authority; and
- (b) all Governmental Authorizations to which the person is a party or by which it or its property is bound or having application to the transaction or event.

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

“Assignment Agreement” means an assignment agreement substantially in the form of Schedule B annexed hereto, with such modifications thereto as may be required from time to time by the Agent, acting reasonably.

“Attributable Debt” means, in respect of any lease (whether characterized as an operating lease under GAAP or not) entered into by a person or a Subsidiary thereof as lessee, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the lease payments of the lessee, including all rent and payments to be made by the lessee in connection with the return of the leased property, during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended) but excluding for certainty, (a) amounts required to be paid on account of insurance, taxes, assessments, utility, operating and labour costs and similar charges and (b) amounts payable by a lessee in connection with the exercise of any end-of-term purchase option, early buy-out-option or any similar amounts payable at the election of the lessee.

“Available Cash Flow” of the Borrower in any period means EBITDA for the 12 months ending at the immediately preceding Quarter End, less the sum of the following:

- (a) Debt Service for such 12 months ending at the immediately preceding Quarter End;
- (b) Taxes paid by the Borrower and its Subsidiaries for such 12 months ending at the immediately preceding Quarter End; and
- (c) Mandatory/Sustaining Capital Expenditures of the Borrower and its Subsidiaries for such 12 months ending at the immediately preceding Quarter End,

provided that, in respect of each determination of the amounts set forth in subparagraph (c) above, such amounts shall be: (i) increased to reflect all amounts which would otherwise constitute the same which are attributable to (A) assets acquired in such period or (B) shares or other ownership interests in a person which becomes a Subsidiary of the Borrower acquired in such period (as if such assets, shares or ownership interests were owned during the whole of such period), if, but only if, such acquisition constitutes a Material Acquisition, all as if the Material Acquisition was completed on the first day of such period; and (ii) decreased to reflect all amounts which would otherwise constitute the same which are attributable to: (A) assets sold, transferred or otherwise disposed of in such period or (B) shares or other ownership interests in a Subsidiary of the Borrower sold, transferred or otherwise disposed of in such period, if, but only if, such sale, transfer or disposition constitutes a Material Disposition, all as if the Material Disposition was completed on the first day of such period.

“Banking Day” means a day on which banks are open for business in Calgary, Alberta, but does not in any event include a Saturday or a Sunday.

“Canadian Dollars” and **“Cdn.\$”** mean the lawful money of Canada.

“Capital Expenditures” means, with respect to any person for any period, the aggregate of all expenditures, whether or not made through the incurrence of Debt, by such person and its Subsidiaries during such period, for the acquisition, leasing (pursuant to a capital lease), construction, replacement, repair, substitution or improvement of fixed or capital assets or additions to equipment, in each case required to be capitalized under GAAP on a consolidated balance sheet of such person.

“Cash Equivalents” means, without duplication, as to any person:

- (a) Canadian Dollars or United States Dollars;
- (b) securities issued by or directly and fully guaranteed or insured by the federal governments of Canada or the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the federal governments of Canada or the United States is pledged in support of those securities) having maturities of not more than 365 days from the date of acquisition;
- (c) certificates of deposit, guaranteed investment certificates and eurodollar time deposits with maturities of 365 days or less from the date of acquisition, bankers' acceptances or bearer deposit notes with maturities not exceeding 365 days and overnight bank deposits, in each case, with the Agent, any Lender or with any United States commercial bank or any Canadian chartered bank (or comparable financial institution, including Alberta Treasury Branches) having capital and surplus in excess of Cdn.\$500,000,000 and a senior unsecured rating of “A-” or better by S&P and “A3” or better by Moody's;
- (d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in subparagraphs (b) and (c) above entered into with any financial institution meeting the qualifications specified in subparagraph (c) above;
- (e) commercial paper rated at least “P-1” by Moody's or “A-1” by S&P or at least “R-1” by DBRS and in each case maturing within 365 days after the date of acquisition; and
- (f) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in subparagraphs (a) through (e) of this definition.

“Cash Management Arrangements” means any arrangement entered into or to be entered into by the Borrower or any of its Subsidiaries with the Cash Manager for or in respect of cash management services for the Borrower and its Subsidiaries, including mirror accounting arrangements, account positioning arrangements, pooled accounts, netting arrangements across accounts, centralized operating accounts, automated clearing house transactions, controlled disbursement services, treasury, depository, overdraft and electronic funds transfer services, foreign exchange facilities, currency exchange transactions or agreements and options with respect thereto, credit card processing services, credit or debit cards, purchase cards and any indemnity given in connection with any of the foregoing.

“Cash Management Documents” means, collectively, all agreements, instruments and other documents which evidence, establish, govern or relate to any or all of the Cash Management Arrangements.

“Cash Management Obligations” means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Borrower and its Subsidiaries to the Cash Manager under, pursuant or relating to the Cash Management Arrangements or Cash Management Documents and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal and other costs, charges and expenses, and other amounts payable by the Borrower and its Subsidiaries under the Cash Management Arrangements or Cash Management Documents; in any event, and notwithstanding anything herein to the contrary, Cash Management Obligations shall include the obligations, indebtedness and liabilities of the Borrower and its Subsidiaries to the Cash Manager for or in relation to each of the following:

- (a) daylight credit associated with wire transfers;
- (b) daylight credit associated with inter-account transfers; and
- (c) daylight credit for foreign exchange settlement.

“Cash Manager” means The Toronto-Dominion Bank or another Canadian chartered bank which, from time to time, is the provider of Cash Management Arrangements to the Borrower and its Subsidiaries.

“Change of Control” means and shall be deemed to have occurred if and when:

- (a) any person or persons acting jointly or in concert (within the meaning ascribed to such phrase in the *Securities Act* (Alberta)) shall beneficially own or control, directly or indirectly, Voting Shares in the capital of the Borrower which have or represent more than 50% of all the votes entitled to be cast by shareholders for an election of the board of directors of the Borrower;
- (b) other than in the case of a Excluded Replacement, individuals who were elected as members of the board of directors of the Borrower by the most recent resolutions of the shareholders of the Borrower shall no longer constitute a majority of the board of directors of the Borrower at any time prior to the next following resolutions of the shareholders of the Borrower relating to the election of the same; or
- (c) other than in the case of an Excluded Replacement, individuals who were members of the board of directors of the Borrower immediately prior to resolutions of the shareholders of the Borrower relating to the election of directors shall not constitute a majority of the board of directors following such election.

“Code” means the *Internal Revenue Code of 1986* (United States).

“Collateral” has the meaning set out in Section 7.1.

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

“Commodity Agreement” means any agreement for the making or taking of delivery of any commodity (including Petroleum Substances and electricity), any commodity swap agreement, floor, cap or collar agreement or commodity future or option or other similar agreements or arrangements, or any combination thereof, entered into by the Borrower or a Subsidiary thereof where the subject matter of the same is any commodity or the price, value or amount payable thereunder is dependent or based upon the price of any commodity or fluctuations in the price of

any commodity, but shall not include any agreement for the physical purchase or sale of any commodity (including Petroleum Substances and electricity) by the Borrower or a Subsidiary thereof entered into in the ordinary course of business unless either (a) such agreement is with a bank, investment bank, securities dealer, insurance company, trust company, pension fund, institutional investor or any other financial institution or any Affiliate of any of the foregoing, or (b) such agreement is entered into for hedging purposes or otherwise for the purpose of eliminating or reducing the financial risk or exposure of the Borrower or a Subsidiary thereof to fluctuations in the prices of Petroleum Substances or other commodities (including electricity) (and, for certainty, any such agreement referred to in (a) or (b) of this definition shall constitute a "Commodity Agreement" for all purposes hereof).

"Compliance Certificate" means a certificate of the Borrower signed on its behalf by any one of the executive chairman, president, chief executive officer, chief operating officer, chief financial officer, a vice president or treasurer of the Borrower, substantially in the form annexed hereto as Schedule C , to be given to the Agent and the Lenders by the Borrower pursuant hereto.

"Consolidated Assets" means, on any date of determination, the assets of the Borrower determined on a consolidated basis in accordance with GAAP.

"Credit Facility" means the non-revolving term credit facility established pursuant to Section 2.1.

"Currency Hedging Agreement" means any currency swap agreement, cross currency agreement, forward agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by the Borrower or a Subsidiary thereof where the subject matter of the same is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates as in effect from time to time.

"DBRS" means DBRS Limited and any successors thereto.

"Debt" means, with respect to any person (X), without duplication:

- (a) indebtedness of X and its Subsidiaries for borrowed money;
- (b) obligations of X and its Subsidiaries arising pursuant or in relation to: (i) bankers' acceptances (including payment and reimbursement obligations in respect thereof), or (ii) letters of credit and letters of guarantee supporting obligations which would otherwise constitute Debt within the meaning of this definition or indemnities issued in connection therewith;
- (c) obligations of X and its Subsidiaries with respect to drawings under all other letters of credit and letters of guarantee;
- (d) obligations of X and its Subsidiaries under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the indebtedness or other obligations of any other person which would otherwise constitute Debt within the meaning of this definition if such other person was X and all Financial Assistance, including endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business);
- (e) (i) all indebtedness of X and its Subsidiaries representing the deferred purchase price of any property to the extent that such indebtedness is or remains unpaid after the expiry of the customary time period for payment, provided however that such time period shall in no event exceed 90 days, and (ii) all obligations of X and its Subsidiaries created or

arising under any: (A) conditional sales agreement or other title retention agreement which is not a lease, or (B) capital or financing lease;

- (f) all Attributable Debt in respect of all leases of X and its Subsidiaries other than in respect of (i) leases of office space or (ii) operating leases under GAAP (and, at the option of the Borrower, any present or future lease that would have been characterized as an operating lease under GAAP as in effect on December 31, 2010), 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);
- (g) Prepaid Obligations of X and its Subsidiaries;
- (h) all other long-term obligations (including the current portion thereof) upon which interest charges are customarily paid prior to default by X; and
- (i) all indebtedness of other persons secured by a Security Interest on any asset of X and its Subsidiaries, whether or not such indebtedness is assumed thereby; provided that the amount of such indebtedness shall be the lesser of (i) the fair market value of such asset at such date of determination, and (ii) the amount of such indebtedness shall only be Debt to the extent recorded as a liability in accordance with GAAP,

but, for certainty, shall exclude current and future taxes and, provided that, unless otherwise expressly provided or the context otherwise requires, references herein to "Debt" shall be and shall be deemed to be references to Debt of the Borrower and its Subsidiaries.

"Debt Service" means, with respect to the Borrower and its Subsidiaries for any period of determination, the sum of the following determined on a consolidated basis and without duplication:

- (a) the Interest Expense for such period; plus
- (b) the amount of Debt (including, for certainty, payments of principal under capital leases) which has a scheduled due date or is otherwise required to be repaid or paid, as the case may be, during such period,

provided that, if the Borrower or any of its Subsidiaries has guaranteed any Debt of any person which is not the Borrower or a Subsidiary, then the Debt Service shall be determined as if such Debt was directly created, issued, incurred or assumed by the Borrower and its Subsidiaries.

"Default" means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

"Departing Agent" has the meaning set out in Section 7.8.

"Designated Material Subsidiary" means a Subsidiary which is designated as a Material Subsidiary pursuant to Section 7.1 and which would not otherwise fall within part (a), (b), (c), (d) or (e) of the definition of "Material Subsidiary".

"Distribution" means:

- (a) the declaration, payment or setting aside for payment of any dividend or other distribution on or in respect of any shares in the capital of the Borrower or any Subsidiary which is not a Wholly-Owned Subsidiary (including any return of capital);

- (b) the redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any shares in the capital of the Borrower or any Subsidiary which is not a Wholly-Owned Subsidiary or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for shares in the capital thereof, including options, warrants, conversion or exchange privileges and similar rights;
- (c) the making of any loan or advance or any other provision of credit or Financial Assistance (i) by the Borrower or any Guarantor to any Related Party other than to the Borrower or a Guarantor or (ii) by any Subsidiary to any Related Party other than to the Borrower or a Material Subsidiary;
- (d) the payment of any principal, interest, fees or other amounts on or in respect of any Permitted Shareholder Loan or any other loans, advances or other Debt owing at any time (i) by the Borrower or any Guarantor to any Related Party other than the Borrower or a Guarantor or (ii) by any Subsidiary to any Related Party other than to the Borrower or a Material Subsidiary; or
- (e) (i) the payment of any amount, (ii) the sale, transfer, lease or other disposition of any property or assets, or (iii) any granting or creation of any rights or interests, at any time, in each case (x) by the Borrower or any Guarantor to or in favour of any Related Party other than to or in favour of the Borrower or any Guarantor or (y) by any Subsidiary to or in favour of any Related Party other than to or in favour of the Borrower or a Material Subsidiary,

and whether any of the foregoing is made, paid or satisfied with or for cash, property or any combination thereof.

“Documents” means this Agreement, the Security, each Shareholder Subordination Agreement, each Subordination Agreement and all certificates, notices, instruments and other agreements or documents delivered or to be delivered by the Borrower or a Subsidiary to the Agent or the Lenders, or both, in relation to the Credit Facility pursuant hereto or thereto and, when used in relation to any person, the term “Documents” shall mean and refer to the Documents executed and delivered by such person.

“Drawdown” means the advance of the Loans hereunder.

“EBITDA” of the Borrower in any period, means on a consolidated basis, the Net Income for such period, plus (in each case, on a consolidated basis and without duplication):

- (a) Interest Expense, to the extent deducted in determining Net Income;
- (b) all amounts deducted in the calculation of Net Income in respect of the provision for income taxes (in accordance with GAAP), including any interest and penalties thereon;
- (c) all amounts deducted in the calculation of Net Income in respect of non-cash items, including depreciation, depletion, amortization, future taxes, foreign currency obligations and any other non-cash items deducted in the calculation of Net Income for such period;
- (d) all amounts deducted in the calculation of Net Income in respect of minority equity losses, extraordinary, non-recurring losses, any non-cash impairment charges, and any other non-cash charges;
- (e) to the extent deducted in the calculation of Net Income, non-cash losses resulting from marking-to-market the outstanding Financial Instruments of the Borrower and its Subsidiaries for such period in accordance with GAAP; and

- (f) all amounts deducted in the calculation of Net Income in respect of share-based compensation; and
- (g) all amounts which would otherwise constitute EBITDA which are attributable to (i) assets acquired in such period or (ii) shares or other ownership interests in a person which becomes a Subsidiary of the Borrower acquired in such period (as if such assets, shares or ownership interests were owned during the whole of such period), if, but only if, such acquisition constitutes a Material Acquisition, all as if the Material Acquisition was completed on the first day of such period;

less (in each case, on a consolidated basis and without duplication):

- (h) all amounts included in the calculation of Net Income in respect of minority equity income or attributable to minority interests and extraordinary, non-recurring income and gains of the Borrower and its Subsidiaries;
- (i) to the extent included in Net Income, non-cash gains resulting from asset sales;
- (j) to the extent included in Net Income, non-cash gains resulting from marking-to-market the outstanding Financial Instruments of the Borrower and its Subsidiaries for such period in accordance with GAAP;
- (k) cash payments in respect of non-cash items and charges added back in computing EBITDA in prior periods; and
- (l) EBITDA attributable to (i) assets sold, transferred or otherwise disposed of in such period or (ii) shares or other ownership interests in a Subsidiary of the Borrower sold, transferred or otherwise disposed of in such period, if, but only if, such sale, transfer or disposition constitutes a Material Disposition, all as if the Material Disposition was completed on the first day of such period.

“EDC” means Export Development Canada.

“EDC Guaranteed LC Facility Agreement” means any demand revolving letter of credit facility agreement entered into by the Borrower and an EDC Guaranteed LC Facility Provider, in a form satisfactory to the Agent, acting reasonably.

“EDC Guaranteed LC Facility Provider” means the Cash Manager, in its capacity as the bank, under the EDC Guaranteed LC Facility Agreement.

“EDC Indemnity Agreement” means the bonding products and other insurance declaration and indemnity entered into by the Borrower in favour of EDC, in a form satisfactory to the Agent, acting reasonably.

“Effective Date” means the date upon which the conditions to effectiveness of this Agreement set out in Section 4.1 are satisfied or are waived by the Lenders in accordance with Section 4.2.

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

“Engineering Report” means a report (in form and substance satisfactory to the Majority Lenders, acting reasonably) prepared by the Independent Engineer or Independent Engineers, as the case may be, respecting the reserves of Petroleum Substances attributable to the assets and undertakings of the Borrower and its Material Subsidiaries, which report shall, as of the effective date of such report, set forth, inter alia, (a) the proved, developed, producing reserves of Petroleum Substances, (b) proved, developed nonproducing reserves of Petroleum Substances, (c) proved and undeveloped reserves of Petroleum Substances and (d) the probable reserves of Petroleum Substances, in each case, attributable to the assets and undertakings of the Borrower and its Material Subsidiaries and, for each ensuing 12 month period following the effective date of such report: anticipated rates of production, depletion and reinjection of Petroleum Substances; Crown, freehold and overriding royalties and freehold mineral taxes with respect to Petroleum Substances produced from or attributable to such assets and undertakings; production, revenue, value-added, wellhead or severance Taxes with respect to Petroleum Substances produced from or attributable to such assets and undertakings; operating costs; gathering, transporting, processing, marketing and storage fees payable with respect to Petroleum Substances produced from or attributable to such assets and undertakings; capital expenditures expected to be necessary to achieve anticipated rates of production; and net cash flow with respect to such assets and undertakings, including all revenues, expenses and expenditures described above.

“Environmental Certificate” means a certificate of the Borrower signed on its behalf by any one of the executive chairman, president, chief executive officer, chief operating officer or chief financial officer of the Borrower, substantially in the form annexed hereto as Schedule F, to be given to the Agent and the Lenders by the Borrower pursuant hereto.

“Environmental Laws” means all Applicable Laws with respect to the environment or environmental or public health and safety matters contained in statutes, regulations, rules, ordinances, orders, judgments, approvals, notices, permits or policies, guidelines or directives having the force of law.

“Event of Default” has the meaning set out in Section 8.1.

“Excluded Distributions” means any:

- (a) Distributions solely between or among the Borrower and/or one or more Guarantors
- (b) subject to the applicable Shareholder Subordination Agreement:
 - (i) scheduled interest payments on Existing Shareholder Loans, provided that: (x) no Default or Event of Default shall exist and be continuing at the time of making any such scheduled interest payment, and (y) the payment of any such scheduled interest payment shall not cause a Default or Event of Default and would not cause, or would reasonably be expected to cause, a Material Adverse Effect;
 - (ii) principal payments on Existing Shareholder Loans, provided that: (i) no such principal payments can occur before January 31, 2023; (ii) Obligations under Tranche 1 are less than \$22,000,000; (iii) the ratio of the Borrower’s Debt to EBITDA on a four quarter trailing basis is less than 2.5; (iii) no Default or Event of Default shall exist and be continuing at the time of making any such principal payment; and (ii) the payment of any such principal payment shall not cause a Default or Event of Default and would not cause, or would reasonably be expected to cause, a Material Adverse Effect; and
 - (iii) principal or scheduled interest payments on Permitted Shareholder Loans (other than the Existing Shareholder Loans), provided that: (i) no Default or Event of

Default shall exist and be continuing at the time of making any such principal or scheduled interest payment, and (ii) the payment of any such principal or scheduled interest payment shall not cause a Default or Event of Default and would not cause, or would reasonably be expected to cause, a Material Adverse Effect; and

- (c) cash dividends made by the Borrower in any fiscal quarter of the Borrower which have been previously approved in writing by all of the Lenders taking into account such considerations and other matters as the Lenders consider appropriate, acting reasonably, provided that, without intending to be exhaustive as to the considerations and other matters which the Lenders may look to or otherwise consider, in no event shall any cash dividend be made or permitted:
 - (i) which shall, in aggregate with all other cash dividends previously made by the Borrower in the previous 12 months, exceed an amount equal to 80% of Available Cash Flow for the immediately preceding four fiscal quarters of the Borrower beginning with the fiscal quarter for which the most recent financial statements of the Borrower had been delivered to the Agent pursuant to Section 6.1(e)(iii) or 6.1(e)(iv); and
 - (ii) during the continuance of any Default or Event of Default or if the payment of such cash dividend shall cause a Default or Event of Default or would cause, or would reasonably be expected to cause, a Material Adverse Effect,

provided that, in the case of a Distribution proposed to be made pursuant to subparagraph (b) or (c) above, the Borrower has provided to the Agent (A) 10 Banking Days' prior written notice of any such Distribution, and, in the case of subparagraph (c) above, requesting the approval of all of the Lenders for the payment of such Distribution, and (B) an Officer's Certificate certifying compliance with the aforementioned conditions of subparagraph (b) or subparagraph (c), as the case may be, such Officer's Certificate to be in form and substance satisfactory to the Agent, acting reasonably.

"Excluded Replacement" means, with respect to the Borrower, the replacement of those of its directors who have died or have been found to be of unsound mind by a court of competent jurisdiction.

"Excluded Taxes" means:

- (a) all taxes on, based on, measured by or with respect to the Agent's or a Lender's net or gross income, gains, capital, receipts, franchises, excess profits or conduct of business (unless such taxes are in lieu of any Taxes the Borrower or a Subsidiary would otherwise be required to pay hereunder) that are taxes imposed in a jurisdiction as a consequence of the Agent or applicable Lender carrying on a trade or business or having a permanent establishment in that jurisdiction or otherwise being organized under the laws of or being a resident in that jurisdiction;
- (b) all U.S. federal withholding Taxes imposed under FATCA, and any Taxes or penalties arising from a Lender's failure to properly comply with such Lender's obligations imposed under the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) or the similar provisions of legislation of any other jurisdiction that has entered into an agreement with the United States of America to provide for the implementation of FATCA-based reporting in that jurisdiction; and
- (c) any Taxes imposed on a payment or deemed payment by reason of the recipient being a "specified shareholder" of the Borrower (within the meaning of subsection 18(5) of the

Income Tax Act (Canada)) at the time of payment or deemed payment, or by reason of such recipient not dealing at arm's length for the purposes of the Income Tax Act (Canada) with the Borrower or a "specified shareholder" of the Borrower at the time of payment or deemed payment.

"Executive Order" means the executive order No. 13224 of 23 September 2011, entitled "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism".

"Existing Investments" means the [*Intentionally Redacted - Commercial Term*]

"Existing Second Lien Creditor" means Her Majesty the Queen in Right of Alberta.

"Existing Second Lien Debenture" means the Pine Cliff Energy Ltd. Amended and Restated Floating Charge Debenture in favour of Her Majesty the Queen in Right of Alberta dated July 13, 2018, initially in the principal amount of \$30,000,000 between the Borrower and the Existing Second Lien Creditor, as amended, restated or supplemented from time to time.

"Existing Second Lien Note Indebtedness" means, collectively, the Debt incurred by the Borrower from the Existing Second Lien Creditor pursuant to the terms of the Existing Second Lien Notes and the Existing Second Lien Debenture.

"Existing Second Lien Notes" means, collectively, (a) the promissory note in the principal amount of \$30,000,000 issued by the Borrower on August 10, 2016 in connection with the first advance under the Existing Second Lien Debenture, having a maturity date of September 30, 2020 and bearing interest at a rate not exceeding 6.75% per annum; and (b) the Additional Existing Second Lien Notes.

"Existing Shareholder Loans" means the Permitted Shareholder Loans in the aggregate principal amount of Cdn.\$12,000,000 under amended and restated promissory notes issued to [*Intentionally Redacted - Personal Information*] on October 1, 2019.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future registrations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with the implementation of the foregoing and any fiscal, regulatory, legislative, rules or practices adopted pursuant to any such intergovernmental agreement entered into in connection with Sections 1471 through 1474 of the Code.

"FCPA" means the *United States Foreign Corrupt Practices Act of 1977*, including any subordinate legislation thereunder.

"Financial Assistance" means, with respect to any person and without duplication, any loan, guarantee, undertaking to assume, endorsement (other than the routine endorsement of cheques in the ordinary course of business), indemnity, assurance, acceptance, extension of credit, loan purchase, share purchase, equity or capital contribution, investment or other form of direct or indirect financial assistance or support of any other person or any obligation (contingent or otherwise), in each case, primarily for the purpose of enabling another person to incur or pay any Debt or to comply with agreements relating thereto or otherwise to assure or protect creditors of the other person against loss in respect of Debt of the other person and includes any guarantee of or indemnity in respect of the Debt of the other person and, in any event includes, any absolute or contingent obligation to (directly or indirectly):

- (a) advance or supply funds for the payment or purchase of any Debt of any other person;
- (b) purchase, sell or lease (as lessee or lessor) any property, assets, goods, services, materials or supplies primarily for the purpose of enabling any person to make payment of Debt or to assure the holder thereof against loss;
- (c) guarantee, indemnify, hold harmless or otherwise become liable to any creditor of any other person from or against any losses, liabilities or damages in respect of Debt;
- (d) make a payment to another for goods, property or services regardless of the non-delivery or non-furnishing thereof to the Borrower or any Subsidiary (as applicable); or
- (e) make an advance, loan or other extension of credit to or to make any subscription for equity, equity or capital contribution, or investment in or to maintain the capital, working capital, solvency or general financial condition of another person.

The amount of any Financial Assistance is the amount of any loan or direct or indirect financial assistance or support, without duplication, given, or all Debt of the obligor to which the Financial Assistance relates, unless the Financial Assistance is limited to a determinable amount, in which case the amount of the Financial Assistance is the determinable amount.

“Financial Instrument” means any Interest Hedging Agreement, Currency Hedging Agreement or Commodity Agreement.

“Financial Instrument Obligations” means obligations arising under Financial Instruments entered into by the Borrower or a Subsidiary thereof to the extent of the net amount due or accruing due by the Borrower or such Subsidiary thereunder.

“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 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 (but only to the extent IFRS is adopted by the Canadian Institute of Chartered Accountants or any successor thereto (**“CICA”**) as generally accepted accounting principles in Canada and, then, subject to such modifications thereto as are agreed by the CICA).

“Governmental Authority” means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political subdivision thereof and any entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

“Governmental Authorization” means an authorization, order, permit, approval, grant, license, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree or demand or the like issued or granted by law or by rule or regulation of any Governmental Authority.

“Guarantee” means any guarantee, indemnity, undertaking to assume, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect

of, any obligation of any person; provided that the amount of each Guarantee shall be deemed to be the amount of the obligation guaranteed thereby, unless the Guarantee is limited to a determinable amount in which case the amount of such Guarantee shall be deemed to be the lesser of such determinable amount or the amount of such obligation.

"Guarantor" means a Material Subsidiary which has executed and delivered to the Agent the Security. On the Effective Date, the only Material Subsidiary is Geomark Exploration Ltd.

"Haywood Account" means the securities account maintained by Geomark Exploration Ltd. with Haywood Securities Inc.

"Hazardous Materials" means any substance or mixture of substances which, if released into the environment, would likely cause, immediately or at some future time, harm or degradation to the environment or to human health or safety and includes any substance defined as or determined to be a pollutant, contaminant, waste, hazardous waste, hazardous chemical, hazardous substance, toxic substance or dangerous good under any Environmental Law.

"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.

"Indemnified Parties" has the meaning set out in Section 11.10.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Independent Engineer" means, as of the date hereof, McDaniel & Associates Consultants Ltd. and includes such other firm or firms of independent engineers as may be selected from time to time by the Borrower and approved by the Majority Lenders (acting reasonably) in replacement thereof.

"Interest Expense" of a person, for any period, means interest expense of such person determined on a consolidated basis in accordance with GAAP as the same would be set forth or reflected in a consolidated statement of income of such person and, in any event and without limitation, shall include (without duplication):

- (a) all interest of such person and its Subsidiaries accrued or payable in respect of such period, including capitalized interest and imputed interest with respect to lease obligations;
- (b) all fees of such person and its Subsidiaries (including standby, commitment fees, acceptance and stamping fees in respect of bankers' acceptances and fees payable in respect of letters of credit and letters of guarantee and similar instruments supporting obligations which constitute Debt) accrued or payable in respect of such period and which relate to any indebtedness or credit agreement, prorated (as required) over such period;
- (c) any difference between the face amount and the discount proceeds of any bankers' acceptances, commercial paper and other obligations of such person or any Subsidiary thereof issued at a discount, prorated (as required) over such period; and
- (d) all net amounts charged or credited to interest expense under any Interest Hedging Agreements in respect of such period,

provided that, unless otherwise expressly provided or the context otherwise requires, references herein to “Interest Expense” shall be and shall be deemed to be references to Interest Expense of the Borrower.

“**Interest Hedging Agreement**” means any interest swap agreement, forward rate agreement, floor, cap or collar agreement, future, derivative or option transaction, insurance or other similar agreement or arrangement, or any combination thereof, entered into by the Borrower or a Subsidiary thereof where the subject matter of the same is interest rates or the price, value or amount payable thereunder is dependent or based upon the interest rates or fluctuations in interest rates in effect from time to time (but, for certainty, shall exclude conventional floating rate debt).

“**Interest Payment Date**” means July 31 and January 31 of each calendar year and, if such day is not a Banking Day, then the immediately preceding Banking Day.

“**Investment**” means any one or more of the following: (a) any purchase or other acquisition of shares or other securities of any person; (b) any form of Financial Assistance to or for the benefit of any person; (c) any loan to any person; (d) any other extension of credit to any person, other than in the ordinary course of business; (e) any capital contribution to any other person; and (f) any purchase or other acquisition of any assets, property or undertaking other than an acquisition in the ordinary course of business of the purchaser.

“**Judgment Currency**” has the meaning set out in Section 11.21.

“**Lenders**” means each of the parties hereto as a lender on the Effective Date and any Person who after the date hereof becomes an Lender pursuant to Section 10.1, and their respective successors and assigns, and “**Lender**” means any one of them.

“**Lenders' Counsel**” means the firm of Stikeman Elliott LLP or such other firm of legal counsel as the Agent may from time to time designate.

“**Liability Management Rating**” means, subject to Section 1.7, for any Material Jurisdiction and with respect to any of the Borrower or its Subsidiaries 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.

“**Loans**” means, collectively, the Tranche 1 Loan and the Tranche 2 Loan and “**Loan**” means either of them as the context appears.

“**Majority Lenders**” means:

- (a) when there are two or fewer Lenders, all of the Lenders; and
- (b) when there are three or more Lenders, those Lenders whose Commitment are, in the aggregate, in excess of 50% of the Total Commitment.

“**Make-Whole Amount**” means, the present value of all interest at the applicable interest rate of the applicable Loan that would have accrued on the portion of the Loans being prepaid from the date of prepayment to: (i) the second anniversary of the Effective Date in the case of a Tranche 1 Loan prepayment; or (ii) the second anniversary of July 13, 2018, calculated in accordance with accepted financial practice using a discount rate equal to 2% plus the yield to maturity implied by the yield, determined by the Agent, acting reasonably, as of 8:00 A.M. on the second Banking

Day preceding the prepayment date, for the most recently issued actively traded on the run Canadian federal government treasury securities having a maturity closest to the second anniversary of the Effective Date or July 13, 2018, as applicable.

“Mandatory/Sustaining Capital Expenditures” means Capital Expenditures which the Borrower and any one or more of its Subsidiaries are required to incur:

- (a) pursuant to applicable law or contract, including pursuant to any operating agreement or joint operating agreement relating to its P&NG Rights; or
- (b) in respect of their respective P&NG Rights in order to achieve production therefrom at the volumes set forth in the most recent Engineering Report delivered pursuant hereto.

“Material Acquisition” means an acquisition (whether in one transaction or in a series of related transactions and including an acquisition by way of an amalgamation) by the Borrower or any of its Subsidiaries of (a) assets or (b) shares or other ownership interests in a person who becomes a Subsidiary of the Borrower, in each case, which increases Consolidated Assets or EBITDA, in either case, by more than 10% (net of the amount of any related dispositions).

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

- (a) the financial condition of the Borrower and its Subsidiaries on a consolidated basis and taken as a whole;
- (b) the ability of the Borrower and the Material Subsidiaries to observe or perform their respective obligations under the Documents to which any of them is a party or the validity or enforceability of such Documents or any material provision thereof;
- (c) the property, business, operations, liabilities or capitalization of the Borrower and its Subsidiaries on a consolidated basis and taken as a whole; or
- (d) the Security, the priority thereof or any material right or remedy of the Agent or Lenders thereunder.

“Material Disposition” means a sale, transfer or other disposition (whether in one transaction or in a series of related transactions) by the Borrower or any of its Subsidiaries of (a) assets or (b) shares or other ownership interests in a Subsidiary of the Borrower, in each case, which decreases Consolidated Assets or EBITDA, in either case, by more than 10% (net of the amount of any related acquisitions).

“Material Jurisdiction” means any jurisdiction where any of the Borrower or its Material Subsidiaries, in aggregate, own or operate assets, property and undertaking with aggregate associated undiscounted and uninflated abandonment and reclamation liabilities (expressed in nominal dollars) exceeding 10% of PV10. As of the Effective Date, the only Material Jurisdiction is Alberta.

“Material Subsidiary” means any Subsidiary of the Borrower which:

- (a) has consolidated assets equal to or greater than 5.0% of the Consolidated Assets;
- (b) has consolidated net income equal to or greater than 5.0% of the Net Income;
- (c) has EBITDA attributable thereto equal to or greater than 5.0% of EBITDA of the Borrower in the immediately preceding 12 months;

- (d) has guaranteed or otherwise become liable for any Debt other than under the Credit Facility or intercompany Permitted Debt referred to in subparagraph (c) of the definition of Permitted Debt; or
- (e) to the extent it is not a Material Subsidiary pursuant to paragraphs (a), (b), (c), (d) or (e) above, is designated as a Designated Material Subsidiary pursuant to Section 7.1.

"Maturity Date" means the Tranche 1 Maturity Date or the Tranche 2 Maturity Date, as the context requires.

"Moody's" means Moody's Investors Service, Inc. and any successors thereto.

"Net Income" of any person for any financial period for which it is being determined, means the net income (or net loss) of such person determined on a consolidated basis in accordance with GAAP, for such period, provided that, unless otherwise expressly provided or the context otherwise requires, references herein to "Net Income" shall be and shall be deemed to be references to Net Income of the Borrower.

"Obligations" means, collectively and at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Borrower and its Material Subsidiaries to the Lenders or the Agent under, pursuant or relating to the Credit Facility or the Documents and whether the same are from time to time reduced or entirely extinguished and including all principal, interest, fees, legal and other costs, charges and expenses, and other amounts payable by the Borrower under this Agreement.

"OFAC" means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Officer's Certificate" means a certificate or notice (other than a Compliance Certificate) signed by any one of the executive chairman, chief executive officer, president, chief financial officer, chief operating officer, a vice president, treasurer, assistant treasurer, controller, corporate secretary or assistant secretary of the Borrower or a Subsidiary thereof, as the case may be, (including, in the case of a partnership, trust or other person, a certificate or notice signed by such an officer of a general partner, managing partner, trustee, administrator or other similar person of or with respect to such partnership, trust or other person); provided, however, that Repayment Notices shall be executed on behalf of the Borrower by any one of the foregoing persons or such other persons as may from time to time be designated by written notice from the Borrower to the Agent.

"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 Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Document.

"Outstanding Principal" means, at any time, the aggregate of the principal amount of all outstanding Loans.

"P&NG Leases" means, collectively, any and all documents of title including leases, reservations, permits, licences, unit agreements, assignments, trust declarations, participation, exploration, farm-out, farm-in, royalty, purchase or other agreements by virtue of which the Borrower or any Subsidiary thereof is entitled to explore for, drill for, recover, take or produce Petroleum Substances of any kind whatsoever from or with respect to P&NG Rights owned by the Borrower or any Subsidiary thereof (as applicable), or to share in the production or proceeds of production or any part thereof or proceeds of royalty, production, profits or other interests out of, referable to or payable in respect of Petroleum Substances of any kind whatsoever from or with respect to

P&NG Rights owned by the Borrower or any Subsidiary thereof (as applicable), and the rights of the Borrower or a Subsidiary thereof (as applicable) thereunder.

"P&NG Rights" means all of the right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", of the Borrower and its Subsidiaries in and to any of the following, by whatever name the same are known:

- (a) rights to explore for, drill for and produce, take, save or market Petroleum Substances;
- (b) rights to a share of the production of Petroleum Substances;
- (c) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances;
- (d) rights to acquire any of the rights described in subparagraphs (a) through (c) of this definition;
- (e) interests in any rights described in subparagraphs (a) through (d) of this definition; and
- (f) all extensions, renewals, replacements or amendments of or to the foregoing items described in subparagraphs (a) through (e) of this definition;

and including interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests, economic interests and other interests and fractional or undivided interests in any of the foregoing and freehold, leasehold or other interests.

"Permitted Contest" means action taken by or on behalf of the Borrower or a Subsidiary thereof in good faith by appropriate proceedings diligently pursued to contest a Tax, claim or Security Interest, provided that:

- (a) the person to which the Tax, claim or Security Interest being contested is relevant (and, in the case of a Subsidiary of the Borrower, the Borrower on a consolidated basis) has established reasonable reserves therefor if and to the extent required by GAAP;
- (b) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect; and
- (c) proceeding with such contest will not create a material risk of sale, forfeiture or loss of, or interference with the use or operation of, a material part of any property, asset or undertaking which has a fair market value greater than the Threshold Amount.

"Permitted Debt" means the following:

- (a) the Obligations;
- (b) Cash Management Obligations;
- (c) any Debt owing by a Subsidiary to the Borrower, by a Subsidiary to a Material Subsidiary and by the Borrower to another Material Subsidiary;
- (d) Attributable Debt of the Borrower or any Subsidiary arising in connection with operating leases and any lease which the Borrower elects to characterize as an operating lease as provided for in subparagraph (f) of the definition of Debt, in each case, entered into in the

ordinary course of business (which, for certainty, shall not include any leases entered into in connection with any Sale-Leaseback);

- (e) (i) Attributable Debt of the Borrower or any Subsidiary arising in connection with capital leases, (ii) Purchase Money Obligations of the Borrower or any Subsidiary and (iii) Sale-Leasebacks; provided that the aggregate outstanding amount of such Attributable Debt, Purchase Money Obligations and Sale-Leasebacks of the Borrower and its Subsidiaries shall not exceed at any one time Cdn.\$5,000,000 (or the equivalent thereof in any other currency);
- (f) Permitted Shareholder Loans;
- (g) Debt consisting of Financial Assistance permitted under Section 6.2(k);
- (h) Debt of the Borrower owing to the EDC Guaranteed LC Facility Provider pursuant to the EDC Guaranteed LC Facility Agreement, provided that the aggregate face amount of letters of credit issued and outstanding thereunder shall not exceed at any one time Cdn.\$5,000,000; and
- (i) reimbursement and indemnity obligations of the Borrower owing to EDC pursuant to the EDC Indemnity Agreement.

“Permitted Disposition” means, in respect of the Borrower or any of its Subsidiaries, any one or more of the following:

- (a) a sale or disposition of P&NG Rights (and related tangibles) resulting from any farmout, pooling or unitization entered into in the ordinary course of business and in accordance with sound industry practice when, in the reasonable judgment of the Borrower or the applicable Subsidiary, it is necessary to do so in order to facilitate the orderly exploration, development or operation of such P&NG Rights;
- (b) a sale or disposition by the Borrower or the applicable Subsidiary in the ordinary course of business and in accordance with sound industry practice of tangible personal property that is obsolete, no longer useful for its intended purpose or being replaced in the ordinary course of business;
- (c) a sale or disposition by any of them of its interest in machinery, equipment or other tangible personal property for which Purchase Money Obligations were incurred and which obligations are fully repaid concurrently with such sale or disposition;
- (d) a sale or disposition of assets (including shares or ownership interests) by a Subsidiary to the Borrower, by a Subsidiary to a Guarantor and by the Borrower to a Guarantor;
- (e) any other sale or disposition of assets, including mineral properties (other than P&NG Rights), of the Borrower or any Subsidiary, provided that such sale or disposition: (i) does not include any P&NG Rights (for certainty, such restriction does not include and is not intended to apply to sales of Petroleum Substances actually produced and taken pursuant to such P&NG Rights, as opposed to the P&NG Rights themselves); and (ii) is made in the ordinary course of business; and
- (f) abandonment of P&NG Rights in the ordinary course of business,

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 Borrower or Material Subsidiary would be less than 1.0 in any Material Jurisdiction.

“Permitted Encumbrances” means, as at any particular time, any of the following Security Interests on the property or any part of the property of the Borrower or any Subsidiary thereof:

- (a) liens for taxes, assessments or governmental charges not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (b) deemed liens and trusts arising by operation of law in connection with workers' compensation, employment insurance and other social security legislation, in each case, which secure obligations not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (c) liens under or pursuant to any judgment rendered, or claim filed, against the Borrower or a Subsidiary thereof, which the Borrower or such Subsidiary (as applicable) shall be contesting at the time by a Permitted Contest;
- (d) undetermined or inchoate liens and charges incidental to construction, maintenance or current operations which have not at such time been registered or filed pursuant to applicable law against the Borrower or a Subsidiary thereof or the subject property or which relate to obligations not due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (e) liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the exploration, development or operation of P&NG Rights and related production or processing facilities in which such person has an interest or the transmission of Petroleum Substances as security in favour of any other person conducting or participating in the exploration, development, operation, production, processing or transmission of the property to which such liens relate, for the Borrower's or any Subsidiary's portion of the costs and expenses of such exploration, development, operation, production, processing or transmission, provided that such costs or expenses are not due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (f) liens for penalties arising under non-participation or independent operations provisions of operating or similar agreements in respect of the Borrower's or any Subsidiary's P&NG Rights, provided that such liens do not materially detract from the value of any material part of the property of the Borrower and its Subsidiaries, taken as a whole;
- (g) any right of first refusal in favour of any person granted in the ordinary course of business with respect to all or any of the P&NG Rights of the Borrower or any Subsidiary thereof;
- (h) easements, rights of way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights of way and servitudes for railways, sewers, drains, gas and oil and other pipelines, gas and water mains, electric light and power and telecommunication, telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which individually or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of the Borrower and its Subsidiaries, taken as a whole;
- (i) security given by the Borrower or a Subsidiary thereof to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of the Borrower or such Subsidiary (as applicable), all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of the asset concerned or

materially impair its use in the operation of the business of the Borrower and its Subsidiaries, taken as a whole;

- (j) the reservation in any original grants from the Crown or lessor of any land or interests therein and statutory exceptions and reservations to title;
- (k) any encumbrance or agreement relating to pooling or a plan of unitization affecting the property of the Borrower or a Subsidiary thereof, or any part thereof;
- (l) royalties, net profits and other interests and obligations arising in accordance with standard industry practice and in the ordinary course of business, under P&NG Leases in which the Borrower or a Subsidiary thereof have any interest;
- (m) Security Interests in favour of the Lenders or the Agent on behalf of the Lenders;
- (n) the Security;
- (o) any operating lease or any lease which the Borrower or a Subsidiary elects to characterize as an operating lease as provided for in subparagraph (f) of the definition of Debt, in each case, entered into in the ordinary course of business (which, for certainty, shall not include any leases entered into in connection with any Sale-Leaseback);
- (p) bankers' liens, rights of set-off and other similar liens existing solely with respect to cash on deposit in one or more accounts maintained by the Borrower or any of its Subsidiaries, in each case, granted in the ordinary course of business in favour of the Lender or Lenders with which such accounts are maintained, securing amounts owing to such Lender with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements;
- (q) to the extent constituting Security Interests, Financial Assistance permitted under this Agreement;
- (r) Security Interests securing Attributable Debt, provided that such Security Interests shall attach only to the property subject to the lease giving rise to such Attributable Debt and provided further that such Attributable Debt is Permitted Debt;
- (s) Security Interests securing a Purchase Money Obligation, provided that such Security Interests shall attach only to the property acquired in connection with which such Purchase Money Obligation was incurred (and proceeds thereof) and provided further that such Purchase Money Obligation is Permitted Debt;
- (t) landlords' liens or any other rights of distress reserved in or exercisable under any lease of real property for rent and for compliance with the terms of such lease; provided that such lien does not attach generally to all or substantially all of the undertaking, assets and property of the Borrower or any Subsidiary;
- (u) deposits to secure performance of (i) bids, tenders, contracts (other than contracts for the payment of money) or (ii) leases of real property (other than P&NG Leases) entered into in the ordinary course of business, in each case, to which the Borrower or a Subsidiary is a party;
- (v) Security Interests resulting from the deposit of cash as security when the Borrower or a Subsidiary is required to do so by a Governmental Authority or by normal business practice in connection with contracts, licenses or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same, or to secure workers'

compensation, surety or appeal bonds or to secure costs of litigation when required by Applicable Law;

- (w) minor defects of title which, individually and in the aggregate, do not materially affect the right of ownership of the Borrower or its Subsidiary in the P&NG Rights or the right of the Borrower or its Subsidiary to utilize the P&NG Rights to conduct its business;
- (x) Security Interests securing Permitted Shareholder Loans on terms and conditions satisfactory to the Agent and the Lenders;
- (y) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Security Interest referred to in the preceding subparagraphs (a) to (x) inclusive of this definition, so long as any such extension, renewal or replacement of such Security Interest is limited to all or any part of the same property that secured the Security Interest extended, renewed or replaced (plus improvements on such property) and the indebtedness or obligation secured thereby is not increased; and
- (z) inchoate liens in favour of EDC to secure obligations of the Borrower or any Guarantor to EDC under the EDC Indemnity Agreement, provided that (i) the obligations relating thereto are (A) not due and delinquent or (B) if due and delinquent, the validity of which is subject to a Permitted Contest, and (ii) such liens are not registered in any jurisdiction in priority to the Security,

provided that nothing in this definition shall in and of itself cause the Obligations hereunder to be subordinated in priority of payment to any such Permitted Encumbrance or cause any Security Interests in favour of the Lenders or the Agent on behalf of the Lenders to rank subordinate to any such Permitted Encumbrance.

“Permitted Hedging” means Financial Instruments:

- (a) which are entered into in the ordinary course of business and for hedging purposes and not for speculative purposes (determined, where relevant, by reference to GAAP); for certainty, Interest Hedging Agreements having as a subject matter principal amounts (either individually or in the aggregate, but determined on a net basis taking into account transactions or agreements entered into to reverse the position or limit the exposure under an existing Interest Hedging Agreement) greater than the aggregate liability of the Borrower and its Subsidiaries for borrowed money shall be deemed to be for speculative purposes;
- (b) which have a term of 3 years or less (for certainty, for all purposes relating hereto and to the other Documents, (i) the term of any Financial Instrument shall commence on the date that the Financial Instrument in question is entered into notwithstanding the fact that the effective date of such Financial Instrument, or other date from which payments or deliveries are to be made or determined thereunder, is subsequent to the date such Financial Instrument is entered into and (ii) without limiting the foregoing, and in addition thereto, the term of a swap transaction or other transaction entered into pursuant to or governed by a Master Agreement published by the International Swaps and Derivatives Association, Inc. (including by International Swap Dealers Association, Inc.) or any successor thereto shall commence on the trade date thereof); and
- (c) which, taken in the aggregate with other outstanding Financial Instruments and as determined at the time such Financial Instrument is entered into, shall not result in the Borrower and its Subsidiaries having entered into:

- (d) Currency Hedging Agreements in an aggregate amount in excess of 60% of U.S.\$ forecasted revenues of the Borrower and its Subsidiaries over a three year period as provided in a forecast provided by the Borrower to the Agent and Lenders in form and substance satisfactory to the Agent and Lenders, acting reasonably;
- (e) Interest Hedging Agreements in an aggregate amount in excess of \$15,000,000 drawn over a three year term at the time such Interest Hedging Agreements are entered into as provided in a forecast provided by the Borrower to the Agent and Lenders in form and substance satisfactory to the Agent and Lenders, acting reasonably; or
- (f) Commodity Agreements where the aggregate daily quantity of Petroleum Substances or other commodities which are the subject matter thereof exceeds:
 - (i) where the aggregate daily quantity of Petroleum Substances which are the subject matter thereof exceeds, for the first year after entry into such Commodity Agreements, 60%, and for the second and third year after the entry of such Commodity Agreements, 50%, in each case, of the Borrower's and its Subsidiaries' aggregate average daily production (net of royalties) of:
 - (A) oil (including natural gas liquids) and bitumen, in the case of oil (including natural gas liquids) and bitumen; or
 - (B) natural gas, in the case of natural gas;
 - (ii) where the aggregate daily quantity of Petroleum Substances which are the subject matter thereof exceeds, for the first year after entry into such Commodity Agreements, 60%, and for the second and third year after the entry of such Commodity Agreements, 50%, in each case, of the Borrower's and its Subsidiaries' aggregate average daily consumption of natural gas, in the case of natural gas; or
 - (iii) in the case of any other commodity, for the first year after entry into such Commodity Agreements, 60%, and for the second and third year after the entry of such Commodity Agreements, 50%, in each case, of the Borrower's and its Subsidiaries' aggregate average daily consumption or other underlying exposure to such commodity,

in each case, in the fiscal quarter immediately preceding the entering into of such Commodity Agreement, but after giving effect, on a pro forma basis, (x) to acquisitions and dispositions during such fiscal quarter and (y) to adjustments to the extent necessary to exclude short-term (30 days or less) interruptions of production in such fiscal quarter.

"Permitted Shareholder Loans" means unsecured or secured Debt of the Borrower owing to one or more shareholders of the Borrower provided that: (a) the principal amount of all such Permitted Shareholder Loans do not, in the aggregate at any time, exceed Cdn.\$22,500,000; (b) the annual rate of interest payable to the lenders of such Permitted Shareholder Loans does not exceed 0.25% per annum less than the blended average effective interest rate payable for Loans under the Credit Facility as in effect from time to time; (c) such Debt is otherwise on terms and conditions satisfactory to the Agent and the Lenders, acting reasonably; (d) such Debt is fully subordinated to the Obligations pursuant to, and which is then subject to, a Shareholder Subordination Agreement, and for certainty includes the Existing Shareholder Loans; and (e) such Debt for Permitted Shareholder Loans (other than the Existing Shareholder Loans) is owed to one or more shareholders who individually own at least 1.5% of the Voting Shares of the Borrower (on a non-diluted basis).

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

“Petroleum Substances” means any one or more of crude oil, crude bitumen, synthetic crude oil, petroleum, natural gas, natural gas liquids, related hydrocarbons and any and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur.

“Prepaid Obligations” means “take or pay”, forward sale, prepaid or similar liabilities of a person whereby such person is obligated to settle, at some future date, an obligation in respect of Petroleum Substances, whether by deliveries (accelerated or otherwise) of Petroleum Substances, the payment of money or otherwise however, including the transfer of any Petroleum Substances, whether in place or when produced, for a period of time until, or of an amount such that, the lender or 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 products or any interest in property of the character commonly referred to as a “production payment” and all such obligations for which such person is liable without having received and retained a payment therefor or having assumed such obligation.

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

- (a) in respect of the Tranche 1 Loan, the proportion that such Lender's Tranche 1 Commitment bears to the aggregate of all of the Lenders' Tranche 1 Commitments;
- (b) in respect of the Tranche 2 Loan, the proportion that such Lender's Tranche 2 Commitment bears to the aggregate of all of the Lenders' Tranche 2 Commitments; and
- (c) in respect of the Credit Facility, the proportion that the aggregate of such Lender's Commitment bears to the Total Commitment;

provided that, from and after delivery of an Acceleration Notice pursuant to Section 8.2, the Proportionate Share shall be the proportion that the Obligations owed by the Borrower to a Lender bears to the aggregate of all Obligations owed by the Borrower to all of the Lenders.

“Purchase Money Obligation” means any monetary obligation created or assumed as part of the purchase price of real or tangible personal property, whether or not secured, any extensions, renewals or refundings of any such obligation, provided that the principal amount of such obligation outstanding on the date of such extension, renewal or refunding is not increased and further provided that any security given in respect of such obligation shall not extend to any property other than the property acquired in connection with which such obligation was created or assumed and fixed improvements, if any, erected or constructed thereon and the proceeds thereof.

“PV10” means, as of any date, the net present value of future net revenue (before deduction of income taxes), calculated annually in accordance with the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 *Standard for Disclosure for Oil and Gas Activities* (“**NI 51-101**”) using forecast prices and costs determined by a recognized independent reservoir engineering firm engaged pursuant to NI 51-101 and a discount rate of 10 percent per annum, and evidenced in the most recent Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*, Form 51-101F2 *Report of Reserves Data by Independent Qualified Reserves Evaluator or Auditor* and Form F1-101F3 *Report of Management and Directors on Oil and Gas Disclosure* filed with the securities regulatory authority (as defined in NI 51-101).

“Quarter End” means March 31, June 30, September 30 and December 31 in each year.

“Related Party” means any person which is any one or more of the following:

- (a) an Affiliate of the Borrower or any Subsidiary thereof;
- (b) a unitholder, shareholder or partner of the Borrower or any Subsidiary which, together with all Affiliates of such person, owns or controls, directly or indirectly, more than 10% of the units, shares, capital or other ownership interests (however designated) of the Borrower or any Subsidiary, or an Affiliate of any such unitholder, shareholder or partner;
- (c) an officer, director or trustee of any of the foregoing; and
- (d) a person which does not deal at arm's length (within the meaning of the *Income Tax Act* (Canada)) with the Borrower and its Subsidiaries.

“Release” means any release, spill, emission, leak, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the environment including the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or sub surface strata.

“Repayment Notice” means a notice substantially in the form annexed hereto as Schedule D to be given to the Agent by the Borrower pursuant hereto.

“Required Permits” means all Governmental Authorizations which are necessary at any given time for the Borrower and each of its Subsidiaries to own and operate its property, assets, rights and interests or to carry on its business and affairs.

“S&P” means the Standard & Poor's Rating Group, a division of Standard & Poor's Financial Services LLC (a subsidiary of McGraw Hill Financial, Inc.) and any successors thereto.

“Sale-Leaseback” means an arrangement, transaction or series of arrangements or transactions under which title to any real property, tangible personal property or fixture is transferred by the Borrower or a Subsidiary thereof (a **transferor**) to another person which leases or otherwise grants the right to use such property to the transferor (or nominee of the transferor) and, whether or not in connection therewith, the transferor also acquires a right or is subject to an obligation to acquire such property or a material portion thereof, and regardless of the accounting treatment of such arrangement, transaction or series of arrangements or transactions.

“Sanctioned Person” means:

- (a) a person that is designated under, listed on, or owned or controlled by a person designated under or listed on, or acting on behalf of a person designated under or listed on, any Sanctions List;
- (b) a person that is located in, incorporated under the laws of, or owned or (directly or indirectly) controlled by, or acting on behalf of, a person located in or organized under the laws of a country or territory that is the target of country-wide or territory-wide Sanctions;
- (c) a person that is otherwise a target of Sanctions (“target of Sanctions” signifying a person with whom a person or other national of a Sanctions Authority would be prohibited or restricted by law from engaging in trade, business or other activities); or
- (d) any other person to which one or more Lenders would not be permitted to make a loan, or provide funding, in accordance with the Sanctions, or otherwise deal with pursuant to the Sanctions.

“Sanctions” means the economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctions Authority, including any sanctions or requirements imposed by, or based upon the obligations or authorities set forth in, the *Special Economic Measures Act* (Canada), the *United Nations Act* (Canada), the *Criminal Code* (Canada), the *Freezing of Assets of Corrupt Foreign Officials Act* (Canada), the Executive Order, the *U.S. Bank Secrecy Act* (31 U.S.C. §§ 5311 et seq.), the *U.S. Money Laundering Control Act of 1986* (18 U.S.C. §§ 1956 et seq.), the *USA Patriot Act of 2001*, the *U.S. International Emergency Economic Powers Act* (50 U.S.C. §§ 1701 et seq.), the *U.S. Trading with the Enemy Act* (50 U.S.C. App. §§ 1 et seq.), the *U.S. United Nations Participation Act*, the *U.S. Syria Accountability and Lebanese Sovereignty Act*, the *U.S. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010* or the *Iran Sanctions Act* (United States), or any of the foreign assets control regulations of the U.S. Department of the Treasury (including but not limited to 31 CFR, Subtitle B, Chapter V) or any other law or executive order relating thereto or regulation administered by OFAC.

“Sanctions Authority” means any of: (a) the Canadian government; (b) the United States government; (c) the United Nations; (d) the European Union; (e) the United Kingdom; or (f) the respective governmental institutions, departments and agencies of any of the foregoing, including Foreign Affairs, Trade and Development Canada, Public Safety Canada, OFAC, the United States Department of State, and Her Majesty’s Treasury of the United Kingdom; **“Sanctions Authorities”** means all of the foregoing Sanctions Authorities, collectively.

“Sanctions List” means the “Specially Designated Nationals and Blocked Persons” list maintained by OFAC, the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by Her Majesty’s Treasury of the United Kingdom, or any substantially similar list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities.

“Security” means, collectively, the guarantees, debentures, debenture pledge agreements, pledge agreements, assignments and other security agreements executed and delivered, or required to be executed and delivered, by the Borrower and the Material Subsidiaries under and pursuant to this Agreement and shall include: (a) in respect of the Borrower, guarantee, the floating charge demand debenture, the debenture pledge agreement and the general security agreement substantially in the forms of Schedules E-1, E-2 and E-3, respectively, annexed hereto, with such modifications and insertions as may be required by the Agent, acting reasonably; and (b) in respect of each Material Subsidiary, a guarantee, a floating charge demand debenture, a debenture pledge agreement and a general security agreement substantially in the forms of Schedules E-4, E-5, E-6 and E-7, respectively, annexed hereto with such modifications and insertions as may be required by the Agent, acting reasonably.

“Security Interest” means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event:

- (a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;
- (b) (i) rights of set-off or (ii) any other right of or arrangement of any kind with any creditor, which in any case are made, created or entered into, as the case may be, for the purpose of or having the effect (directly or indirectly) of (A) securing Debt, (B) preferring some holders of Debt over other holders of Debt or (C) having the claims of any creditor be satisfied prior to the claims of other creditors with or from the proceeds of any properties,

assets or revenues of any kind now owned or later acquired (other than, with respect to (C) only, rights of set-off granted or arising in the ordinary course of business);

- (c) the rights of lessors under capital or financing leases, operating leases and any other lease financing; and
- (d) absolute assignments of accounts receivable, except for absolute assignments of accounts receivable made in conjunction with a sale of related P&NG Rights which is permitted by the provisions hereof.

“Shareholder Subordination Agreement” means, in respect of a Permitted Shareholder Loan, a shareholder subordination agreement among the Borrower, the Agent and the lender of such Permitted Shareholder Loan and which is substantially in the form of Schedule G annexed hereto, with such modifications and insertions as may be required by the Agent, acting reasonably.

“Subordinated Debt” means any unsecured or secured Debt of the Borrower (other than Permitted Shareholder Loans) owing to one or more Persons provided that (a) on the date of incurrence thereof, the first scheduled date for repayment of principal thereof is not prior to the Maturity Date applicable to any Lender; (b) such Debt is otherwise on terms and conditions satisfactory to the Agent and the Lenders, and (c) such Debt is fully postponed and subordinated to the Obligations pursuant to, and which is then subject to, a Subordination Agreement,

“Subordination Agreement” means, in respect of any Subordinated Debt, a subordination agreement among the Borrower, the Agent and the lenders of such Subordinated Debt (or agent or trustee thereof), in form and substance satisfactory to the Agent and the Lenders.

“Subsidiary” means, with respect to any person (“X”):

- (a) any corporation of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues) is at the time directly, indirectly or beneficially owned or controlled by X or one or more of its Subsidiaries, or X and one or more of its Subsidiaries;
- (b) any partnership of which, at the time, X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries: (i) directly, indirectly or beneficially own or control more than 50% of the income, capital, beneficial or ownership interests (however designated) thereof; and (ii) is a general partner, in the case of limited partnerships, or is a partner or has authority to bind the partnership, in all other cases; or
- (c) any other person of which at least a majority of the income, capital, beneficial or ownership interests (however designated) are at the time directly, indirectly or beneficially owned or controlled by X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries,

provided that, unless otherwise expressly provided or the context otherwise requires, references herein to “Subsidiary” or “Subsidiaries” shall be and shall be deemed to be references to Subsidiaries of the Borrower.

“Successor” has the meaning set out in Section 6.2(j).

“Successor Agent” has the meaning set out in Section 9.11.

"Taxes" means all taxes, levies, imposts, stamp taxes, duties, fees, deductions, withholdings, charges, compulsory loans or restrictions or conditions resulting in a charge which are imposed, levied, collected, withheld or assessed by any country or political subdivision or taxing authority thereof now or at any time in the future, together with interest thereon and penalties, charges or other amounts with respect thereto, if any, and **"Tax"** and **"Taxation"** shall be construed accordingly.

"Threshold Amount" means \$7,500,000.

"Total Commitment" the aggregate of the Commitments, which as of the Effective Date is \$49,000,000.

"Tranche 1" has the meaning ascribed to it in Section 2.1(a).

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

"Tranche 1 Loan" has the meaning ascribed to it in 2.1(a)

"Tranche 1 Maturity Date" means December 31, 2024.

"Tranche 2" means has the meaning ascribed to it in 2.1(b).

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

"Tranche 2 Loan" means has the meaning ascribed to it in 2.1(b).

"Tranche 2 Maturity Date" means July 31, 2022.

"Tranches" means Tranche 1 and Tranche 2 under the Credit Facility.

"UK Bribery Act" means the *United Kingdom Bribery Act 2010*, including any subordinate legislation thereunder.

"United States Dollars" and **"U.S.\$"** means the lawful money of the United States of America.

"U.S. Bank Accounts" means United States Dollar bank accounts maintained by Geomark Minerals USA Inc. with U.S. Bank, N.A.

"Voting Shares" means capital stock of any class of any corporation which carries voting rights to elect the board of directors thereof under any circumstances, provided that, for purposes hereof, shares which 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.

"Wholly-Owned Subsidiary" means, with respect to any person ("**X**"):

- (a) a corporation, all of the issued and outstanding shares in the capital of which are beneficially held by:
 - (i) X;

- (ii) X and one or more corporations, where all of the issued and outstanding shares in the capital of such corporations are held by X; or
- (iii) two or more corporations, where all of the issued and outstanding shares in the capital of such corporations are held by X;
- (b) a corporation which is a Wholly-Owned Subsidiary of a corporation that is a Wholly-Owned Subsidiary of X;
- (c) a partnership, all of the partners of which are X and/or Wholly-Owned Subsidiaries of X; or
- (d) any person of which all of the income, capital, beneficial and ownership interests (however designated) are beneficially owned and controlled by the X and/or Wholly-Owned Subsidiaries of X,

provided that unless otherwise expressly provided or the context otherwise requires, references herein to "Wholly-Owned Subsidiary" or "Wholly-Owned Subsidiaries" shall be and shall be deemed to be references to Wholly-Owned Subsidiaries of the Borrower.

1.2 Headings; Articles and Sections

The division of this Agreement into Articles and Sections, the table of contents contained herein and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Number; persons; including; successors; in writing

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa and words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them. References herein to any person shall, unless the context otherwise requires, include such person's successors and permitted assigns. References herein to "in writing" or "written" includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including facsimile.

1.4 Accounting Principles

- (1) Wherever in this Agreement reference is made to GAAP, such reference shall be deemed to be to the recommendations at the relevant time of the Canadian Institute of Chartered Accountants, or any successor institute, applicable on a consolidated basis (unless otherwise expressly provided or contemplated herein to be applicable on an unconsolidated basis) as at the date on which such calculation or determination is made or required to be made in accordance with GAAP. Where the character or amount of any asset or liability or item of revenue or expense or amount of equity is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any other Document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with GAAP applied on a consistent basis.

- (2) If the Borrower, the Agent or the Lenders determine at any time that any amount required to be determined hereunder would be materially different if such amount were determined in accordance with:
- (a) GAAP applied by the Borrower in respect of its financial statements on the date hereof (“**Old GAAP**”), rather than
 - (b) GAAP subsequently in effect and applied by the Borrower in respect of its financial statements and utilized for purposes of determining such amount,

then written notice of such determination shall be delivered by the Borrower to the Agent, in the case of a determination by the Borrower, or by the Agent to the Borrower, in the case of a determination by the Agent or the Lenders.

- (3) If the Borrower adopts a change in an accounting policy in the preparation of its financial statements in order to conform to accounting recommendations, guidelines, or similar pronouncements, or legislative requirements, and such change would require disclosure thereof under Old GAAP, or could reasonably be expected to adversely affect (a) the rights of, or the protections afforded to, the Agent or the Lenders hereunder or (b) the position either of the Borrower or of the Agent or the Lenders hereunder, the Borrower shall so notify the Agent, describing the nature of the change and its effect on the current and immediately prior year's financial statements in accordance with Old GAAP and in detail sufficient for the Agent and the Lenders to make the determination required of them in the following sentence. If any of the Borrower, the Agent or the Lenders determine at any time that such change in accounting policy results in an adverse change either (a) in the rights of, or protections afforded to, the Agent or the Lenders intended to be derived, or provided for, hereunder or (b) in the position either of the Borrower or of the Agent and the Lenders hereunder, written notice of such determination shall be delivered by the Borrower to the Agent, in the case of a determination by the Borrower, or by the Agent to the Borrower, in the case of a determination by the Agent or the Lenders.
- (4) Upon the delivery of a written notice pursuant to Section 1.4(2) or Section 1.4(3), the Borrower and the Agent on behalf of the Lenders shall meet to consider the impact of such change in Old GAAP or such change in accounting policy, as the case may be, on the rights of, or protections afforded to, the Agent and the Lenders or on the position of the Borrower or of the Agent and the Lenders and shall in good faith negotiate to execute and deliver an amendment or amendments to this Agreement in order to preserve and protect the intended rights of, or protections afforded to, the Agent and the Lenders on the date hereof or the position of the Borrower or the Agent and the Lenders (as the case may be); provided that, until this Agreement has been amended in accordance with the foregoing, then for all purposes hereof, the applicable changes from Old GAAP or in accounting policy (as the case may be) shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under Old GAAP and the Borrower's prior accounting policy. For the purposes of this Section 1.4, the Borrower, the Lenders and the Agent acknowledge that the amendment or amendments to this Agreement are to provide substantially the same rights and protection to the Agent and the Lenders as is intended by this Agreement on the date hereof. If the Borrower and the Agent on behalf of the Lenders do not (for any reason whatsoever) mutually agree (in their respective sole discretions, without any obligation to so agree) on such amendment or amendments to this Agreement within 60 days following the date of delivery of such written notice, the Borrower shall continue to provide financial statements in accordance with Old GAAP and, for all purposes hereof, the applicable changes from Old GAAP or in accounting policy (as the case may be) shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under Old GAAP and the Borrower's prior accounting policy.

1.5 References to Agreements and Enactments

Reference herein to any agreement, instrument, licence or other document shall be deemed to include reference to such agreement, instrument, licence or other document as the same may from time to time be amended, modified, supplemented or restated in accordance with the provisions of this Agreement if and to the extent such provisions are applicable; and reference herein to any enactment shall be deemed to include reference to such enactment as re-enacted, amended or extended from time to time and to any successor enactment.

1.6 Per Annum Calculations

Unless otherwise stated, wherever in this Agreement reference is made to a rate “per annum” or a similar expression is used, such rate is expressed on the basis of, and shall be calculated on the basis of a year of 365 days (or 366 days, as applicable).

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

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

1.8 Schedules

The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof:

Schedule A	-	Lenders and Commitments
Schedule B	-	Assignment Agreement
Schedule C	-	Compliance Certificate
Schedule D	-	Repayment Notice

Schedule E-1 to E-7	-	Security
Schedule F	-	Environmental Certificate
Schedule G	-	Form of Shareholder Subordination Agreement
Schedule H	-	Subsidiaries and Material Subsidiaries

**ARTICLE 2
THE CREDIT FACILITY**

2.1 Credit Facility

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

- (a) a Drawdown under the first Tranche ("**Tranche 1**") in a principal amount of \$30,000,000 made on the Effective Date (the "**Tranche 1 Loan**"); and
- (b) a Drawdown under the second Tranche ("**Tranche 2**") in a principal amount of \$19,000,000 made on the Effective Date (the "**Tranche 2 Loan**"); and

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

2.2 Purpose

The proceeds of the Loans shall be used to repay the Existing Second Lien Note Indebtedness.

2.3 Funding of Loans

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

2.4 Evidence of Indebtedness

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

**ARTICLE 3
REPAYMENT AND PREPAYMENT**

3.1 Repayment of Loans

(1) Final Repayment.

- (a) All Obligations under the Tranche 1 Loan are repayable by the Borrower in full on the Tranche 1 Maturity Date.

- (b) All Obligations under the Tranche 2 Loan are repayable by the Borrower in full on the Tranche 2 Maturity Date.
- (2) **Voluntary Prepayments.** The Borrower shall have the right at any time and from time to time to prepay the Loans in whole or in part, provided that each such voluntary prepayment be in the minimum principal amount of \$500,000. The Borrower shall notify the Agent by telephone (confirmed by email not later than 12:00 noon, at least two Banking Days before the date of prepayment). Each such notice shall specify the prepayment date and the principal amount to be prepaid. Promptly following receipt of any such notice relating to a payment, the Agent shall advise the Lenders of the contents thereof. Prepayments shall be accompanied by accrued interest to the extent required by Section 3.3 and any additional payment required by Section 3.1(3).
- (3) **Make-Whole Amounts and Premiums.** All prepayments permitted under this Section 3.1 shall be without premium or penalty except that:
- (a) with respect to any prepayment made at any time prior to: (i) the second anniversary of the Effective Date in respect of Tranche 1 Loan prepayments; or (ii) the second anniversary of July 13, 2018 in respect of Tranche 2 Loan prepayments, the Borrower may, on one or more occasions, prepay all or any portion of the Loans by making a payment equal to 100% of the principal amount of the Loans prepaid, plus the Make-Whole Amount, plus accrued and unpaid interest to, but excluding, the date of prepayment; and
- (b) with respect to any prepayment made at any time on or after: (i) the second anniversary of the Effective Date and prior to the third anniversary of the Effective Date in respect of Tranche 1 Loan prepayments; or (ii) the second anniversary of July 13, 2018 and prior to the third anniversary of July 13, 2018 in respect of Tranche 2 Loan prepayments, the Borrower may, on one or more occasions, prepay all or any portion of the Loans, at a price equal to 100% of the principal amount of the Loans prepaid, plus a premium equal to *[Intentionally Redacted - Commercial Term]* per annum calculated on a daily basis based on the principal amount of the Loans prepaid for the number of days remaining from the date of prepayment until the third anniversary of: (i) the Effective Date in respect of Tranche 1 Loan prepayments; or (ii) July 13, 2018 in respect of Tranche 2 Loan prepayments, plus accrued and unpaid interest to, but excluding, the date of prepayment.

For certainty, any prepayment made pursuant to Section 3.1(2) at any time: (i) on or after the third anniversary of the Effective Date in respect of the Tranche 1 Loan prepayments or (ii) on or after the third anniversary of July 13, 2018 in respect of Tranche 2 Loan prepayments, shall be payable without premium or penalty. The parties hereto acknowledge that the Make-Whole Amount is not a penalty and is a genuine pre-estimate of compensation for the Lenders in consideration for the early prepayment of the Loan.

3.2 Repayment of Loans – Proportionate Share

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

3.3 Interest

- (1) **Interest Payments.** The Borrower shall pay interest on the Loans owing by it at a rate calculated on the basis of a 365 day year (or 366 day year, as applicable), equal to:
- (a) for the Tranche 1 Loan, the following: (i) from the Effective Date until September 30, 2020, 8.75%; (ii) from October 1, 2020 until September 30, 2021, 9.75% per

annum; (iii) from October 1, 2021 until September 30, 2022, 10.75% per annum; (iv) from October 1, 2022 until September 30, 2023, 11.75% per annum; and (v) 12.75% from October 1, 2023 and at all times thereafter, per annum; and

(b) for the Tranche 2 Loan, 7.05% per annum.

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

- (2) **Default Rate.** Notwithstanding the foregoing, if an Event of Default specified in Section 8.1 has occurred and is continuing, then all Loans outstanding shall bear interest, after as well as before judgment, at a rate per annum equal to 2% per annum plus the rate otherwise applicable to such Loans.
- (3) **Payable on Demand.** Interest accrued pursuant to Section 3.3(2) shall be payable on demand and in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.
- (4) **Deemed Reinvestment Not Applicable.** For the purposes of the *Interest Act* (Canada), the principle of deemed reinvestment of interest will not apply to any interest calculation under the Documents, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.
- (5) **Maximum Rate of Return.** Notwithstanding any provision herein to the contrary, in no event will the aggregate "interest" (as defined in section 347 of the *Criminal Code* (Canada)) payable under this Agreement exceed the maximum effective annual rate of interest on the "credit advanced" (as defined in that section 347) permitted under that section and, if any payment, collection or demand pursuant to this Agreement in respect of "interest" (as defined in that section 347) is determined to be contrary to the provisions of that section 347, such payment, collection or demand will be deemed to have been made by mutual mistake of the Borrower and the Lenders and the amount of such payment or collection will be refunded to the Borrower. If any provision is determined to be contrary to the provisions of section 347 of the *Criminal Code* (Canada), then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted *nunc pro tunc* to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Applicable Law or so result in a receipt by a Lender of interest at a criminal rate. For purposes of this Agreement, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of the Credit Facility on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Agent will be prima facie evidence, for the purposes of such determination.
- (6) **Waiver of Judgment *Interest Act* (Alberta)** . To the extent permitted by applicable Law, the provisions of the *Judgment Interest Act* (Alberta) will not apply to the Documents and are hereby expressly waived by the Borrower.
- (7) **Interest Act Equivalent.** In this Agreement, each rate of interest which is calculated with reference to a period (the "deemed interest period") that is less than the actual number of days in the calendar year of calculation is, for the purposes of the *Interest Act* (Canada), equivalent to a rate based on a calendar year calculated by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period.

ARTICLE 4
CONDITIONS PRECEDENT TO EFFECTIVENESS

4.1 Conditions Precedent to Effectiveness

This Agreement shall become effective upon the following conditions being 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 Section 5.1 are true and correct as of such time;
- (c) Receipt of Documentation: the Agent has received, in form and substance satisfactory to the Lenders and in sufficient numbers for circulation to the Lenders, the following:
 - (i) a duly executed copy of this Agreement;
 - (ii) a duly executed copy of the Shareholder Subordination Agreements;
 - (iii) duly executed copies of the Security listed in Section 7.1;
 - (iv) evidence of registration of the liens created by the Security in all jurisdictions which are desirable or required to make effective the Security and to ensure the perfection and the first-ranking priority of such Security subject only to Permitted Encumbrances which rank by law in priority;
 - (v) a certificate of a responsible officer of the Borrower (A) detailing the legal structure and ownership of the Borrower and the Material Subsidiaries, and (B) that no Default or Event of Default shall exist at the time of, or after giving effect to the making of, the Loans and the application of proceeds thereof;
 - (vi) a certificate of status or equivalent in respect of each of the Borrower and each Material Subsidiary, issued under the laws of its jurisdiction of formation;
 - (vii) an officer's certificate from or with respect to each of the Borrower and each Material Subsidiary certifying any constating documents or bylaws, as applicable, and providing a certificate of incumbency, and as to other matters customarily provided for therein and as required by the Agent, acting reasonably;
 - (viii) a certified copy of a directors' resolution of each of the Borrower and each Material Subsidiary that is a corporation with respect to the Documents executed by it, certified as of the Effective Date;
 - (ix) an opinion of Bennett Jones LLP counsel to the Borrower and the Material Subsidiaries, addressed to the Agent, each Lender and Stikeman Elliott LLP, with respect to this Agreement and the additional Documents provided hereunder in relation thereto;
 - (x) an opinion of Stikeman Elliott LLP, counsel to the Agent and the Lenders, addressed to the Agent and each Lender; and
 - (xi) such other documents and documentation which the Agent may reasonably request.

- (d) Warrants: the Borrower shall have (A) issued warrant certificate number 2019-01 to AIMCo representing the issuance of 7,500,000 common share warrants of the Borrower, with each warrant exercisable within 3 years of the issuance date and entitling the holder to acquire one common share of the Borrower at an exercise price of \$0.20565 per common share, and (B) received all required director, shareholder and regulatory approvals necessary for the issuance thereof;
- (e) Fees: to the extent invoiced at least two Banking Days prior to the Effective Date, all reasonable fees and expenses of the Lenders incurred in connection with the establishment of the Credit Facility that have been accrued prior to the Effective Date shall have been paid by the Borrower to the Agent; and
- (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 that there has been no material adverse change in the operations or financial condition of any of the Borrower or any Material Subsidiaries or of their assets, taken as a whole.

4.2 Waiver

The conditions set forth in Sections 4.1 are inserted for the sole benefit of the Lenders and the Agent and may be waived with the approval of all of the Lenders, in whole or in part (with or without terms or conditions), in respect of all or any portion of the Loans, without prejudicing the right of the Lenders or Agent at any time to assert such waived conditions, in whole or in part, in respect of any other Loans.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Borrower represents and warrants as follows to the Agent and to each of the Lenders and acknowledges and confirms that the Agent and each of the Lenders are relying upon such representations and warranties:

- (a) Existence and Good Standing

The Borrower and each of its Material Subsidiaries is a corporation validly existing and in good standing under the laws of its jurisdiction of formation or is a partnership or trust validly existing under the laws of its jurisdiction of formation; each is duly registered in all other jurisdictions where the nature of its property or character of its business requires registration and has all necessary power and authority to own its properties and carry on its business as presently carried on or as contemplated by the Documents.

- (b) Authority

The Borrower and each of its Material Subsidiaries has full power, legal right and authority to enter into the Documents to which it is a party and do all such acts and things as are required by such Documents to be done, observed or performed, in accordance with the terms thereof.

- (c) Valid Authorization and Execution

The Borrower and each of its Material Subsidiaries has taken all necessary corporate, partnership and other action (as applicable) of its directors, shareholders, partners,

trustees and other persons (as applicable) to authorize the execution, delivery and performance of the Documents to which it is a party and to observe and perform the provisions thereof in accordance with the terms therein contained.

(d) Validity of Agreement - Non Conflict

None of the authorization, execution or delivery of this Agreement or performance of any obligation pursuant thereto requires or will require, pursuant to applicable law now in effect, any approval or consent of any Governmental Authority having jurisdiction (except such as has already been obtained and are in full force and effect) nor is in conflict with or contravention of (i) the Borrower's or any of its Material Subsidiary's articles, by laws or other constating documents or any resolutions of directors or shareholders or partners, as applicable, or the provisions of its partnership agreement or declaration of trust or trust indenture (as applicable) or (ii) the provisions of any other indenture, instrument, undertaking or other agreement to which the Borrower or any of its Material Subsidiaries is a party or by which they or their properties or assets are bound. The Documents when executed and delivered will constitute valid and legally binding obligations of the Borrower and each of its Material Subsidiaries which is a party thereto enforceable against each such party in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights and to the fact that equitable remedies are only available in the discretion of the court.

(e) Ownership of Property

The Borrower and each of its Material Subsidiaries has good and valid title to its P&NG Rights, P&NG Leases and to its other material property, including the right to extract, produce, take and retain therefrom all Petroleum Substances associated therewith or related thereto, subject to Permitted Encumbrances and to minor defects of title which, individually or in the aggregate, do not materially affect their respective rights of ownership of the Borrower and each of its Material Subsidiaries to such P&NG Rights, the value thereof or their right or ability to extract, produce, take and retain therefrom all Petroleum Substances associated therewith or related thereto.

(f) Debt

Neither the Borrower nor any of its Subsidiaries has created, incurred, assumed, suffered to exist, or entered into any contract, instrument or undertaking pursuant to which the Borrower or any Subsidiary thereof is now or may hereafter become liable for, any Debt other than Permitted Debt.

(g) Encumbrances

Neither the Borrower nor any of its Subsidiaries has created, incurred, assumed, suffered to exist, or entered into any contract, instrument or undertaking pursuant to which, any person may have or be entitled to any Security Interest on or in respect of its property and assets or any part thereof except for Permitted Encumbrances.

(h) No Material Adverse Effect

Since the effective date of the Borrower's most recent consolidated audited financial statements delivered to the Agent in accordance herewith, no event or circumstance has occurred or is continuing which has had, or would reasonably be expected to have, a Material Adverse Effect.

(i) No Default

No Default or Event of Default has occurred or is continuing or would exist as a result of, or occur following, any Drawdown hereunder.

(j) Financial Condition

(i) The audited and unaudited consolidated financial statements of the Borrower delivered to the Lenders and the Agent pursuant hereto present fairly, in all material respects, the consolidated financial condition of the Borrower as at the date thereof and the results of the consolidated operations thereof for the fiscal year or fiscal quarter (as applicable) then ending, all in accordance with GAAP consistently applied.

(ii) Except as has been disclosed to the Agent from time to time by written notice in accordance with the provisions of this Agreement, no filing is imminent of a report or of a material change as required to be filed by the Borrower or any Subsidiary with any securities commission or exchange or with any Governmental Authority having jurisdiction over the issuance and sale of securities of the Borrower or any Subsidiary and which material change would have or would reasonably be expected to have a Material Adverse Effect.

(k) Information Provided

All information, materials and documents, including all throughput and cash flow projections, economic models, engineering data, capital and operating budgets and other information and data:

(i) prepared and provided to the Agent by the Borrower or any of its Subsidiaries in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were, in the case of projections, prepared in good faith based upon reasonable assumptions at the date of preparation, and, in all other cases, true, complete and correct in all material respects as of the respective dates thereof; and

(ii) to the extent prepared by persons other than the Borrower or any of its Subsidiaries and provided to the Agent by or on behalf of the Borrower or any of its Subsidiaries in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were, to the best of the knowledge of the Borrower, after due inquiry: (A) in the case of projections, prepared in good faith based upon reasonable assumptions at the date of preparation; and (B) in all other cases, true, complete and correct in all material respects as of the respective dates thereof.

(l) Absence of Litigation

There are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries, their property or any of their undertakings and assets, at law, in equity or before any arbitrator or before or by any Governmental Authority having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to the Borrower or any of its Subsidiaries and which, if determined adversely, would have or would reasonably be expected to have a Material Adverse Effect.

(m) Compliance with Applicable Laws, Court Orders and Agreements

The Borrower and each of its Subsidiaries and their respective property, businesses and operations are in compliance with all Applicable Laws (including all applicable Environmental Laws), all applicable directives, judgments, decrees, injunctions and orders rendered by any Governmental Authority or court of competent jurisdiction, its articles, by laws and other constating documents, and all other agreements or instruments to which it is a party or by which its property or assets are bound, and any employee benefit plans, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect.

(n) Required Permits in Effect

All Required Permits are in full force and effect, except to the extent that the failure to have or maintain the same in full force and effect would not have or would not reasonably be expected to have a Material Adverse Effect.

(o) Remittances Up to Date

All of the remittances required to be made by the Borrower and its Subsidiaries to Governmental Authorities have been made, are currently up to date and there are no outstanding arrears, other than those which are being contested by Permitted Contest or except to the extent that the failure to have remitted the same would not have or would not reasonably be expected to have a Material Adverse Effect.

(p) Environmental

(i) To the best of the knowledge and belief of the Borrower, after due inquiry, the Borrower, its Subsidiaries and their respective properties, assets and undertakings taken as a whole comply in all respects and the businesses, activities and operations of same and the use of such properties, assets and undertakings and the processes and undertakings performed thereon comply in all respects with all Environmental Laws except, in each case, to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect; further, the Borrower does not know, and has no reasonable grounds to know, of any facts which result in or constitute or are likely to give rise to non-compliance with any Environmental Laws, which facts or non-compliance have or would reasonably be expected to have a Material Adverse Effect.

(ii) The Borrower and its Subsidiaries have not received written notice and, except as previously disclosed to the Agent in writing, have no knowledge after due inquiry, of any facts which would reasonably be expected to give rise to any notice of non-compliance with any Environmental Laws, which non-compliance has or would reasonably be expected to have a Material Adverse Effect and have not received any notice that the Borrower or any of its Subsidiaries is a potentially responsible party for a federal, provincial, regional, municipal or local clean up or corrective action in connection with their respective properties, assets and undertakings where such clean up or corrective action has or would reasonably be expected to have a Material Adverse Effect.

(q) Taxes

The Borrower and each of its Subsidiaries has duly filed on a timely basis all tax returns required to be filed and have paid all Taxes which are due and payable, and have paid all assessments and reassessments, and all other Taxes, governmental charges, governmental royalties, penalties, interest and fines claimed against them, other than

those which are being contested by them by Permitted Contest or except to the extent that the failure to have filed or paid the same would not have or would not reasonably be expected to have a Material Adverse Effect; they have made adequate provision for, and all required instalment payments have been made in respect of, Taxes payable for the current period for which returns are not yet required to be filed; there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by them or the payment of any Taxes; there are no actions or proceedings being taken by any taxation authority in any jurisdictions where the Borrower or any of its Subsidiaries carries on business to enforce the payment of any Taxes by them other than those which are being contested by them by Permitted Contest or except to the extent that such actions or proceedings would not have or would not reasonably be expected to have a Material Adverse Effect.

(r) Subsidiaries and Material Subsidiaries

As at the date hereof, the Borrower has no Subsidiaries other than as set out in Schedule H annexed hereto and Schedule H annexed hereto is a complete and accurate list of: (i) the jurisdictions of formation of the Borrower and each Subsidiary, (ii) each Subsidiary of the Borrower designated as a Material Subsidiary, (iii) the location of the chief executive office of the Borrower and its Subsidiaries, (iv) the location of the Borrower's and its Subsidiaries' respective businesses and material real property and tangible personal property and assets, and (v) the trade names, if any, used by the Borrower's and its Subsidiaries in the locations referred to in clause (iv) above. As at the date hereof, the legal and beneficial owners of the issued and outstanding Voting Shares of each Material Subsidiary and the Borrower's other Subsidiaries are as set out in Schedule H annexed hereto.

(s) Shareholder Loans

As at the date hereof, there exists no Debt of the Borrower or any Subsidiary thereof owing to any Related Party of the Borrower other than (i) Debt owing to the Borrower or a Material Subsidiary and (ii) the Permitted Shareholder Loans.

(t) Insurance

The Borrower and each of its Material Subsidiaries maintains, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses and against such casualties and contingencies and in such types and amounts as are in accordance with customary industry practices for corporations of the size and type of business and operations as the Borrower and each such Material Subsidiary.

(u) Sanctions; Anti-Corruption Laws; Anti-Money Laundering/ Anti-Terrorist Financing Laws

- (i) No part of the proceeds of any Drawdown will be used, directly or, to the knowledge of the Borrower or any Subsidiary after due inquiry, indirectly, to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person in any manner that would result in any violation by any person (including any Lender and the Agent) of (A) any Sanctions or (B) applicable regulations, rules and executive orders administered by any Sanctions Authority.
- (ii) None of the Borrower nor any of its Subsidiaries (A) is, or will become a Sanctioned Person or (B) knowingly, after due inquiry, engages or will engage in any dealings or transactions, or is or will be otherwise knowingly, after due inquiry, associated, with any Sanctioned Person that would result in any violation

of (x) any Sanctions or (y) applicable regulations, rules and executive orders administered by any Sanctions Authority.

- (iii) Each of the Borrower and its Subsidiaries is, and has conducted its business, in compliance in all respects with all Sanctions and all applicable regulations, rules and executive orders administered by any Sanctions Authority.
- (iv) To its knowledge, after due inquiry, each of the Borrower and its Subsidiaries is, and has conducted its business, in compliance in all material respects with all Anti-Money Laundering/ Anti-Terrorist Financing Laws.
- (v) The Borrower and its Subsidiaries, to the Borrower's knowledge after due inquiry, are not the subject of any investigation, inquiry or enforcement proceedings by any Governmental Authority regarding any offense or alleged offense under any Anti-Corruption Laws or Anti-Money Laundering/ Anti-Terrorist Financing Laws in which there is a reasonable possibility of an adverse decision and, to the Borrower's knowledge after due inquiry, no such investigation, inquiry or proceeding is pending or has been threatened.
- (vi) Each of the Borrower and its Subsidiaries is, and has conducted its business, in compliance in all material respects with all Anti-Corruption Laws. No part of the proceeds of any Drawdown has been used or will be used, directly or, to the knowledge of the Borrower or any Subsidiary after due inquiry, indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in a governmental capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of any Anti-Corruption Laws.
- (vii) The Borrower and its Subsidiaries have policies and procedures in place to ensure that each of the foregoing representations and warranties in this Section 5.1(u) are true and correct at all time.

(v) Abandonment/Reclamation Order

None of the Borrower nor any Subsidiary 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 Regulators.

5.2 Deemed Repetition

Notwithstanding any provision of this Agreement to the contrary, the representations and warranties contained in Section 5.1 shall be deemed to be made on the Effective Date and as of the date of delivery of each Compliance Certificate, subject to modifications made by the Borrower to the Agent and the Lenders in writing and accepted by the Agent and the Lenders.

5.3 Other Documents

All representations, warranties, certifications and statements of the Borrower or any Material Subsidiary thereof contained in any other Document delivered pursuant hereto or thereto shall be deemed to constitute representations and warranties made by the Borrower to the Agent and the Lenders under Section 5.1 of this Agreement.

5.4 Effective Time of Repetition

All representations and warranties, when repeated or deemed to be repeated hereunder or in any certificate, notice, instrument or other Document delivered in connection herewith, shall be construed with reference to the facts and circumstances existing at the time of repetition, unless they are stated herein to be made as at the date hereof or as at another date.

5.5 Nature of Representations and Warranties

The representations and warranties set out in this Agreement or deemed to be made pursuant hereto shall survive the execution and delivery of this Agreement and the making of each Drawdown, notwithstanding any investigations or examinations which may be made by the Agent, the Lenders or Lenders' Counsel. Such representations and warranties shall survive until this Agreement has been terminated, provided that the representations and warranties relating to environmental matters shall survive the termination of this Agreement.

ARTICLE 6 GENERAL COVENANTS

6.1 Affirmative Covenants of the Borrower

So long as any Obligation is outstanding or any Credit Facility is available hereunder, the Borrower covenants and agrees with each of the Lenders and the Agent that, unless (subject to Section 9.7(3)) the Majority Lenders otherwise consent in writing:

(a) Punctual Payment and Performance

It shall duly and punctually pay the principal of all Loans, all interest thereon and all fees and other amounts required to be paid by the Borrower hereunder in the manner specified hereunder and the Borrower shall perform and observe all of its obligations under this Agreement and under any other Document to which it is a party.

(b) Books and Records

It shall keep and cause each Material Subsidiary to keep proper books of record and account in which complete and correct entries will be made of its transactions in accordance with GAAP.

(c) Maintenance and Operation

It shall do or cause to be done, and will cause each Material Subsidiary to do or cause to be done, in all material respects all things necessary or required to have all its properties, assets and operations owned, operated and maintained in accordance with sound, diligent and prudent industry practice (for certainty, with respect to its fixtures and tangible personal property, consistent with sound industry practice for the nature, age and operating characteristics of such fixtures and tangible personal property) and Applicable Laws, and in the case of its petroleum and natural gas reserves, in accordance with good oilfield practices, and at all times cause the same to be owned, operated, maintained and used in compliance with all terms of any applicable insurance policy.

(d) Maintain Existence; Compliance with Legislation Generally; Required Permits

Except as otherwise permitted by Section 6.2(c) or 6.2(j), the Borrower shall, and shall cause each of its Material Subsidiaries, to preserve and maintain its corporate,

partnership or trust existence (as the case may be) as a corporation, partnership or trust existing under the laws of Canada or any province thereof. The Borrower shall, and shall cause its Subsidiaries to, comply with all Applicable Laws and all agreements or instruments to which it is a party or by which its property or assets are bound, except where such failure to comply does not and would not reasonably be expected to have a Material Adverse Effect, and to preserve and keep in full force and effect all Required Permits and all other franchises, licences, rights, privileges, permits and Governmental Authorizations necessary to enable the Borrower and each of its Subsidiaries to operate and conduct their respective businesses in accordance with prudent industry practice, except to the extent that the failure to have any of the same does not and would not reasonably be expected to have a Material Adverse Effect.

(e) Budgets, Financial Statements, Engineering Reports and Other Information

The Borrower shall deliver to the Agent with sufficient copies for each of the Lenders:

- (i) Operating Budgets - as soon as available and, in any event, within 120 days after the end of each of its fiscal years, a copy of its annual consolidated operating budget for the next fiscal year (approved by the board of directors of the Borrower);
- (ii) Environmental Certificate - concurrently with furnishing the financial statements pursuant to Section 6.1(e)(iii) or 6.1(e)(iv), an Environmental Certificate, such certificate to be in the form attached hereto as Schedule F and acceptable to the Lenders, acting reasonably;
- (iii) Annual Financials - as soon as available and, in any event, within 120 days after the end of each of its fiscal years, copies of the Borrower's audited annual financial statements on a consolidated basis, consisting of a statement of financial position, statement of income, statement of cash flows and statement of changes in shareholders' equity for each such year, together with the notes thereto prepared in accordance with GAAP consistently applied and accompanied by a management discussion & analysis, together with a report and unqualified opinion of the Borrower's auditors thereon and including any management letters provided by the auditors in connection with such audit; provided that the Borrower shall be deemed to have satisfied its obligations under this Section 6.1(e)(iii) if and to the extent the foregoing shall have been filed with the Canadian Securities Administrators (and are accessible to the Agent) in the SEDAR filing system at www.sedar.com, and the Borrower shall have notified the Agent of such filing;
- (iv) Quarterly Financials - as soon as available and, in any event within 60 days after the end of each of its first, second and third fiscal quarters, copies of the Borrower's unaudited quarterly financial statements on a consolidated basis, in each case consisting of a statement of financial position, statement of income, statement of cash flows and statement of changes in shareholders' equity for each such period all in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous fiscal year, all prepared in accordance with GAAP consistently applied and accompanied by a management discussion & analysis; provided that the Borrower shall be deemed to have satisfied its obligations under this Section 6.1(e)(iv) if and to the extent the foregoing shall have been filed with the Canadian Securities Administrators (and are accessible to the Agent) in the SEDAR filing system at www.sedar.com, and the Borrower shall have notified the Agent of such filing;

- (v) Compliance Certificate - concurrently with furnishing the financial statements or providing notice to the Agent of the filing thereof with the Canadian Securities Administrators in the SEDAR filing system at www.sedar.com, in either case, pursuant to Section 6.1(e)(iii) or 6.1(e)(iv), a Compliance Certificate stating that, inter alia, the representations and warranties in Section 5.1 are true and accurate in all respects (or, if applicable, specifying those that are not), that no Default or Event of Default has occurred and is continuing (or, if applicable, specifying those defaults or events notified in accordance with Section 6.1(h) below), and providing the Liability Management Rating of the Borrower and its Subsidiaries, in each case, as at the end of the applicable fiscal year or fiscal quarter, as the case may be, together with particulars of each of the definitions and elements included in the determination of such ratios;
- (vi) Financial Instruments - unless detailed in the financial statements furnished pursuant to Section 6.1(e)(iii) or 6.1(e)(iv), concurrently with furnishing such financial statements, a report detailing the Borrower's current dividend and hedging policies (approved by the board of directors of the Borrower) and the status of all outstanding Financial Instruments, including, inter alia, detailing the mark-to-market value of all outstanding Financial Instruments and demonstration of compliance with Section 6.2(h), such report to be in a form and containing such information as may be required by the Lenders, acting reasonably;
- (vii) Annual Independent Engineering Report - on or prior to April 30 of each year thereafter, an Engineering Report, effective as of the immediately preceding December 31, prepared by an Independent Engineer, together with the lease operating statements of the Borrower for the immediately preceding 12 months; and
- (viii) Other - at the request of the Agent, such other information, reports, engineering data, certificates, projections of income and cash flow or other matters affecting the business, affairs, financial condition, property or assets of the Borrower or the business, affairs, financial condition, property or assets of any of its Subsidiaries as the Agent may reasonably request.

(f) Rights of Inspection

At any reasonable time and from time to time upon reasonable prior notice, the Borrower shall permit and shall cause its Material Subsidiaries to permit, the Agent and any Lender or any representative thereof (at the expense of the Borrower during the continuance of a Default or Event of Default and, otherwise, at the expense of the Agent or such Lender, as applicable) to (i) examine and make copies of and abstracts from the records and books of account of the Borrower or any of its Material Subsidiaries, (ii) visit and inspect the premises and properties of the Borrower or any of its Material Subsidiaries (in each case at the risk of the Borrower, except for the gross negligence or wilful misconduct of the inspecting party or the failure of any such inspecting party to comply with Applicable Law or the Borrower's or any such Material Subsidiary's health and safety requirements, as advised to such inspecting party), and (iii) discuss the affairs, operations, finances and accounts of the Borrower or any of its Subsidiaries with any of the officers or directors of the Borrower or any of its Subsidiaries.

(g) Notice of Material Litigation

The Borrower shall promptly give written notice to the Agent of any litigation, proceeding or dispute affecting the Borrower or any of its Subsidiaries in respect of a demand or claim in respect of which there is a reasonable possibility of an adverse determination and which if adversely determined would reasonably be expected to result in a liability,

obligation or judgment in excess of the Threshold Amount or to have a Material Adverse Effect, and shall from time to time furnish to the Agent all reasonable information requested by the Agent concerning the status of any such litigation, proceeding or dispute.

(h) Notice of Default or Event of Default

The Borrower shall deliver to the Agent, as soon as reasonably practicable, and in any event no later than 3 Banking Days after becoming aware of a Default or the occurrence of an Event of Default, an Officer's Certificate describing in detail such Default or such Event of Default and specifying the steps, if any, being taken to cure or remedy the same.

(i) Notice of Material Adverse Effect

The Borrower shall, as soon as reasonably practicable, promptly notify the Agent of any event, circumstance or condition that has had, or would reasonably be expected to have, a Material Adverse Effect.

(j) Notice of Intended Dispositions of P&NG Rights

The Borrower shall provide prior written notice to the Agent of any intended sale, transfer, assignment or other disposition by the Borrower or any of its Material Subsidiaries of any of the assets for which the Independent Engineer has assigned proved, developed, producing reserves (including the disposition of a Material Subsidiary holding such P&NG Rights) if the proceeds of any such sales exceed, in aggregate, the Threshold Amount since the Effective Date, such notice to be provided by the Borrower to the Agent not less than 10 Banking Days prior to the closing of any such sale, transfer, assignment or other disposition.

(k) Notice of New Subsidiaries and New Material Subsidiaries

The Borrower shall promptly give written notice to the Agent of the acquisition, creation or existence of each new Material Subsidiary after the date hereof.

(l) Securities Disclosure

The Borrower shall, promptly, furnish to the Agent copies of all annual reports, quarterly reports, material change reports and other material reports, notices and other non-confidential information that the Borrower is required by applicable law or stock exchange requirements to file with any securities commission or stock exchange, furnish to its shareholders or publicly disclose (whether by way of advertisement or otherwise), except for insider reports and, and for certainty, other filings which are of an administrative nature and do not contain any material information with respect to the business, affairs or financial condition of the Borrower and its Subsidiaries. The Borrower shall be deemed to have satisfied its obligations under this Section 6.1(l) if and to the extent any of the foregoing shall have been filed with the Canadian Securities Administrators (and are accessible to the Agent) in the SEDAR filing system at www.sedar.com, and the Borrower shall have notified the Agent of such filing.

(m) Payment of Royalties, Taxes, Withholdings, etc.

The Borrower shall, and shall cause its Subsidiaries to, from time to time pay or cause to be paid all royalties, rents, Taxes, rates, levies or assessments, ordinary or extraordinary, governmental fees or dues, and to make and remit all withholdings, lawfully levied, assessed or imposed upon the Borrower and its Subsidiaries or any of the assets of the

Borrower or its Subsidiaries, as and when the same become due and payable, except when and so long as the validity of any such royalties, rents, Taxes, rates, levies, assessments, fees, dues or withholdings is being contested by the Borrower or its Subsidiaries by a Permitted Contest or except to the extent that the failure to do, pay, make or remit the same does not and would not reasonably be expected to have a Material Adverse Effect, and to duly file on a timely basis all tax returns required to be filed.

(n) Payment of Preferred Claims

The Borrower shall, and shall cause its Material Subsidiaries to, from time to time pay when due or cause to be paid when due all amounts related to wages, workers' compensation obligations, government royalties or pension fund obligations and any other amount which would or would reasonably be expected to result in a lien, charge, Security Interest or similar encumbrance against the assets of the Borrower or such Material Subsidiary arising under statute or regulation, except when and so long as the validity of any such amounts or other obligations is being contested by the Borrower or its Material Subsidiaries by a Permitted Contest.

(o) Environmental Covenants

(i) Without limiting the generality of Section 6.1(d) above, the Borrower shall, and shall cause its Subsidiaries and any other party acting under their direction to, (A) conduct their business and operations so as to comply at all times with all Environmental Laws, (B) promptly take any and all actions necessary to cure any violation of Environmental Laws or respond to any demand or claim or remediate any environmental damage, and (C) use, employ, process, emit, generate, store, handle, transport, dispose of and/or arrange for the disposal of any and all Hazardous Materials in, on or, directly or indirectly, related to or in connection with their respective properties or assets or any portion thereof in a manner consistent with prudent industry practice and in compliance in all material respects with all applicable Environmental Laws and in a manner which does not constitute a Release or pose a significant risk to human health, safety (including occupational health and safety) or the environment, in each case except where failure to do so, either alone or in conjunction with any other such non-compliance, would not have or would not reasonably be expected to have a Material Adverse Effect.

(ii) If the Borrower or its Subsidiaries shall:

(A) receive or give any notice that a violation of any Environmental Law has or may have been committed or is about to be committed by the same, and if such violation has or would reasonably be expected to have a Material Adverse Effect;

(B) receive any notice that a complaint, proceeding or order has been filed or is about to be filed against the same alleging a violation of any Environmental Law, and if such violation would reasonably be expected to have a Material Adverse Effect; or

(C) receive any notice requiring the Borrower or a Subsidiary thereof, as the case may be, to take any action in connection with the release of Hazardous Materials into the environment or alleging that the Borrower or the Subsidiary may be liable or responsible for costs associated with a response to or to clean up a Release of Hazardous Materials into the environment or any damages caused thereby, and if such action or

liability has or would reasonably be expected to have a Material Adverse Effect,

the Borrower shall promptly provide the Agent with a copy of such notice and shall furnish or cause to be furnished to the Agent from time to time all reasonable information requested by the Agent relating to the same.

(p) Use of Loans

The Borrower shall use all Loans and the proceeds thereof solely for the purposes set forth in Section 2.2 hereof.

(q) Required Insurance

The Borrower shall, and shall cause its Material Subsidiaries to, maintain, in full force and effect with financially sound and reputable insurers, insurance with respect to their respective properties and business and against such casualties and contingencies and in such types and such amounts as shall be in accordance with prudent business practices for corporations or other entities of the size and type of business and operations as the Borrower and its Material Subsidiaries.

(r) Compliance With P&NG Leases

The Borrower shall, and shall cause its Material Subsidiaries to, comply in all material respects with the P&NG Leases relating to P&NG Rights.

(s) Ownership of Properties

The Borrower shall, and shall cause its Material Subsidiaries to, subject only to Permitted Encumbrances: (a) have good and marketable title to all of their property and assets; and (b) own, lease or have the lawful right to use all of the property, assets and undertaking necessary for the conduct of the businesses of each of the Borrower and its Material Subsidiaries.

(t) Anti-Money Laundering/Anti-Terrorist Financing Laws; Sanctions; Anti-Corruption Laws Representations Continue to be True

The Borrower shall, and shall cause its Subsidiaries to, conduct its business operations such that, and have policies and procedures in place to ensure that, the representations and warranties in Section 5.1(u) are true and correct at all times that this Agreement is in effect (and not just at, and as of, the times such representations and warranties are made or deemed to be made).

(u) 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 of the Borrower and its Subsidiaries 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 of the Borrower and its Subsidiaries.

(v) 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.

(w) 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.

(x) Maintenance of Liability Management Rating

The Borrower will ensure at all times that the Liability Management Rating of each of the Borrower and its Subsidiaries that has a Liability Management Rating is not less than 1.0 in each Material Jurisdiction.

6.2 Negative Covenants of the Borrower

So long as any Obligation is outstanding or any Credit Facility is available hereunder, the Borrower covenants and agrees with each of the Lenders and the Agent that, unless (subject to Section 9.7(3)) the Majority Lenders otherwise consent in writing:

(a) Change of Business

The Borrower shall not, and shall not permit any Material Subsidiary to, carry on any material business or operations other than the material types of businesses and operations carried on by the Borrower and its Material Subsidiaries on the date hereof (which, for certainty, does not include the development or operation of any mineral assets or rights other than P&NG Rights, but does include the maintenance of certain mineral leases).

(b) Negative Pledge

The Borrower shall not, nor shall it permit any Subsidiary to, create, issue, incur, assume or permit to exist any Security Interests on any of their property, undertakings or assets other than Permitted Encumbrances.

(c) No Dissolution

Subject to Section 6.2(j), the Borrower shall not, nor shall it permit any Material Subsidiary to, liquidate, dissolve or wind up or take any steps or proceedings in connection therewith except, in the case of Material Subsidiaries, where the successor thereto or transferee thereof is the Borrower or a Guarantor of the Borrower.

(d) Limit on Sale of Assets; No Sale-Leasebacks

Except for Permitted Dispositions, the Borrower shall not, and shall not permit any Subsidiary to, sell, transfer or otherwise dispose of (including pursuant to a dissolution) any of their respective property or assets:

(i) during the continuance of a Default or Event of Default; or

(ii) whether in one or a series of transactions, if the fair market value thereof, taken in the aggregate with all other sales, transfers and other dispositions of property and assets of the Borrower and its Subsidiaries since the Effective Date, is in

excess of Threshold Amount as of the date of such sale, transfer or other disposition.

Neither the Borrower or any Subsidiary shall enter into any Sale-Leasebacks, unless the proceeds to the Borrower or Subsidiary of such sale are at least equal to the fair market value of such property and provided that such Sale-Leaseback, when aggregated with all other Attributable Debt of the Borrower and its Subsidiaries arising in connection with capital leases, Purchase Money Obligations of the Borrower and its Subsidiaries and Sale-Leasebacks entered into by the Borrower and its Subsidiaries, is Permitted Debt under subparagraph (e) of the definition thereof.

(e) Limitation on Debt

The Borrower shall not have, incur, assume or otherwise become liable for, or permit any Subsidiary to have, incur, assume or otherwise become liable for, any Debt other than Permitted Debt.

(f) Limit on Investment

The Borrower shall not, nor shall it permit its Subsidiaries to, make any Investment other than: (i) Investments in or to the Borrower or a Material Subsidiary; (ii) the Existing Investments; and (iii) other Investments which, in the aggregate, shall not exceed Cdn.\$3,000,000 (or the equivalent thereof in any other currency) in any calendar year.

(g) Limits on Distributions

Except for Excluded Distributions, the Borrower shall not make or permit any Subsidiary to make any Distributions.

(h) No Financial Instruments Other Than Permitted Hedging

The Borrower shall not and shall not permit any Material Subsidiary to enter into, transact or have outstanding any Financial Instruments or Financial Instrument Obligations other than Permitted Hedging.

(i) Non Arm's Length Transactions

Except in respect of transactions between or among the Borrower and/or one or more of its Wholly-Owned Subsidiaries, the Borrower shall not, nor shall it permit any Material Subsidiary to, enter into any contract, agreement or transaction whatsoever, including for the sale, purchase, lease or other dealing in any property or the provision of any services (other than office and administration services provided in the ordinary course of business), with any Related Party except upon fair and reasonable terms, which terms are not less favourable to the Borrower or its Material Subsidiaries than it would obtain in an arm's length transaction and, if applicable, for consideration which equals the fair market value of such property or other than at a fair market rental as regards leased property.

(j) No Merger, Amalgamation, etc.

The Borrower shall not, nor shall it permit any Material Subsidiary to, enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any person (herein called a "Successor") whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise, unless:

- (i) in the case of the Borrower, the Successor is a corporation and incorporated under the federal laws of Canada or the laws of any province of Canada or the Successor is a partnership duly established under the laws of any province of Canada;
- (ii) prior to or contemporaneously with the consummation of such transaction the Successor and, as applicable, each of the Borrower and its Material Subsidiaries shall have executed and delivered or caused to be executed and delivered to the Agent such instruments and done such things as, in the reasonable opinion of Lenders' Counsel, are necessary or advisable to establish that upon the consummation of such transaction:
 - (A) the Successor will have assumed all the covenants and obligations of the Borrower or a Material Subsidiary, as applicable, under Documents to which the Borrower or such Material Subsidiary, as applicable, is a party; and
 - (B) this Agreement and the other Documents, as the case may be, will be valid and binding obligations of the Successor and each of the Borrower and its Material Subsidiaries which is a party thereto, entitling the Lenders and the Agent to exercise all their rights under this Agreement and the other Documents against each of them;
- (iii) such transaction shall be on such terms and shall be carried out in such manner as to preserve and not to impair any of the rights and powers of the Lenders and the Agent hereunder or pursuant to the other Documents;
- (iv) such transaction shall not result in the assets of the Successor being subject to any Security Interests other than Permitted Encumbrances; and
- (v) no Event of Default or Default shall have occurred and be continuing, or will occur as a result of such transaction, or shall exist immediately after the consummation of such transaction.

(k) Limit on Financial Assistance

The Borrower shall not, and shall not permit any Subsidiary to, provide any Financial Assistance to or in favour of any person except:

- (i) in favour of the Agent or the Lenders for or in respect of the Obligations,;
- (ii) for the benefit of the Borrower or a Wholly-Owned Subsidiary in connection with Permitted Debt; and
- (iii) in favour of the Borrower or a Material Subsidiary.

(l) No Accounts other than with the Cash Manager

Except for the [*Intentionally Redacted - Personal Information*] Account and the U.S. Bank Accounts, the Borrower shall not, nor shall it permit any Subsidiary to: (i) establish or maintain any operating accounts, deposit accounts or other bank accounts or any securities or other investment accounts with, or

(ii) have any cash or Cash Equivalents on deposit with, in each case, any financial institution or other person except the Cash Manager (provided the Cash Manager offers such accounts and other products and services on commercially competitive terms, failing which, such accounts shall be maintained with another Lender acceptable to the

Agent, acting reasonably). The Borrower and its Subsidiaries shall conduct all of their banking and securities, as the case may be, activities through such aforementioned accounts. The Borrower shall not:

- (i) and shall cause Geomark Exploration Ltd. to not; (A) permit the [Intentionally Redacted - Personal Information] Account to hold any property other than: (x) the existing equity securities held therein on September 30, 2019, and (y) cash and other property on deposit in the [Intentionally Redacted - Personal Information] Account from the payment of dividends or other distributions on or in respect of the shares referred to in clause (x) above or cash from the sale of such shares; provided that, in the case of any cash proceeds received by Geomark Exploration Ltd. from the sale of any of such aforementioned shares, the Borrower shall cause Geomark Exploration Ltd., within 3 Banking Days of receipt of such proceeds, to transfer such proceeds into a bank account that is otherwise permitted pursuant to this Section 6.2(I); or (B) allow the [Intentionally Redacted - Personal Information] Account to be a margin account; or
- (ii) allow or permit, whether directly or indirectly through Geomark Minerals USA Inc. or another Subsidiary, the U.S. Bank Accounts to at any time contain funds, in the aggregate, exceeding U.S. \$150,000.

(m) Limits on Subordinated Debt Payments

Except with the prior consent of the Lenders or to the extent qualifying as an Excluded Distribution, the Borrower shall not (i) repay all or any part of the principal amount of any Subordinated Debt or (ii) except in accordance with the applicable Subordination Agreement, make any other payment of interest, fees or other amounts in respect of Subordinated Debt.

(n) Prohibited Acquisitions

The Borrower shall not, nor shall it permit any Subsidiary to, 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 any of the Borrower and its Subsidiaries, on a *pro forma* basis after giving effect to such acquisition, being less than 1.0 in any Material Jurisdiction.

6.3 **Agent May Perform Covenants**

If the Borrower fails to perform any covenants on its part herein contained, subject to any consents or notice or cure periods required by Section 8.1, the Agent may give notice to the Borrower of such failure and if such covenant remains unperformed, the Agent may, in its discretion but need not, perform any such covenant capable of being performed by the Agent and if the covenant requires the payment or expenditure of money, the Agent may, upon having received approval of all Lenders, make such payments or expenditure and all sums so expended shall be forthwith payable by the Borrower to the Agent on behalf of the Lenders and shall bear interest at a rate of interest equal to [Intentionally Redacted - Commercial Term] per annum. No such performance, payment or expenditure by the Agent shall be deemed to relieve the Borrower of any default hereunder or under the other Documents.

ARTICLE 7 SECURITY

7.1 Security on all Assets

- (1) The Obligations shall be secured, equally and rateably, by first priority Security Interests on, to and against all present and future property, assets and undertaking of the Borrower and each of its Material Subsidiaries (the “**Collateral**”).
- (2) The Borrower shall execute and deliver Security and shall cause each of its Material Subsidiaries to execute and deliver Security (including the guarantees substantially in the forms of Schedule E-4 annexed hereto), in each case with such amendments, modifications and insertions as may be required by the Agent, acting reasonably.
- (3) The Borrower (i) shall, as soon as reasonably practicable, give written notice to the Agent of the acquisition, creation or existence of each Material Subsidiary created or acquired after the date hereof, together with such other information as the Agent may reasonably require, and (ii) shall promptly, and in any event within 30 days of such acquisition, creation or existence, cause each new Material Subsidiary to promptly execute and deliver to the Agent the Security contemplated hereby (together with a certified copy of its constating documents and a legal opinion in form and substance satisfactory to the Agent, acting reasonably).
- (4) The Borrower shall ensure that at all times, (a) at least 95% of Consolidated Assets shall be legally, beneficially and directly owned by the Borrower and its Material Subsidiaries which have provided Security hereunder and (b) at least 95% of EBITDA in any fiscal year of the Borrower shall be attributable to the Borrower and its Material Subsidiaries which have provided Security hereunder; and if at any time less than 95% of Consolidated Assets or 95% of EBITDA shall be legally, beneficially and directly owned by or attributable to, as the case may be, the Borrower and its Material Subsidiaries which have provided Security hereunder, the Borrower shall promptly, and in any event within 30 days after any such occurrence, designate another Subsidiary which is not then a Material Subsidiary to be a Designated Material Subsidiary pursuant hereto to the extent required to ensure that after such designation, 95% or more of Consolidated Assets or 95% of EBITDA, as applicable, shall be legally, beneficially and directly owned by or attributable to, as the case may be, the Borrower and its Material Subsidiaries which have provided Security hereunder; and all registrations, filings and/or recordings of such Security shall have been made in all offices where such registration, filing or recording is necessary or of advantage to the creation, perfection and preserving of such Security and the Security Interests created thereby.

The Borrower shall from time to time, by notice in writing to the Agent (together with reasonable particulars which demonstrate compliance with the foregoing covenant), be entitled to designate that either:

- (a) a Subsidiary which is not a Material Subsidiary shall become a Designated Material Subsidiary; or
- (b) a Designated Material Subsidiary shall cease to be a Material Subsidiary,

provided that the Borrower shall not be entitled to designate that a Designated Material Subsidiary shall cease to be a Material Subsidiary if:

- (c) a Default or an Event of Default has occurred and is continuing;
- (d) a Default or an Event of Default would result from or exist immediately after such a designation; or

- (e) such Designated Material Subsidiary falls within part (a), (b), (c), (d) or (e) of the definition of "Material Subsidiary".

In order to give effect to the foregoing provisions of Section 7.1(3) and this Section 7.1(4), the Borrower shall cause any Material Subsidiary that becomes a Designated Material Subsidiary to promptly execute and deliver Security to the Agent (together with a certified copy of its constating documents and a legal opinion in form and substance satisfactory to the Agent, acting reasonably).

- (5) In addition to the Security described in subsections (1) and (2) of this Section 7.1, the Borrower shall execute and deliver, or shall cause to be executed and delivered, all such guarantees and mortgages, debentures, pledge agreements, assignments and other security agreements as may be required by the Majority Lenders, acting reasonably (each in form and substance satisfactory to the Majority Lenders, acting reasonably) in order to, or to more effectively, charge in favour of the Agent or grant Security Interests in favour of the Agent on and against all of the undertaking, assets and property (real or personal, tangible or intangible, present or future and of whatsoever nature and kind) of the Borrower and its Material Subsidiaries, as continuing collateral security for the payment and performance by the Borrower of all Obligations.

7.2 Registration and Fixed Charge Security

- (1) The Borrower shall, at its expense, register, file or record the Security in all offices where such registration, filing or recording is necessary or of advantage to the creation, perfection and preserving of the security applicable to it; provided that the Borrower shall not be obligated to register the Security at any land titles or land registry offices or under the *Mines and Minerals Act* (Alberta) or similar legislation in other jurisdictions except in accordance with Section 7.2(2). The Borrower shall amend and renew such registrations, filings and recordings from time to time as and when required to keep them in full force and effect or to preserve the priority established by any prior registration, filing or recording thereof.
- (2) The Borrower shall, and shall cause its Material Subsidiaries to, promptly:
 - (a) register the Security in all applicable land titles and land registry offices (including the filing of security notices under the *Mines and Minerals Act* (Alberta) and similar notices, filings or registrations in other jurisdictions); and/or
 - (b) grant to the Agent fixed charges (in form and substance satisfactory to the Agent, acting reasonably) against any or all of its P&NG Rights, P&NG Leases and other interests in land (including fixtures),

in each case, as required by the Agent (and together with all registration materials, legal opinions and Officer's Certificates as the Agent may require, acting reasonably), upon the occurrence of any one or more of the following:

- (i) an Event of Default;
- (ii) the occurrence of an event, circumstance or condition which has had, or would reasonably be expected to have, a Material Adverse Effect, as determined by the Lenders, each acting reasonably; or
- (iii) the Majority Lenders, acting in good faith, determining that any of the foregoing is necessary or desirable to preserve or protect the position of the Lenders or the priority of the Security.

7.3 Forms

The forms of Security shall have been or be prepared based upon the laws of Canada and Alberta applicable thereto in effect at the date hereof. The Agent shall have the right to require that:

- (a) any such Security be amended to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, in order to confer upon the Agent the Security Interests intended to be created thereby; and
- (b) the Borrower and its Material Subsidiaries execute and deliver to the Agent such other and further debentures, mortgages, trust deeds, assignments and security agreements as may be reasonably required to ensure the Agent holds, subject to Permitted Encumbrances, first priority Security Interests on and against all of the property and assets of the Borrower and its Material Subsidiaries;

except that in no event shall the Agent require that the foregoing be effected if the result thereof would be to grant the Agent or the Lenders greater rights than is otherwise contemplated herein or therein.

7.4 Continuing Security

Each item or part of the Security shall for all purposes be treated as a separate and continuing collateral security and shall be deemed to have been given in addition to and not in place of any other item or part of the Security or any other security now held or hereafter acquired by the Agent or the Lenders. No item or part of the Security shall be merged or be deemed to have been merged in or by this Agreement or any documents, instruments or acknowledgements delivered hereunder, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any security, instrument or agreement shall be independent of and not create a merger with any other right available to the Lenders or the Agent under any security, instruments or agreements held by it or at law or in equity.

7.5 Dealing with Security

The Agent, with the consent of all of the Lenders, may grant extensions of time or other indulgences, take and give up securities (including the Security or any part or parts thereof), accept compositions, grant releases and discharges and otherwise deal with the Borrower and other parties and with security (including the Security and each part thereof) as the Agent may see fit, without prejudice to or in any way limiting the liability of the Borrower under this Agreement or the other Documents or under any of the Security or any other collateral security.

7.6 Effectiveness

The Security and the security created by any other Document constituted or required to be created shall be effective, and the undertakings as to the Security herein or in any other Document shall be continuing, whether any Loans are then outstanding or any amounts thereby secured or any part thereof shall be owing before or after, or at the same time as, the creation of such Security Interests or before or after or upon the date of execution of any amendments to this Agreement.

7.7 Release and Discharge of Security

- (1) The Borrower and its Material Subsidiaries shall not be discharged from the Security or any part thereof, other than to the extent that such Security applies to a Permitted Disposition (in which case the Security shall, without further action, cease to apply to the subject matter thereof for the benefit of the Agent and the Lenders) except by a written release and discharge signed by the Agent with the prior written consent of all of the Lenders. If all of the Obligations have been repaid, paid, satisfied and discharged, as the case may be, in full and the Credit Facility have

been fully cancelled, then the Agent shall cause it and the Lenders' interest in the Security to be released and discharged at the expense of the Borrower.

- (2) The Lenders hereby authorize the Agent, upon the written request of the Borrower, to:
- (a) take such steps as may be required to release Security Interests from any property or assets in relation to a disposition permitted pursuant to Section 6.2(d);
 - (b) take such steps as may be required to release and discharge the Security provided by a Subsidiary that ceases to be a Material Subsidiary within subparagraphs (a), through (d), inclusive, of the definition thereof or a former Designated Material Subsidiary that has been re-designated in accordance with Section 7.1(4)(b) to no longer be a Material Subsidiary; and
 - (c) execute and deliver such releases, discharges, no-interest letters, agreements or other instruments as may be necessary or reasonably requested by the Borrower to effect the foregoing or to evidence the foregoing or to evidence the release of any property or assets which are the subject of a Permitted Disposition.

7.8 Transfer of Security

If AIMCo, in its capacity as Agent, or any successor thereto, in its capacity as Agent ceases to be the Agent (the “**Departing Agent**”), the Departing Agent shall transfer and assign all of its right, title and interest in its capacity as Agent in and to the Security to the Successor Agent and the provisions of Section 7.2 shall apply, mutatis mutandis, with respect to such assignment and transfer.

ARTICLE 8 EVENTS OF DEFAULT AND ACCELERATION

8.1 Events of Default

The occurrence of any one or more of the following events (each such event being herein referred to as an “**Event of Default**”) shall constitute a default under this Agreement:

- (a) Principal Default: if the Borrower fails to pay the principal of any Loan hereunder when due and payable;
- (b) Other Payment Default: if the Borrower fails to pay:
 - (i) any interest (including, if applicable, default interest) accrued on any Loan;
 - (ii) any other amount not specifically referred to in paragraph (a) above or in this paragraph (b) payable by the Borrower hereunder;

in each case within 2 Banking Days of when the same was due and payable;

- (c) Breach of Certain Covenants: if the Borrower fails to observe or perform any covenant in Section 6.1(h), 6.1(i), 6.1(u) or 6.2;
- (d) Breach of Other Covenants: if the Borrower or a Material Subsidiary fails to observe or perform any covenant or obligation herein or in any other Document required on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section) and (i) such breach or default is not capable of being cured or (ii) if such breach or default is capable of being cured, the Borrower or such Material Subsidiary shall fail to cure such breach or default

within a period of 30 days after the earlier of (A) knowledge by the Borrower or such Material Subsidiary of such breach or default and (B) notice given by the Agent to the Borrower or such Material Subsidiary specifying such breach or default and requiring the Borrower or such Material Subsidiary to remedy or cure the same;

- (e) Incorrect Representations: if any representation or warranty made or deemed to be made by the Borrower or any Material Subsidiary herein or in any other Document shall prove to have been incorrect or misleading in any respect on and as of the date made and (i) such representation or warranty is not capable of being cured; or (ii) if curable, the facts or circumstances which make such representation or warranty incorrect or misleading are not remedied and the representation or warranty in question remains incorrect or misleading for a period of 30 days after the earlier of (A) knowledge by the Borrower or such Material Subsidiary of such incorrect or misleading representation or warranty and (B) notice given by the Agent to the Borrower specifying such incorrect or misleading representation;
- (f) Involuntary Insolvency: if a decree or order of a court of competent jurisdiction is entered adjudging the Borrower or a Material Subsidiary a bankrupt or insolvent under the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs;
- (g) Idem: if any case, proceeding or other action shall be instituted in any court of competent jurisdiction against the Borrower or any Material Subsidiary, seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition, proposal or arrangement with creditors, a readjustment of debts, the appointment of trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator, liquidator or other person with similar powers with respect to the Borrower or any Material Subsidiary or of all or any substantial part of its assets, or any other like relief in respect of the Borrower or any Material Subsidiary under any bankruptcy or insolvency law and:
 - (i) such case, proceeding or other action results in an entry of an order for such relief or any such adjudication or appointment, or
 - (ii) such case, proceeding or other action shall continue undismissed, or unstayed and in effect, for any period of 30 consecutive days;
- (h) Voluntary Insolvency: if the Borrower or any Material Subsidiary makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies' Creditors Arrangement Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency by it, consents to or acquiesces in the appointment of a trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator, liquidator or other person with similar powers over itself or over all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration, compromise, restructuring or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such assignment, proposal, relief, petition, proposal, appointment or proceeding;
- (i) Dissolution: except as permitted by Section 6.2(c) or 6.2(j), if proceedings are commenced for the dissolution, liquidation or winding up of the Borrower or any Material

Subsidiary unless such proceedings are being actively and diligently contested in good faith to the satisfaction of the Majority Lenders, acting reasonably;

- (j) Security Realization: if creditors of the Borrower or any Material Subsidiaries having a Security Interest against or in respect of the property and assets thereof, or any part thereof, realize upon or enforce any such security against such property and assets or any part thereof having an aggregate fair market value in excess of the Threshold Amount (or the equivalent thereof in any other currency) and such realization or enforcement shall continue in effect and not be released, discharged or stayed within the lesser of 30 days and the period of time prescribed under Applicable Laws for the completion of the sale of or realization against the assets subject to such seizure or attachment;
- (k) Seizure: if property and assets of the Borrower and its Material Subsidiaries or any part thereof having an aggregate fair market value in excess of the Threshold Amount (or the equivalent thereof in any other currency) are seized or otherwise attached by anyone pursuant to any legal process or other means, including distress, execution or any other step or proceeding with similar effect and such attachment, step or other proceeding shall continue in effect and not be released, discharged or stayed within the lesser of 30 days and the period of time prescribed under Applicable Laws for the completion of the sale of or realization against the assets subject to such seizure or attachment;
- (l) Judgment: if one or more final judgments, decrees or orders shall be awarded against the Borrower or any of the Material Subsidiaries (or any combination thereof) in an aggregate amount in excess of the Threshold Amount (or the equivalent thereof in any other currency) and, the Borrower or relevant Material Subsidiary, as applicable, has not satisfied such judgments, decrees or orders or provided security for any of such judgments, decrees or orders within 30 days of such judgment, decree or order being awarded;
- (m) Payment Cross Default: if the Borrower or any of its Material Subsidiaries (or any combination thereof) defaults in the payment when due (whether at maturity, upon acceleration, or otherwise) of Debt or Financial Instrument Obligations thereof in aggregate in excess of the Threshold Amount (or the equivalent thereof in any other currency);
- (n) Event Cross Default: if a default, event of default or other similar condition or event (however described) in respect of the Borrower or any of its Material Subsidiaries (or any combination thereof, without duplication) occurs or exists under any indentures, credit agreements, agreements or other instruments evidencing or relating to Debt or Financial Instrument Obligations thereof (individually or collectively) in an aggregate amount in excess of the Threshold Amount (or the equivalent thereof in any other currency) and such default, event or condition has resulted in such Debt or Financial Instrument Obligations becoming, or becoming capable at such time of being declared, due and payable thereunder before it would otherwise have been due and payable;
- (o) Cease to Carry on Business: if, except as permitted by Section 6.2(c) or Section 6.2(j), the Borrower or any Material Subsidiary ceases to carry on business;
- (p) Change of Control: if there is a Change of Control;
- (q) Qualified Auditor Report: if the auditors' opinion required to be delivered with the annual audited financial statements that are required to be delivered by the Borrower pursuant to Section 6.1(e)(iii) contains a qualification or "going concern" note and such qualification or "going concern" note is not rectified or otherwise dealt with to the satisfaction of the Majority Lenders, acting reasonably, within a period of 30 days after the delivery of such

financial statements by the Borrower hereunder; provided that a “going concern” note resulting from the impending maturity of any Debt within the four full fiscal quarter period following the relevant date of such financial statements shall not constitute an Event of Default under this paragraph (q);

- (r) Loss and Priority of Security: except for Permitted Encumbrances, if any of the Security shall cease to be a valid first priority Security Interest against the property, assets and undertaking of the Borrower or any Material Subsidiary as against third parties (and the same is not forthwith effectively rectified or replaced by the Borrower or such Material Subsidiary, as applicable);
- (s) Invalidity: if any of this Agreement, any Security or any other Document or any material provision of any of the foregoing shall at any time for any reason cease to be in full force and effect, be declared to be void or voidable (and the same is not forthwith effectively rectified or replaced by the Borrower) or shall be repudiated, or the validity or enforceability thereof shall at any time be contested by the Borrower or any Subsidiary, or the Borrower or any Material Subsidiary shall deny that it has any or any further liability or obligation thereunder, or at any time it shall be unlawful or impossible for them to perform any of their respective Obligations;
- (t) Adverse Proceedings: if one or more actions, suits or proceedings are brought against or affect the Borrower or a Material Subsidiary before any court or before any Governmental Authority which, if successful, would reasonably be expected to have a Material Adverse Effect, unless the action, suit or proceedings are being diligently contested in good faith to the satisfaction of the Majority Lenders, acting reasonably; or
- (u) Abandonment/Reclamation Orders: If any of the Borrower or its Subsidiaries 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 the Threshold Amount (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 Banking 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.

8.2 Acceleration

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

- (a) Terminate Commitment: cease to make or continue any Loans hereunder, and the Agent may, by written notice to the Borrower, declare the Total Commitment, each Lender's

Commitment and the right of the Borrower to apply for further Loans to be terminated;
and

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

provided that upon the occurrence of an Event of Default specified in Section 8.1(f), 8.1(g), 8.1(h) or 8.1(i) the Commitment shall automatically terminate and all Obligations hereunder, under the other Documents shall automatically become due and payable, in each case without any requirement that notice be given to the Borrower or any Material Subsidiary. Immediately upon the occurrence of an Event of Default specified in Section 8.1(f), 8.1(g), 8.1(h) or 8.1(i) 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 Obligations hereunder, under the other Documents, failing which all rights and remedies of the Agent and the Lenders under the Documents shall thereupon become enforceable.

8.3 Remedies

Upon the making of a declaration contemplated by Section 8.2, the Security shall become immediately enforceable and the Agent may take such action or proceedings as the Lenders in their sole discretion deem expedient to enforce the same, all without any additional notice, presentment, demand, protest or other formality, all of which are hereby expressly waived by the Borrower.

8.4 Liability

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

8.5 Perform Obligations

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

8.6 Third Parties

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

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

8.7 Remedies Cumulative

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

8.8 Set-Off or Compensation

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

ARTICLE 9 THE AGENT AND ADMINISTRATION OF THE CREDIT FACILITY

9.1 Authorization of Agent and Relationship

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

9.2 Disclaimer of Agent

The Agent makes no representation or warranty to the Lenders, and assumes no responsibility to the Lenders with respect to the due execution, legality, validity, sufficiency, enforceability or collectability of this Agreement or any other Document. The Agent assumes no responsibility for the financial condition of the Borrower or any Subsidiary, or for the performance of the obligations of the Borrower or any

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

9.3 Agent's Clawback

- (1) **Funding by Lenders; Presumption by Agent.** Unless the Agent shall have received notice from a Lender prior to the proposed date of any Loan that such Lender will not make available to the Agent such Lender's share of such Loan, the Agent may assume that such Lender has made such share available on such date in accordance with the provisions of this Agreement concerning funding by Lenders and may, but is under no obligation to, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Loan available to the Agent, then such Lender and the Borrower severally agree to pay or in the case of the Borrower, repay, to the Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Agent, at the interest rate applicable to such Loan. If the Borrower and such Lender shall pay such interest to the Agent for the same or overlapping period, the Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays such amount to the Agent, then such amount shall constitute such Lender's share included in such Loan and if the Borrower has previously paid such amount to the Agent, the Agent will re-advance such share to the Borrower. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that has failed to make such payment to the Agent.
- (2) **Payments by the Borrower; Presumptions by the Agent.** Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Agent for the account of any Lender hereunder that the Borrower will not make such payment, the Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute the amount due to the applicable Lenders. In such event, if the Borrower has not in fact made such payment, then each of the applicable Lenders severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at a rate equal to the rate determined by the Agent in accordance with prevailing banking industry practice on interbank compensation.

9.4 Payments by the Borrower and the Material Subsidiaries

All payments made by or on behalf of the Borrower or any Material Subsidiary pursuant to this Agreement or the other Documents shall be made to and received by the Agent on behalf of the Lenders and shall be distributed by the Agent to the Lenders as soon as possible upon receipt by the Agent. Subject to the provisions of Section 9.5 hereof, the Agent shall distribute in the following order:

- (a) unpaid fees, costs and expenses of the Agent;

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

Subject to Section 9.5, if the Agent does not distribute a Lender's Proportionate Share of a payment made by the Borrower to or for the benefit of that Lender for value on the day that payment is made or deemed to have been made to the Agent, the Agent shall pay to the Lender on demand an amount equal to the product of (i) the Agent's rate per annum applicable to overnight deposits for amounts approximately equal to the amount of the payment multiplied by (ii) the Lender's Proportionate Share of the amount received by the Agent from the Borrower and not so distributed, multiplied by (iii) a fraction, the numerator of which is the number of days that have elapsed from and including the date of receipt of the payment by the Agent to but excluding the date on which the payment is made by the Agent to such Lender and the denominator of which is 365 or 366 (as applicable).

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

- (a) permit any increase or decrease, however significant, of the Credit Facility or the Obligations hereunder or otherwise supplement, amend, restate, substitute, in whole or in part, however significant, the Obligations, this Agreement, the Security or any other Document, or in whole or in part, terminate the availability of Credit Facility or demand payment or performance of all or any of the Obligations;
- (b) enforce or take any action under or abstain from enforcing or taking action under this Agreement or any other Document;
- (c) take, give up, subordinate, release or discharge any Security, supplement, amend, restate, substitute, renew, abstain from receiving, perfect or abstain from perfecting or maintaining the perfection of any Security, enforce, take action under or realize in any manner or abstain from enforcing, taking action under or realizing any Security, deal with or abstain from dealing with all or any part of the undertaking, property and assets subject to the Security or allow the Borrower and its Subsidiaries or others to deal with such undertaking, properly;
- (d) renew all or any part of the Credit Facility or the Obligations or grant extensions of time or any other indulgences to the Borrower, the Material Subsidiaries or any other Person;
- (e) accept or make compromises or arrangements with or release, discharge or otherwise deal with or abstain from dealing with the Borrower, the Material Subsidiaries or any other Person;
- (f) in whole or in part prove or abstain from proving a claim in any insolvency proceeding of or affecting the Borrower, the Material Subsidiaries or any other Person; and

- (g) agree with the Borrower, the Material Subsidiaries or any other Person to do anything described in Subsections (a) to (f) above.

9.5 Payments by Agent

- (a) General: For greater certainty, the following provisions shall apply to any and all payments made by the Agent to the Lenders hereunder:
 - (i) the Agent shall be under no obligation to make any payment (whether in respect of principal, interest, fees or otherwise) to any Lender until an amount in respect of such payment has been received by the Agent from the Borrower;
 - (ii) if the Agent receives less than the full amount of any payment of principal, interest, fees or other amount owing by the Borrower under this Agreement, the Agent shall have no obligation to remit to each Lender any amount other than such Proportionate Share (based on the then outstanding Obligations of the Borrower hereunder) of that amount which is the amount actually received by the Agent;
 - (iii) if any Lender advances more or less than its Proportionate Share of the Credit Facility, such Lender's entitlement to such payment shall be increased or reduced, as the case may be, in proportion to the amount actually advanced by such Lender;
 - (iv) if a Lender's Proportionate Share of a Loan has been advanced for less than the full period to which any payment by the Borrower relates, such Lender's entitlement to such payment shall be reduced in proportion to the length of time such Lender's Proportionate Share of the Loan has actually been outstanding;
 - (v) the Agent acting reasonably and in good faith shall, after consultation with the Lenders in the case of any dispute, determine in all cases the amount of all payments to which each Lender is entitled and such determination shall, in the absence of manifest error, be binding and conclusive;
 - (vi) upon request, the Agent shall deliver a statement detailing any of the payments to the Lenders referred to herein; and
 - (vii) all payments by the Agent to a Lender hereunder shall be made to such Lender at its address set forth opposite such Lender's name on the signature pages hereto unless notice to the contrary is received by the Agent from such Lender.

9.6 Direct Payments

The Lenders agree among themselves that, except as otherwise provided for in this Agreement and except as necessary to adjust for Loans that are not in each Lender's Proportionate Share under the Credit Facility, all sums received by a Lender relating to this Agreement, by virtue of the other Documents, whether received by voluntary payment, by the enforcement of the Security, the exercise of the right of set-off, combination or consolidation of accounts, or compensation or by counterclaim, cross-action or otherwise, shall be shared by each Lender in its Proportionate Share of the Credit Facility or the Obligations then outstanding under the Documents, as applicable, in accordance with Section 9.4 and each Lender undertakes and agrees to do all such things as may be reasonably required to give full effect to this Section 9.6, including, without limitation, the purchase from other Lenders of a portion of any Loans by the Lender who has received an amount in excess of its Proportionate Share as shall be necessary to cause such purchasing Lender to share the excess amount rateably in its Proportionate Share with the other Lenders. If any sum which is so shared is later recovered from the Lenders who originally received

it, the Lender shall restore its Proportionate Share of such sum to such Lenders, without interest. If any Lender (a “**Receiving Lender**”) shall obtain any payment of the Obligations as referred to above, the Receiving Lender shall forthwith remit such payment to the Agent and, upon receipt, the Agent shall distribute such payment in accordance with the provisions of Section 9.4.

9.7 Administration of the Credit Facility

- (1) **Duties of Agent:** Unless otherwise specified herein, the Agent shall perform the following duties under this Agreement:
- (a) take delivery of each Lender's Proportionate Share of a Loan and make all Loans hereunder in accordance with the procedures set forth herein;
 - (b) use reasonable efforts to collect promptly all sums due and payable by the Borrower pursuant to this Agreement;
 - (c) make all payments to the Lenders in accordance with the provisions hereof;
 - (d) hold all legal documents relating to the Credit Facility, maintain complete and accurate records showing all Loans made by the Lenders, all remittances and payments made by the Borrower to the Agent, all remittances and payments made by the Agent to the Lenders and allow each Lender and their respective advisors to examine such accounts, records and documents at their own expense, and provide any Lender, upon reasonable notice, with such copies thereof as such Lender may reasonably require from time to time at its expense;
 - (e) except as otherwise specifically provided for in this Agreement, promptly advise each Lender upon receipt of each notice and deliver to each Lender, promptly upon receipt, all other written communications furnished by the Borrower to the Agent pursuant to this Agreement, including without limitation copies of financial reports and certificates which are to be furnished to the Agent;
 - (f) forward to each of the Lenders, one copy each of this Agreement and other Documents;
 - (g) promptly forward to each Lender, upon request, an up-to-date loan status report and any other information respecting the Borrower reasonably requested by such Lender; and
 - (h) upon learning of same, promptly advise each Lender in writing of the occurrence of an Event of Default or the occurrence of any event, condition or circumstance which could be expected to have a Material Adverse Effect, provided that, except as aforesaid, the Agent shall be under no duty or obligation whatsoever to provide any notice to the Lenders and further provided that each Lender hereby agrees to notify the Agent of any Default or Event of Default of which it may reasonably become aware.
- (2) **Majority Lender Consent:** The Agent may take the following actions only with the prior consent of the Majority Lenders, unless otherwise specified in this Agreement:
- (a) subject to Section 9.7(3), exercise any and all rights of approval and consent specifically conferred upon the Lenders (and not the Agent) by this Agreement;
 - (b) amend, modify or waive any of the terms of this Agreement (including waiver of an Event of Default) if such action is not otherwise provided for in Section 9.7(3);

- (c) declare an Event of Default or take action to enforce performance of the Obligations of the Borrower and the Material Subsidiaries under and in respect of the Documents, enforce the Security and/or pursue any other legal remedy necessary; and
 - (d) pay insurance premiums, taxes and any other sums as may be reasonably required to protect the interests of the Lenders.
- (3) **Unanimous Lender Consent:** The Agent may take the following actions only if the prior unanimous consent of the Lenders is obtained, unless otherwise contemplated or provided for in this Agreement:
- (a) amend, modify, discharge, terminate or waive any of the material terms of the Security other than as provided for herein;
 - (b) amend, modify, discharge, terminate or waive any of the terms of this Agreement if such amendment, modification, discharge, termination or waiver would increase the amount of the Credit Facility, reduce the interest rate applicable to the Credit Facility, reduce the fees payable with respect to the Credit Facility, extend any date fixed for payment of principal or interest relating to the Credit Facility (including a waiver of any requirement of the Borrower to repay outstanding Obligations pursuant to Section 4.1 and a waiver of an Event of Default described in Sections 8.1(a) or 8.1(b)), extend either Maturity Date, or affect the priority of the Security; and
 - (c) amend the definition of “Majority Lenders” or this Section 9.7(3).
- (4) **General:** As between the Borrower, on the one hand, and the Agent and the Lenders, on the other hand:
- (a) all statements, certificates, consents and other documents which the Agent purports to deliver on behalf of the Lenders or the Majority Lenders shall be binding on each of the Lenders, and the Borrower shall not be required to ascertain or confirm the authority of the Agent in delivering such documents;
 - (b) all certificates, statements, notices and other documents which are delivered by the Borrower to the Agent in accordance with this Agreement shall be deemed to have been delivered to each of the Lenders;
 - (c) all payments which are delivered by the Borrower to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each of the Lenders; and
 - (d) unless an Event of Default has occurred and is continuing, the consent of the Borrower to the appointment of any Successor Agent must be obtained, but such consent shall not be unreasonably withheld.
- (5) **Certain References:** Any reference herein to action to be taken by “the Lenders” and not “all of the Lenders” shall mean the Majority Lenders.

9.8 Rights of Agent

- (1) **Counsel:** In administering the Credit Facility or in realizing on the rights available under this Agreement or the other Documents, the Agent may retain, at the expense of the Lenders if such expenses are not recoverable from the Borrower, such solicitors, counsel, auditors and other experts and agents as the Agent may select, in its sole discretion, acting reasonably and in good faith after consultation with the Lenders.

- (2) **Reliance:** The Agent shall be entitled to rely on any communication, instrument or document believed by it to be genuine and correct and to have been signed by the proper individual or individuals, and shall be entitled to rely and shall be protected in relying as to legal matters upon opinions of independent legal advisors selected by it. The Agent may also assume that any representation made by the Borrower is true and that no Default or Event of Default has occurred unless the officers or employees of the Lender acting as Agent, active in their capacity as officers or employees responsible for the Borrower's accounts have actual knowledge to the contrary or have received notice to the contrary from any other party to this Agreement.
- (3) **Other Activities:** The Agent may, without any liability to account, but subject to the terms of this Agreement, enter into swap agreements, futures contracts and other similar agreements with the Borrower, accept deposits from and lend money to and generally engage in any kind of banking, or other business with the Borrower, as if it were not the Agent.
- (4) **No Requirement to Pay Certain Amounts:** The Agent shall not be required to advance its own funds for any purpose, and in particular, shall not be required to pay with its own funds insurance premiums, taxes or public utility charges or the cost of repairs or maintenance with respect to any of the Collateral of the Borrower or any Subsidiary nor shall it be required to pay with its own funds the fees of solicitors, counsel, auditors, experts, or agents engaged by it as permitted hereby.

9.9 Acknowledgements, Representations and Covenants of Lenders

- (1) **Lender Decisions:** It is acknowledged and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, property, affairs, status and nature of each of the Borrower and each Material Subsidiary. Accordingly, each Lender confirms to the Agent that it has not relied, and will not hereafter rely, on the Agent (i) to check or inquire on its behalf into the adequacy or completeness of any information provided by a Borrower or any Material Subsidiary under or in connection with this Agreement, the other Documents or the transactions herein contemplated (whether or not such information has been or is hereafter distributed to such Lender by the Agent) or (ii) to assess or keep under review on its behalf the financial condition, creditworthiness, property, affairs, status or nature of each of the Borrower and each Material Subsidiary.
- (2) **Authority of Lenders:** Each Lender represents and warrants that it has the legal capacity to enter into this Agreement pursuant to its charter and any Applicable Law and has not violated its charter, constituting documents or any Applicable Law by so doing.
- (3) **Indemnity:** Each Lender agrees to indemnify the Agent (to the extent not reimbursed by the Borrower), rateably according to its Proportionate Share of the Credit Facility from and against any and all liabilities and obligations (whether direct or indirect, contingent or otherwise), losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of the Documents or the transactions therein contemplated, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand rateably according to its Proportionate Share of the Credit Facility for any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preservation of any rights of the Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under this Agreement or under the other Documents, to the extent that the Agent is not promptly reimbursed for such expenses by the Borrower. The obligation of the Lenders to indemnify the Agent shall survive the termination of this Agreement.

- (4) **No Recourse to Agent:** Each of the Lenders acknowledges and confirms that in the event that the Agent does not receive payment in accordance with this Agreement, it shall not be the obligation of the Agent to maintain the Credit Facility in good standing nor shall any Lender have recourse to the Agent in respect of any amounts owing to such Lender under this Agreement.
- (5) **Loans:** Each Lender acknowledges and agrees that its obligation to advance its Proportionate Share of Loans in accordance with the terms of this Agreement is independent and in no way related to the obligation of any other Lender hereunder.
- (6) **Receipt of Documents:** Each Lender hereby acknowledges receipt of a copy of this Agreement and the other Documents (to the extent that such Documents have been delivered) and acknowledges that it is satisfied with the form and content of such documents.
- (7) **Costs:** Except to the extent recovered by the Agent from the Borrower, promptly following demand therefor, each Lender shall pay to the Agent an amount equal to such Lender's Proportionate Share of the Credit Facility of any and all reasonable costs, expenses, claims, losses and liabilities incurred by the Agent in connection with this Agreement and the other Documents except for those incurred by reason of the Agent's gross negligence or wilful misconduct.
- (8) **Consents:** Each Lender shall respond promptly to each request by the Agent for the consent of such Lender required hereunder.

9.10 Action of the Lenders

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

9.11 Successor Agent

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

9.12 Provisions Operative Between Lenders and Agent Only

Except for the provisions of Sections 9.9(2) and 9.9(5), the provisions of this Article relating to the rights and obligations of the Lenders and the Agent inter se shall be operative as between the Lenders and the Agent only, and the Borrower shall not have any rights or obligations under or be entitled to rely for any purpose upon such provisions.

ARTICLE 10 ADDITIONAL LENDERS, SUCCESSORS AND ASSIGNS

10.1 Successors and Assigns

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

The collective rights and obligations of the Lenders under this Agreement are assignable in whole or in part and any Lender shall be entitled to assign in whole or in part its individual rights and obligations hereunder or to permit other financial institutions to participate in the Credit Facility, all in accordance with the provisions of Section 10.2 and the other terms of this Agreement. The Borrower hereby consents to the disclosure of any information and opinions relating to it to any potential Lender or participant provided that the potential Lender or participant agrees in writing to keep the information confidential and to return such information if it does not become a Lender or a participant.

10.2 Assignments

(1) **Assignment by Lenders:** Subject to Section 10.1 and the other terms of this Agreement, the Lenders collectively or individually may assign to one or more assignees that is a bank or other financial institution resident in Canada all or a portion of their respective rights and obligations under this Agreement (including, without limitation, all or a portion of their respective Commitments) with the consent of the Agent, not to be unreasonably withheld; provided however, after a declaration is made pursuant to Section 8.2, a Lender may assign any of its rights and obligations under this Agreement to any Person. The parties to each such assignment shall execute and deliver an Assignment Agreement to the Agent for its consent and, unless a Default or an Event of Default has occurred and is continuing or if the assignment is to an Affiliate of the Lender, to the Borrower, for the consent of the Borrower and recording by the Agent in the Register and, except in the case of an assignment by a Lender to an Affiliate of that Lender, the assigning Lender shall pay a processing and recording fee of \$3,500 to the Agent. After such execution, delivery, consent and recording (i) the assignee thereunder shall be a party to this Agreement and, to the extent that rights and obligations hereunder have been assigned to it, have the rights and obligations of a Lender hereunder and (ii) subject to the last paragraph of Section 10.1, the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, relinquish its rights and be released from its obligations under this Agreement, other than obligations in respect of which it is then in default or which arose prior to its assignment, and, in the case of an Assignment Agreement covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto. Any required consent of the Borrower or the Agent in connection with the foregoing shall not be unreasonably withheld. No assignment shall be made to any Person that is a natural person, the Borrower or any Material Subsidiary or any Affiliate of the Borrower or any Material Subsidiary. Prior to a declaration being made pursuant to Section 8.2, no assignment, except in the case of an assignment by a Lender to an Affiliate of that Lender, may be in an amount less than \$5,000,000 (and in integral multiples of \$1,000,000) unless such assignment is of the entire Commitment of a Lender, or result in the Commitment of any Lender, determined as of the effective date of the Assignment Agreement with respect to such assignment, being less than \$5,000,000.

- (2) **Assignment Agreement:** The agreements of an assignee contained in an Assignment Agreement shall benefit the assigning Lender thereunder, the other Lenders, the Agent and the Borrower in accordance with the terms of the Assignment Agreement.
- (3) **Register:** The Agent shall maintain at its address referred to herein a copy of each Assignment Agreement delivered to and acknowledged by it and a register for recording the names and addresses of the Lenders and the Commitment under the Credit Facility of each Lender from time to time (the "**Register**"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error. The Borrower, the Agent and each of the Lenders may treat each person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement and need not recognize any person as a Lender unless it is recorded in the Register as a Lender. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.
- (4) **Acknowledgement, etc.:** Within five (5) Banking Days after receipt by the Agent of (i) the processing and recording fee required pursuant to Section 10.2(1), and (ii) an Assignment Agreement executed by an assigning Lender and an assignee and approved by the Borrower (if applicable) and the Agent, the Agent shall, if the Assignment Agreement has been completed and is in the required form with such immaterial changes as are acceptable to the Agent:
 - (a) acknowledge the Assignment Agreement;
 - (b) record the information contained therein in the Register; and
 - (c) give prompt notice thereof to the Borrower and the other Lenders and provide them with an updated list of the respective Commitments of each Lender.

10.3 Participations

Any Lender may at any time, without the consent of, or notice to, the Borrower or the Agent, sell participations to any Person (other than a natural person, the Borrower or its Subsidiaries or any Affiliate of the Borrower or its Subsidiaries) (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 Loans owing to it); provided that:

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

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

The Borrower agrees that each Participant shall be entitled to the benefits of Sections 11.12 and 11.13 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.2; provided that a Participant shall not be entitled to receive any greater payment under such provisions than the applicable Lender would have been entitled to receive had the participation not been sold to such Participant, unless the sale of the participation to such Participant is made with the

Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 11.12 or 11.13 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 11.12 or 11.13, as applicable, as though it were a Lender.

ARTICLE 11 MISCELLANEOUS

11.1 Capitalized Terms

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

11.2 Severability

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

11.3 Number and Gender

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

11.4 Amendment, Supplement or Waiver

No amendment, supplement or waiver of any provision of the Documents, nor any consent to any departure by the Borrower or any Material Subsidiary therefrom, shall in any event be effective unless it is in writing, makes express reference to the provision affected thereby and is signed by the Agent for and on behalf of the Lenders or the Majority Lenders, as the case may be as required under Subsections or 9.7(2) and 9.7(3) then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No waiver or act or omission of the Lender shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or breach by the Borrower or a Material Subsidiary of any provision of the Documents or the rights resulting therefrom.

11.5 Governing Law

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

11.6 This Agreement to Govern

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

11.7 Permitted Encumbrances

Any reference in this Agreement or any of the other Documents to a Permitted Encumbrances or a Security Interest permitted by this Agreement is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Security Interest created by any of the Documents to any Permitted Encumbrances or any Security Interest permitted hereunder.

11.8 Currency

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

11.9 Liability of Lenders

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

11.10 Expenses and Indemnity

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

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

In addition, the Borrower shall indemnify the Lenders, the Agent and their directors, officers, employees and representatives (the "**Indemnified Parties**") from and against any and all actions, proceedings, claims, losses, damages, liabilities, expenses and obligations of any kind that may be incurred by or asserted against any of them as a result of or in connection with the making of any Loan hereunder and the Agent taking, holding and enforcing the Security, other than arising from the gross

negligence or wilful misconduct of the Agent or any other Indemnified Party. Whenever any such claim shall arise, the Indemnified Party shall promptly notify the Borrower of the claim and, when known, the facts constituting the basis for such claim, and if known, the amount or an estimate of the amount of the claim. The failure of an Indemnified Party to give notice of a claim promptly shall not adversely affect the Indemnified Party's rights to indemnity hereunder.

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

11.11 Environmental Indemnity

Without limiting the generality of the provisions of Section 11.10, the Borrower hereby agrees to indemnify, defend and hold harmless the Lenders, the Agent and each of them from and against any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, inspections, inquiries, proceedings, losses, costs, expenses, damages, claims and liabilities incurred by the Lenders, the Agent and any of them relating in any way to any Environmental Laws or to any permit issued under such Environmental Laws in respect of any of the Borrower or any Material Subsidiary or any of its or their Collateral, including without limitation, as a result of:

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

Notwithstanding the foregoing, the Borrower shall not be obliged to indemnify the Agent and Lenders to the extent any loss has been incurred by reason of the gross negligence or wilful misconduct of the Agent, such Lender or other indemnified party. The agreements in this Section shall survive the termination of this Agreement.

11.12 Manner of Payment and Taxes

(1) **Payments Subject to Taxes.** If the Borrower, any Material Subsidiary, the Agent, or any Lender is required by Applicable Laws to deduct or pay any Indemnified Taxes (including any Other Taxes) in respect of any payment by or on account of any obligation of the Borrower or any Material Subsidiary hereunder or under any other Credit Document, then:

- (a) the sum payable shall be increased by such Borrower or Material Subsidiary (and in the case of a Material Subsidiary, the Borrower shall cause such Material Subsidiary to do so) 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) 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;

- (b) the Borrower shall, and shall cause any Material Subsidiary to make any such deductions required to be made by it under Applicable Law; and
 - (c) the Borrower shall, and shall cause any Material Subsidiary to timely pay the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.
- (2) **Payment of Other Taxes by the Borrower.** Without limiting the provisions of Section 11.12(1), the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.
- (3) **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) 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. In the event the Borrower have made a payment to the Agent or a Lender pursuant to this Section 11.12(3) and the Agent or Lender is thereafter granted or receives a credit, refund or remission in respect of the Indemnified Taxes or Other Taxes, then the Agent or the Lender, as the case may be, shall, subject to the Borrower having paid the relevant amount payable under this Section 11.12(3) and to the extent it is satisfied that it can do so without prejudice to the retention of the amount of such credit or refund, refund to the Borrower such amount (if any) as the Agent or the Lender determines in good faith will leave the Agent or the Lender in no worse position than would have been the case if there had been no obligation to pay the Indemnified Taxes or Other Taxes in the first place. The Agent or Lender shall not be obligated to provide to the Borrower copies of all or any part of its tax returns, financial statements or other corporate financial data by reason of any such matter.
- (4) **Evidence of Payments.** As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower or any Material Subsidiary to a Governmental Authority, the Borrower 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.
- (5) **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 Credit Document shall, at the request of the Borrower or the Agent, deliver to each of the Borrower and the Agent, no later than the date such Foreign Lender becomes a party hereto (or designates a new lending office) under this Agreement, at the time or times prescribed by Applicable Laws or reasonably requested by the Borrower or the Agent, such properly completed and executed documentation prescribed by Applicable Laws 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 Laws 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.
- (6) **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 or any Material Subsidiary has

paid additional amounts pursuant to this Section 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 or applicable Material Subsidiary, an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or the applicable Material Subsidiary under this Section 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 shall, and shall cause each Material Subsidiary, as applicable, to, upon the request of the Agent or such Lender, repay the amount paid over to the Borrower or the applicable Material Subsidiary (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 paragraph 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.

- (7) **FATCA.** If a payment made to a Lender under any Credit Document would be subject to U.S. federal withholding Taxes imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of Code, as applicable), or the *Income Tax Act* (Canada), such Lender shall deliver to the Borrower at the time or times prescribed by Applicable Laws and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by Applicable Laws (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower to comply with its obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or the *Income Tax Act* (Canada) or to determine the amount to deduct and withhold from such payment.
- (8) **Survival.** The provisions of Section 11.12 shall survive the repayment of the Obligations and the cancellation of the Credit Facility.

11.13 Increased Costs

If the introduction of or any change in or in the interpretation of, or any change in its application to the Borrower or any Material Subsidiary of, any law or any regulation or guideline from any central bank or other governmental authority (whether or not having the force of law), including but not limited to any reserve or special deposit requirement or any Tax or exemption from any tax or any capital requirement, has due to the compliance by any Lender therewith the effect, directly or indirectly, of (i) increasing the cost to the Lenders (or any of them) of performing its obligations hereunder; (ii) reducing any amount receiving or receivable by the Lenders (or any of them) hereunder or its effective return hereunder or on its capital; or (iii) causing the Lenders (or any of them) to make any payment or to forego any return based on any amount received or receivable by the Lenders (or any of them) hereunder, then upon demand from time to time such Borrower or Material Subsidiary shall pay such amount as shall compensate the Lenders (or any of them) for any such cost, reduction, payment or foregone return that is not fully offset by an increase in the applicable interest rate or rates or fees hereunder. Any certificate of such affected Lender in respect of the foregoing will be prima facie evidence of the foregoing, except for manifest error, provided that such Lender determines the amounts owing to it in good faith using any reasonable averaging and attribution methods and provides a reasonably detailed description of its calculation of the amounts owing to it. The Borrower shall not be obligated to pay any portion of such additional compensation accruing under this Section 11.13 for any period prior to the date which is 90 days prior to the date on which the Agent, on behalf of such Lender, gives notice to the Borrower that such additional compensation is so accruing or if such Lender is not generally collecting amounts which are equivalent to such additional compensation from other borrowers in similar circumstances to the Borrower where it is contractually entitled to do so.

11.14 Interest on Miscellaneous Amounts

If the Borrower fails to pay any amount payable hereunder (other than principal, interest thereon or interest upon interest which is payable as otherwise provided in this Agreement) on the due date, the Borrower shall, on demand, pay interest on such overdue amount to the Agent from and including such due date up to but excluding the date of actual payment, both before and after demand, default or judgment, at a rate of interest equal to 14.75% per annum, calculated daily and compounded monthly.

11.15 Address for Notice

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

11.16 Time of the Essence

Time shall be of the essence in this Agreement.

11.17 Further Assurances

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

11.18 Term of Agreement

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

11.19 Payments on Banking Day

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

11.20 Illegality

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

- (a) prepay such Loans without any of the additional payments required under Section 3.1(3);
or

- (b) provided no Default shall have occurred and is continuing, provide irrevocable written notice to such Lender requiring such Lender to sell and assign to a bank or other financial institution chosen by the Borrower and acceptable to the Agent, acting reasonably, all of such Lender's rights and obligations hereunder in the same manner described in Section 11.20 upon receipt by such Lender from such bank or financial institution of all amounts owing to such Lender under the Documents, including without limitation, all unpaid interest accrued thereon to the date of payment and all other amounts, if any, payable for the account of such Lender hereunder in respect of any Loans made by it and in respect of all losses, costs and expenses suffered or incurred by such Lender hereunder as a result of such Lender complying with this Subsection 11.20(b).
- (c) If a Lender determines, in good faith, that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender to hold or benefit from a Security Interest over real property, such Lender may notify the Agent and disclaim any benefit of such security interest to the extent of such illegality, provided that such determination or disclaimer shall not invalidate or render unenforceable such Security Interest for the benefit of any other Lender.

11.21 Currency Indemnity

In the event of a judgment or order being rendered by any court or tribunal for the payment of any amounts owing under this Agreement or for the payment of damages in respect of any breach of this Agreement or under or in respect of a judgment or order of another court or tribunal for the payment of such amounts or damages, such judgment or order being expressed in a currency (the "**Judgment Currency**") other than the currency payable hereunder or thereunder (the "**Agreed Currency**"), each party against whom the judgment or order is made shall indemnify and hold each party in whose favour the judgment or order is made harmless against any deficiency in terms of the Agreed Currency in the amounts received by such party arising or resulting from any variation as between (i) the exchange rate at which the Agreed Currency is converted into the Judgment Currency for the purposes of such judgment or order, and (ii) the exchange rate at which such party is able to purchase the Agreed Currency with the amount of the Judgment Currency actually received by such party on the date of such receipt. The indemnity in this Section shall constitute a separate and independent obligation from the other obligations of the parties hereunder, shall apply irrespective of any indulgence granted hereunder.

11.22 Non-Merger

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

11.23 Confidentiality

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

- (a) each of the Agent's and the Lenders' directors, officers, affiliates, employees, agents and professional consultants, provided that the Agent and each Lender shall not disclose such information to any person, division, department or parent of a Lender that does not have a direct relationship to the Documents;

- (b) any regulatory authority having jurisdiction over the Agent or Lenders; or
- (c) any other person to whom such delivery or disclosure may be necessary or appropriate (i) in connection with any assignment or proposed assignment by the Agent or a Lender of any of its interests under the Documents, (ii) in compliance with any Applicable Laws applicable to a Lender, (iii) in response to any subpoena or other legal process, (iv) in connection with any litigation to which a Lender is a party in any way relating to any of the Borrower or any Material Subsidiary or the Documents and the transactions contemplated therein; or (v) with the prior written consent of the Borrower.

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

11.24 Anti-Money Laundering Legislation

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

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

11.25 Counterparts and Email

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

11.26 Entire Agreement

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

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

Address for Notices

Pine Cliff Energy Ltd.
Suite 850, 1015 – 4th Street S.W.
Calgary, Alberta
T2R 1J4

Attention: *[Intentionally Redacted -
Personal Information]*
E-mail: *[Intentionally Redacted -
Personal Information]*

PINE CLIFF ENERGY INC., as Borrower

B,  **"signed"**
Name: *[Intentionally Redacted - Personal Information]*
Title: *[Intentionally Redacted - Personal Information]*

Address for Notice

Until November 28, 2019:
1100, 10830 Jasper Avenue N.W.
Edmonton, Alberta T5J 2B3

After November 28, 2019:
1600, 10250 – 101 Street N.W.
Edmonton, Alberta T5J 3P4

Attention: *[Intentionally Redacted – Personal Information]*
Email: *[Intentionally Redacted – Personal Information]*

**ALBERTA INVESTMENT MANAGEMENT
CORPORATION** as Lender

By: *"signed"*

Name: *[Intentionally Redacted – Personal Information]*
Title: *[Intentionally Redacted - Personal Information]*

Address for Notice

Until November 28, 2019:
1100, 10830 Jasper Avenue N.W.
Edmonton, Alberta T5J 2B3

After November 28, 2019:
1600, 10250 – 101 Street N.W.
Edmonton, Alberta T5J 3P4

Attention: [*Intentionally Redacted – Personal Information*]

Email: [*Intentionally Redacted – Personal Information*]

ALBERTA INVESTMENT MANAGEMENT CORPORATION, as Agent

By: "*signed*"

Name: [*Intentionally Redacted – Personal Information*]

Title: [*Intentionally Redacted - Personal Information*]

**SCHEDULE A
LENDERS AND COMMITMENTS**

Lender	Tranche 1 Commitment	Tranche 2 Commitment	Commitment
AIMCo	\$30,000,000	\$19,000,000	\$49,000,000
Total Commitment:	\$30,000,000	\$19,000,000	\$49,000,000

**SCHEDULE B
ASSIGNMENT AGREEMENT**

THIS ASSIGNMENT AGREEMENT (this “**Agreement**”) is made as of the [●] day of [●], [●]

BETWEEN:

[●]

(hereinafter referred to as the “**Assignor**”),

OF THE FIRST PART,

- and -

[●]

(hereinafter referred to as the “**Assignee**”),

OF THE SECOND PART,

- and -

PINE CLIFF ENERGY LTD., a corporation subsisting under the laws of the Province of Alberta (hereinafter sometimes referred to as the “**Borrower**”),

OF THE THIRD PART,

- and -

THE TORONTO-DOMINION BANK, a chartered bank, as agent of the Lenders (hereinafter referred to as the “**Agent**”),

OF THE FOURTH PART.

WHEREAS the Assignor is a Lender under the credit agreement made as of October 1, 2019 among the Borrower, the Lenders and the Agent, (as amended, modified, supplemented or restated from time to time, the “**Credit Agreement**”);

AND WHEREAS the Assignor has agreed to assign and transfer to the Assignee certain rights under the Credit Agreement in compliance with the Credit Agreement, and the Assignee has agreed to accept such rights and assume certain obligations of the Assignor under the Credit Agreement;

AND WHEREAS this Agreement is delivered pursuant to Section 10.2 of the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the parties hereby agree as follows:

1. INTERPRETATION

- (a) In this Agreement, including the recitals, capitalized terms used herein, and not otherwise defined herein, shall have the same meanings attributed thereto as set forth in the Credit Agreement. In addition, the following terms shall have the following meanings:

- (i) **“Assigned Commitment”** has the meaning set forth in Section 2 hereof;
 - (ii) **“Assigned Interests”** has the meaning set forth in Section 2 hereof;
 - (iii) **“Assumed Obligations”** has the meaning set forth in Section 3 hereof; and
- (b) The division of this Agreement into Articles, Sections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.
- (c) In this Agreement:
- (i) the terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer, unless otherwise specified, to this Agreement taken as a whole and not to any particular section, subsection or paragraph;
 - (ii) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa; and
 - (iii) words and terms denoting inclusiveness (such as “include” or “includes” or “including”), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.
- (d) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Alberta, without prejudice to the rights of the parties to take proceedings in any other jurisdictions.
- (e) If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction, it shall not affect the validity, legality or enforceability of any such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Agreement.

2. ASSIGNMENT OF RIGHTS BY ASSIGNOR

Effective as of the date hereof, the Assignor hereby absolutely assigns and transfers to the Assignee:

- (a) **[all OR [●]% of all]** of the Assignor's right, title and interest in, to and under each of the outstanding Loans and other Obligations owing by the Borrower to the Assignor under the Credit Facility, as more particularly described in Exhibit A attached hereto; and
- (b) **[all OR [●]%** of the Assignor's Commitment, being Cdn.\$**[●]** of such Commitment (the **“Assigned Commitment”**),

together with all of the Assignor's other rights under the Credit Agreement and the other Documents but only insofar as such other rights relate to (a) and (b) above (collectively, the **“Assigned Interests”**).

3. ASSUMPTION OF OBLIGATIONS BY ASSIGNEE

The Assignee assumes and covenants and agrees to be responsible for all obligations relating to the Assigned Interests to the extent such obligations arise or accrue on or after the date hereof (collectively, the **“Assumed Obligations”**) and agrees that it will be bound by the Credit Agreement and

the other Documents to the extent of the Assumed Obligations as fully as if it had been an original party to the Credit Agreement.

4. CREDIT AGREEMENT REFERENCES; NOTICES

Effective as of the date hereof:

- (a) the Assignee shall be a Lender for all purposes of the Credit Agreement and the other Documents and all references therein to "Lenders" or "a Lender" shall be deemed to include the Assignee;
- (b) the Commitment of the Assignee shall be the Assigned Commitment and all references in the Credit Agreement to "Commitment" of the Assignee shall be deemed to be to the Assigned Commitment;
- (c) any demand, notice or communication to be given to the Assignee in accordance with section 11.15 of the Credit Agreement shall be made or given to the following address or email (until the Assignee otherwise gives notice in accordance with such section 11.15): [●]; and
- (d) Schedule A to the Credit Agreement shall be deemed to be and is hereby amended to the extent necessary to give effect to the assignment of the Assigned Commitment contemplated hereby and to give effect to Sections 4(a), 4(b) and 4(c) hereof.

5. THE AGENT

Without in any way limiting the provisions of Section 3 hereof, the Assignee irrevocably appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with the provisions of the Credit Agreement.

6. CONSENT OF BORROWER AND AGENT

The Borrower and the Agent each hereby consent to the assignment of the Assigned Interests to the Assignee and the assumption of the Assumed Obligations by the Assignee and agree to recognize the Assignee as a Lender under the Credit Agreement as fully as if the Assignee had been an original party to the Credit Agreement. **[The Borrower and the Agent each agree that the Assignor shall have no further liability or obligation in respect of the Assumed Obligations.] [Note: Delete the foregoing square-bracketed language in the case of an assignment to an affiliate of the Assignor, as provided in the Credit Agreement.]**

7. REPRESENTATIONS AND WARRANTIES

Each of the parties, other than the Borrower, hereby represents and warrants to the other parties, other than the Borrower, as follows:

- (a) it is duly incorporated and validly subsisting under the laws of its governing jurisdiction;
- (b) it has all necessary corporate power and authority to enter into this Agreement and to perform its obligations hereunder and under the Credit Agreement and the other Documents;
- (c) the execution, delivery, observance and performance on its part of this Agreement has been duly authorized by all necessary corporate and other action and this Agreement

constitutes a legal, valid and binding obligation of such party enforceable against it in accordance with its terms; and

- (d) all Governmental Authorizations, if any, required for the execution, delivery, observance and performance by it of this Agreement, the Credit Agreement and the other Documents have been obtained and remain in full force and effect, all conditions have been duly complied with and no action by, and no notice to or other filing or registration with any Governmental Authority is required for such execution, delivery, observance or performance.

The Assignor represents and warrants to the Assignee that it has the right to sell to the Assignee the Assigned Interests and that the same are free and clear of all Security Interests. The Assignor also represents and warrants to the Assignee that it has not received written notice of any Default or Event of Default having occurred under the Credit Agreement which is continuing.

The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement and notwithstanding any examinations or investigations which may be made by the parties or their respective legal counsel.

Except as expressly provided herein, the Assignee confirms that this Agreement is entered into by the Assignee without any representations or warranties by the Assignor or the Agent on any matter whatsoever, including, without limitation, on the effectiveness, validity, legality, enforceability, adequacy or completeness of the Credit Agreement or any Document delivered pursuant thereto or in connection therewith or any of the terms, covenants and conditions therein or on the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower.

8. ASSIGNEE CREDIT DECISION

The Assignee acknowledges to the Assignor and the Agent that the Assignee has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Borrower and its Subsidiaries, all of the matters and transactions contemplated herein and in the Credit Agreement and other Documents and all other matters incidental to the Credit Agreement and the other Documents. The Assignee confirms with the Assignor and the Agent that it does not rely, and it will not hereafter rely, on the Agent or the Assignor:

- (a) to check or inquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Borrower, any Subsidiary of the Borrower or any other person under or in connection with the Credit Agreement and other Documents or the transactions therein contemplated (whether or not such information has been or is hereafter distributed to the Assignee by the Agent); or
- (b) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower and its Subsidiaries.

The Assignee acknowledges that a copy of the Credit Agreement (including a copy of the Schedules) has been made available to it for review and further acknowledges and agrees that it has received copies of such other Documents and such other information that it has requested for the purposes of its investigation and analysis of all matters related to this Agreement, the Credit Agreement, the other Documents and the transactions contemplated hereby and thereby. The Assignee acknowledges that it is satisfied with the form and substance of the Credit Agreement and the other Documents.

9. PAYMENTS

Subject as expressly provided herein, the Assignor and the Assignee acknowledge and agree that all payments under the Credit Agreement in respect of the Assigned Interests from and after the date hereof received by the Agent on or after the date hereof shall be the property of the Assignee and the Agent shall be entitled to treat the Assignee as solely entitled thereto.

10. AMENDMENTS AND WAIVERS

Any amendment or modification or waiver of any right under any provision of this Agreement shall be in writing (in the case of an amendment or modification, signed by the parties) and any such waiver shall be effective only for the specific purpose for which given and for the specific time period, if any, contemplated therein. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any rights with respect to any other or further breach.

11. GENERAL PROVISIONS

- (a) The parties hereto shall from time to time and at all times do all such further acts and things and execute and deliver all such documents as are reasonably required in order to fully perform and carry out the terms of this Agreement.
- (b) The provisions of this Agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.
- (c) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one full set of counterparts.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by its duly authorized representative(s) as of the date first above written.

[●], as Assignor

Per: _____

Name:

Title:

Per: _____

Name:

Title:

[●], as Assignee

Per: _____

Name:

Title:

Per: _____

Name:

Title:

PINE CLIFF ENERGY LTD.

Per: _____

Name:

Title:

ALBERTA INVESTMENT MANAGEMENT CORPORATION, in its capacity as Agent

Per: _____

Name:

Title:

Per: _____

Name:

Title:

**SCHEDULE C
COMPLIANCE CERTIFICATE**

TO: Alberta Investment Management Corporation, in its capacity as agent of the Lenders (the "Agent")

AND TO: Each of the Lenders

1. Reference is made to the credit agreement made as of October 1, 2019 among Pine Cliff Energy Ltd., as Borrower, Alberta Investment Management Corporation and the other persons party thereto in their capacity as Lenders and the Agent and relating to the establishment of a credit facility in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Capitalized terms used herein, and not otherwise defined herein, shall have the meanings attributed to such terms in the Credit Agreement.
2. This Compliance Certificate is delivered to the Agent pursuant to Section 6.1(e)(v) of the Credit Agreement.
3. The undersigned, [name], [title; must be one of the executive chairman, president, chief executive officer, chief operating officer, chief financial officer, a vice president or treasurer] of the Borrower, hereby certifies that, as of the date of this Compliance Certificate, I have made or caused to be made such investigations as are necessary or appropriate for the purposes of this Compliance Certificate and:
 - (a) the [**unaudited OR audited**] consolidated financial statements for the [**fiscal quarter OR fiscal year**] ending [**●**],[**●**] provided to the Agent pursuant to Section 6.1(e)[**(iii) OR (iv)**] of the Credit Agreement were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial position of the Borrower and its Subsidiaries as at the date thereof;
 - (b) the representations and warranties made by the Borrower in Section 5.1 of the Credit Agreement are true and accurate in all respects as at the date hereof, except as has heretofore been notified to the Agent by the Borrower in writing [**or except as described in Schedule _____ hereto**];
 - (c) no event, circumstance or condition has occurred or is continuing which would constitute a Default or Event of Default, except as has heretofore been notified to the Agent by the Borrower in writing in accordance with Section 6.1(h) of the Credit Agreement [**or except as described in Schedule _____ hereto**]; and
4. As of the date hereof, the Liability Management Rating of the Borrower and its Subsidiaries for the most recently completed month in each Material Jurisdiction is as follows:

Material Jurisdiction	Borrower/Subsidiary	Liability Management Rating
-----------------------	---------------------	-----------------------------

I give this Compliance Certificate on behalf of the Borrower and in my capacity as the [●] **[insert title]** of the Borrower, and no personal liability is created against or assumed by me in the giving of this Certificate.

Dated at [●], this [●] day of [●], [●].

Name:

Title:

**SCHEDULE D
REPAYMENT NOTICE**

TO: Alberta Investment Management Corporation, in its capacity as agent of the Lenders (the "**Agent**")

DATE: _____

1. This Repayment Notice is delivered to you pursuant to the terms and conditions of the credit agreement made as of October 1, 2019 among Pine Cliff Energy Ltd., as Borrower, Alberta Investment Management Corporation and the other persons party thereto in their capacity as Lenders and the Agent and relating to the establishment of a credit facility in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Repayment Notice shall have the respective meanings set forth in the Credit Agreement.

2. The Borrower hereby gives notice of a repayment as follows:

- (a) Date of repayment: _____
- (b) Tranche: _____
- (c) Amount being repaid: _____

Yours very truly,

PINE CLIFF ENERGY LTD.

Per:

Name:
Title:

SCHEDULE E

SCHEDULE E-1

FLOATING CHARGE DEMAND DEBENTURE (Pine Cliff Energy Ltd.)

Principal Sum: \$150,000,000 Canadian Dollars

Interest Rate: *[Intentionally Redacted - Commercial Term]* per annum

Date: October 1, 2019

ARTICLE 1 PROMISE TO PAY

Promise to Pay

1.1 For value received, the undersigned (the “**Debtor**”) hereby acknowledges itself indebted and promises to pay ON DEMAND to or to the order of Alberta Investment Management Corporation in its capacity as agent (in such capacity, the “**Agent**”) for and on behalf of Alberta Investment Management Corporation and such other persons as may become lenders (collectively, the “**Lenders**” and, individually, a “**Lender**”) under the credit agreement made as of October 1, 2019 between the Debtor, as borrower, the Lenders and the Agent (as the same may be amended, modified, supplemented or restated from time to time), for the benefit of the Agent and the Lenders (collectively, the “**Beneficiaries**”), the principal sum herein stipulated on presentation and surrender of this debenture at the Agent's offices at Alberta Investment Management Corporation, 1100, 10830 Jasper Avenue N.W., Edmonton, Alberta T5J 2B3 (or after November 28, 2019, 1600, 10250 – 101 Street N.W., Edmonton, Alberta T5J 3P4), or at such other place as the Agent may designate by notice in writing to the Debtor, and to pay interest thereon from the date hereof at the rate per annum herein stipulated in like money at the same place monthly on the last day of each month; and, if the Debtor should at any time make default in the payment of any principal or interest to pay interest on the amount in default both before and after demand, default and judgment at the same rate in lawful money of Canada at the same place.

The Agent, on behalf of the Beneficiaries, is the person entitled to receive the principal of and interest on this debenture and all other amounts payable hereunder.

ARTICLE 2 CHARGE

Charge

2.1 As security for the due payment of all money payable hereunder and all other obligations hereunder, the Debtor hereby charges, as and by way of a first floating charge to and in favour of the Agent and its successors and assigns, for the benefit of the Beneficiaries and their respective successors and permitted assigns, all of the undertaking, property and assets of the Debtor, both present and future, of every nature and kind and wherever situate including, without limitation, all of its present and future personal and real property, goodwill, trade-marks, inventions, processes, patents and patent rights, materials, supplies, inventories, motor vehicles, trucks, trailers, machinery, implements, equipment and apparatus of every kind, furniture, rent, revenues, income, money, rights, powers, privileges, franchises, benefits, amenities, contracts, agreements, leases of real and personal property, licenses, permits, book debts, accounts receivable, negotiable and non-negotiable instruments, judgments, securities, choses in action, unpaid capital and all other property and things of value of every kind and nature, tangible and intangible, legal or equitable, which the Debtor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter and any and all proceeds of any of the foregoing.

In this debenture, the mortgages, assignments and charges created and provided for are collectively called the “**Charge**” and the subject matter of the Charge is called the “**Charged Premises**”.

2.2 For better securing to the Agent, for the benefit of the Beneficiaries, the repayment in the manner aforesaid of the Principal Sum, interest and other monies hereby secured, and for the due performance by the Debtor of all of the covenants, provisos and conditions herein expressed or implied, the Debtor hereby mortgages to the Agent, for the benefit of the Beneficiaries, all of its estate and interest in the Charged Premises.

Dealings in the Ordinary Course

2.3 Subject to Section 3.1 hereof and until the Charge becomes enforceable, the Debtor may dispose of or deal with the property and assets subjected to the Charge in the ordinary course of business and for the purpose of carrying on the same, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Charge.

Last Day

2.4 The Charge shall not extend or apply to the last day of the term of any lease or agreement to lease but upon the enforcement of the Charge the Debtor shall stand possessed of such last day in trust for the Agent to assign the same to any person acquiring such term in the course of enforcement of the Charge.

Exception for Certain Contractual Rights

2.5 The Charge does not and shall not extend to, and the Charged Premises shall not include, any agreement, right, franchise, licence or permit (the “**Contractual Rights**”) to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Charge herein would constitute a breach of the terms of or permit any person to terminate the Contractual Rights, but the Debtor shall hold its interest therein in trust for the Agent and shall assign such Contractual Rights to the Agent forthwith upon obtaining the consent of all other parties thereto. The Debtor agrees that it shall, upon the request of the Agent, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Charge herein.

Crystallization Against Real Property

2.6 In respect of real property (and interests therein) subject to the floating charge created by Section 2.1, such floating charge shall become a fixed charge against such property and interests upon the earlier of (a) the Charge becoming enforceable in accordance with Section 4.1 and the Agent giving written notice to the Debtor that the indebtedness secured thereby is forthwith due and payable and that the floating charge has become a fixed charge on the real property and interests therein charged thereby, and (b) the occurrence of any other event which by operation of law would result in the floating charge becoming a fixed charge on the real property and interests therein of the Debtor charged thereby.

ARTICLE 3 NEGATIVE PLEDGE

Negative Pledge

3.1 Except as has otherwise been agreed in writing with the Agent and the Lenders, the Debtor shall not create, assume, have outstanding or permit to exist, except in favour of the Agent, any mortgage, charge, pledge, lien, assignment by way of security, security interest or other encumbrance on any part of the Charged Premises.

ARTICLE 4 DEFAULT AND REMEDIES

Default

4.1 If the Debtor makes default in the payment of principal, interest or any other amount payable hereunder or in the due performance of the terms and conditions of Section 3.1 hereof, the Charge shall immediately become enforceable.

Remedies

4.2 (1) Whenever the Charge has become enforceable, the Agent may realize upon the Charged Premises and shall have the following rights and remedies, which rights and remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights or remedies the Beneficiaries may have:

- (a) the Agent may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the “**Receiver**”) of the Charged Premises and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Charged Premises or any part thereof; and the term “Agent” when used in this Section 4.2 shall include any Receiver so appointed and the agents, officers and employees of such Receiver;
- (b) the Agent may take possession of the Charged Premises and require the Debtor to make the Charged Premises available to the Agent;
- (c) the Agent may take such steps as it considers desirable to maintain, preserve or protect the Charged Premises;
- (d) the Agent may carry on or concur in the carrying on of all or any part of the business of the Debtor relating to the Charged Premises;
- (e) the Agent may enforce any rights of the Debtor in respect of the Charged Premises by any manner permitted by law;
- (f) the Agent may sell, lease or otherwise dispose of the Charged Premises by judicial sale, by foreclosure, by public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as the Agent may determine and without notice to the Debtor unless required by law and may execute and deliver to the purchaser or purchasers of the Charged Premises or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any authorized officer of the Agent being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Debtor and all other persons claiming all or any part of the Charged Premises by, from, through or under the Debtor;
- (g) the Agent may accept the Charged Premises in satisfaction or partial satisfaction of the Charge upon notice to the Debtor of its intention to do so in the manner required by law;
- (h) the Agent may borrow money on the security of the Charged Premises for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Charged Premises in priority to the Charge;

- (i) the Agent may perform any obligation, covenant or provision under the credit agreement referred to herein and the entire costs thereof are a charge on the Charged Premises and shall be added to the amounts due hereunder and shall be secured by the Charge; and
 - (j) the Agent may exercise any other right or remedy permitted by law or equity, including, without limitation, all rights and remedies of a secured party under the *Personal Property Security Act* (Alberta) or any similar personal property legislation of any jurisdiction in which any of the Charged Premises is located or which, by operation of law, governs or is deemed to govern the Charged Premises.
- (2) The Debtor further agrees with the Agent that:
- (a) the Beneficiaries shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Charged Premises and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Charged Premises or for the purpose of preserving any rights of the Beneficiaries, the Debtor or any other person, firm or corporation in respect of the Charged Premises;
 - (b) the Beneficiaries may grant extensions of time, take, abstain from taking and perfecting and give up securities, accept compositions, grant releases and discharges, release any part of the Charged Premises and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Charged Premises and other securities as the Agent may see fit without prejudice to the liability of the Debtor to the Beneficiaries or the Beneficiaries' rights hereunder;
 - (c) to facilitate the realization of the Charged Premises, the Agent may enter upon, occupy and use all or any of the premises, buildings and plant comprising the Charged Premises and use all or any of the equipment and other personal property of the Debtor for such time as the Agent requires to facilitate such realization, free of charge (as between the Debtor and the Agent), and the Beneficiaries shall not be liable to the Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on the part thereof) or in respect of any rent, charges or depreciation in connection with such actions;
 - (d) the Agent may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Beneficiaries hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith shall be added to the amounts due hereunder and shall be secured by the Charge;
 - (e) the Agent may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Charged Premises, and in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the amounts due hereunder and shall be secured by the Charge; and
 - (f) any proceeds of realization of the Charged Premises may be applied by the Agent to the payment of expenses in connection with the preservation and realization of the Charged Premises as above described and any balance of such proceeds shall be applied by the Agent to payment of any amount owing by the Debtor to the Agent and the other Beneficiaries in such order as the Agent may see fit; if there is any surplus remaining, it may be paid to any person having a claim thereto in priority to the Debtor of whom the Agent has knowledge and may be applied or retained as reserves against potential

claims that the Agent or the Receiver in good faith believes should be maintained and the balance remaining, if any, shall (subject to applicable law) be paid to the Debtor.

(3) Any Receiver shall be entitled to exercise all rights and powers of the Agent hereunder. To the extent permitted by law, any Receiver shall for all purposes be deemed to be the agent of the Debtor and not of the Agent and the Debtor shall be solely responsible for the Receiver's acts or defaults and remuneration.

(4) The Debtor hereby irrevocably appoints the Agent attorney on its behalf to sell or transfer the Charged Premises and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Debtor in respect of the Charged Premises and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the Charged Premises or on any person in respect of it and this appointment shall take effect if the Charge has become enforceable.

ARTICLE 5 GENERAL

Expenses

5.1 The Debtor shall pay to the Agent forthwith on demand all reasonable costs, charges and expenses, including all reasonable legal fees, incurred by the Agent in connection with the recovery or enforcement of payment of any moneys owing hereunder whether by realization or otherwise. All such sums, together with interest thereon at the rate set forth in this debenture, shall be added to the amount payable hereunder and shall be secured by the Charge.

Pledge of Debenture

5.2 This debenture may be pledged by the Debtor as security for its indebtedness and liabilities. While this debenture is so pledged, no payment by the Debtor of the whole or any part of any indebtedness secured by this debenture shall reduce the amount owing under this debenture unless specifically appropriated to and noted on this debenture by the Agent at the time of payment.

Not Negotiable

5.3 This debenture is not a negotiable instrument and the rights created hereunder which are exercisable by any holder hereof other than the Agent are no greater than the rights of the Agent, and any holder hereof is subject to the same obligations, duties, liabilities and defences as the Agent would have been subject to.

No Waiver, Remedies

5.4 No failure on the part of the Beneficiaries or the Agent on their behalf to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Notices

5.5 Any demand, notice or other communication (hereinafter in this Section referred to as a "**Communication**") to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, e-mail or by registered mail addressed to the Debtor as follows:

Pine Cliff Energy Ltd.
Suite 850, 1015 – 4th Street S.W.
Calgary, Alberta
T2R 1J4

Attention: *[Intentionally Redacted - Personal Information]*
Email: *[Intentionally Redacted - Personal Information]*

or such other address or email address as the Debtor may from time to time notify the Agent in writing. Any Communication given by personal delivery or email shall be conclusively deemed to have been given on the day of actual delivery or transmission thereof and, if given by registered mail, on the third day following the deposit thereof in the mail. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such Communication shall not be mailed but shall be given by personal delivery or email transmission.

Additional Security

5.6 This debenture and the Charge shall be and shall be deemed to have been given in addition to and not in place of any other security now or hereafter held or acquired by the Beneficiaries.

Headings; References to Debenture

5.7 The division of this debenture into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this debenture. The terms “this debenture”, “hereof”, “hereunder” and similar expressions refer to this debenture and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this debenture.

Number; Gender; Persons

5.8 In this debenture words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

Governing Law

5.9 This debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Attornment

5.10 The Debtor hereby attorns and submits to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this debenture shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this debenture. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of the Debtor or the Beneficiaries to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.

Benefit of the Debenture

5.11 This debenture shall be binding upon the successors and permitted assigns of the Debtor (including, without limitation, any corporation resulting from an amalgamation with the Debtor) except that

the Debtor may not assign its obligations under this debenture without the prior written consent of the Agent. This debenture shall benefit the successors and permitted assigns of the Beneficiaries.

Time of the Essence

5.12 Time shall be of the essence with regard to this debenture.

Discharge

5.13 The Debtor shall not be discharged from the Charge, this debenture or any of its obligations hereunder except by a release or discharge in writing signed by the Agent.

Waiver of Financing Statement, Etc.

5.14 The Debtor hereby waives the right to receive from the Agent or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this debenture or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this debenture.

No Merger

5.15 No item or part of this debenture shall be merged or be deemed to have been merged in or by any documents, instruments or acknowledgements delivered in connection with this debenture or the credit agreement referred to herein, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any security, instrument or agreement shall be independent of and not create a merger with any other right available to the Beneficiaries under any security, instruments or agreements held by it or at law or in equity. No obligation of the Debtor hereunder shall merge in any judgment relating to any such obligation.

Saskatchewan Waiver

5.16 The Debtor agrees that:

- (a) *The Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this debenture or any agreement renewing, extending or collateral to this debenture; and
- (b) *The Limitation of Civil Rights Act* (Saskatchewan) shall have no application to:
 - (i) this debenture;
 - (ii) any mortgage, charge or other security made, given or created by this debenture;
 - (iii) any agreement or instrument renewing or extending or collateral to this debenture or renewing or extending or collateral to any mortgage, charge or other security referred to or mentioned in sub-division (ii) of this subparagraph (b) of this paragraph; or
 - (iv) the rights, powers, remedies of the Agent and of the other Beneficiaries under this debenture or under any mortgage, charge, other security, agreement or instrument referred to or mentioned in sub-division (ii) or sub-division (iii) of the subparagraph (b) of this paragraph.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the Debtor has executed this debenture.

PINE CLIFF ENERGY LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE E-2

THIS DEBENTURE PLEDGE AGREEMENT made as of [●], 20[●]: (Pine Cliff Energy Ltd.)

Description of Floating Charge Demand Debenture

Principal Sum: \$150,000,000 Canadian Dollars

Interest Rate: *[Intentionally Redacted - Commercial Term]* per annum

Date: October 1, 2019

WHEREAS:

A. Alberta Investment Management Corporation and such other persons as may become lenders (collectively, the “**Lenders**”) and Alberta Investment Management Corporation in its capacity as agent on behalf of the Lenders (in that capacity, the “**Agent**”) have entered into a credit agreement with Pine Cliff Energy Ltd. (the “**Debtor**”), as borrower, made as of October 1, 2019 (as amended, modified, supplemented or restated from time to time, the “**Credit Agreement**”) pursuant to which the Lenders have agreed to make a credit facility available to the Debtor;

B. In order to secure the payment and performance of all present and future Obligations (as hereinafter defined) of the Debtor to the Agent and the Lenders (collectively, the “**Beneficiaries**”), the Debtor has created and issued to the Agent the debenture described above (as the same may hereafter be amended, modified, supplemented and restated from time to time, the “**Debenture**”); and

C. The purpose of this Debenture Pledge Agreement is to set forth the terms and conditions upon which the Debenture is to be held by the Agent.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby conclusively acknowledged by the Debtor, the Debtor hereby agrees and covenants with the Agent as follows:

1. The Debtor hereby grants a security interest in and deposits with and pledges to the Agent the Debenture to be held by the Agent as general and continuing collateral security for the payment and performance of all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Agent and the Lenders under, pursuant or relating to the Credit Agreement and the other Documents and including, without limitation, the principal of, and all interest, fees, reasonable legal and other costs, charges and expenses owing or payable on or in respect of, any and all Loans, in each case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again (collectively, the “**Obligations**”).
2. The Agent shall neither demand payment pursuant to the Debenture nor enforce the security constituted thereby unless the Agent shall be entitled to do so pursuant to the provisions of the Credit Agreement and the other agreements, instruments or documents establishing, creating or evidencing any Obligations (collectively, the “**Credit Documents**”), but thereafter the Agent may at any time exercise and enforce all of the rights and remedies of a holder of the Debenture as if the Agent was the absolute owner thereof without notice to or control by the Debtor, and any such remedy may be exercised separately or in combination with, and shall be in addition to and not in substitution for, any other right or remedy of the Agent and the Beneficiaries however created, provided that the Agent shall not be bound to exercise any such right or remedy.

3. Subject to the requirements of applicable law, the Agent shall not be bound under any circumstances to realize upon or under the Debenture and shall not be responsible to the Debtor for any loss occasioned by any sale or other dealing with the Debenture or the Charged Premises (as defined in the Debenture) or by the retention of or failure to sell or otherwise deal with the same.
4. The proceeds of or any other amount received pursuant to the Debenture shall be applied by the Agent on account of the Obligations in such order as set out in the Credit Agreement without prejudice to the Agent's or the Beneficiaries' claim upon the Debtor for any deficiency. Subject to the requirements of applicable law, any surplus realized by the Agent in excess of the Obligations shall be paid over to the Debtor.
5. Subject to paragraph 2 hereof, neither the Agent nor any other Beneficiary shall be obliged to exhaust its recourse against the Debtor, any other person or persons, or any other security it may hold with respect to the Obligations before realizing upon, under, or otherwise dealing with the Debenture in such manner as the Agent sees fit. The Agent and the other Beneficiaries may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and with other parties, sureties or securities as they may see fit, without prejudice to the liability of the Debtor or the Agent's or the other Beneficiaries' rights in respect of the Debenture.
6. Notwithstanding the stated interest rate per annum in the Debenture, payment to the Beneficiaries or, in the case of Obligations payable pursuant to the Credit Agreement, the Agent for the account of the Lenders, of the relevant interest, fees and other amounts owing under the Credit Documents for any period in respect of the Obligations at the current rate at which the Obligations bear interest for such period pursuant to the Credit Documents shall be deemed to be payment in satisfaction of the interest payment for the same period under the Debenture.
7. The Debenture shall not operate by way of merger of any of the Obligations and no judgment recovered by the Agent or the other Beneficiaries shall operate by way of merger of or in any way affect the security of the Debenture which is in addition to and not in substitution for any other security now or hereafter held by the Agent or the other Beneficiaries with respect to the Obligations.
8. Notwithstanding the form and terms of the Debenture and the provisions of this Debenture Pledge Agreement, (a) the Agent shall not claim or realize an amount under or in respect of the Debenture in excess of the aggregate Obligations, from time to time, of the Debtor to the Agent and the other Beneficiaries and (b) the provisions of this Debenture Pledge Agreement and the Debenture, in particular, but without limitation, Sections 2.2 and 3.1 of the Debenture, are subject to the provisions of the Credit Agreement relating to the subject matter thereof. If there are any express conflicts or inconsistencies between the terms of the Credit Agreement and the Debenture or this Debenture Pledge Agreement, then the terms of the Credit Agreement shall govern in all respects to the extent necessary to eliminate such express conflicts or inconsistencies.
9. Upon payment and satisfaction in full of the Obligations and cancellation in full of the credit facility established under the Credit Agreement when none of the Beneficiaries has other credit facilities in favour of or any obligation to provide credit to the Debtor, the Agent shall, at the request of the Debtor, deliver up the Debenture to the Debtor and shall, at the request and expense of the Debtor, execute and deliver to the Debtor releases, discharges and such other instruments as shall be required to effectively discharge the Charge (as defined in the Debenture).
10. Time shall be of the essence with regard to this Debenture Pledge Agreement.
11. Capitalized terms used herein without express definition shall have the same meanings ascribed thereto as are set forth in the Credit Agreement.

12. This Debenture Pledge Agreement shall enure to the benefit of and be binding upon the Debtor, the Agent and the other Beneficiaries and their respective successors and permitted assigns.
13. The Debtor agrees that:
 - (a) *The Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this Debenture Pledge Agreement or any agreement renewing, extending or collateral to this Debenture Pledge Agreement; and
 - (b) *The Limitation of Civil Rights Act* (Saskatchewan) shall have no application to:
 - (i) this Debenture Pledge Agreement;
 - (ii) any security interest made, given or created by this Debenture Pledge Agreement;
 - (iii) any agreement or instrument renewing or extending or collateral to this Debenture Pledge Agreement or renewing or extending or collateral to any security interest referred to or mentioned in sub-division (ii) of this subparagraph (b) of this paragraph; or
 - (iv) the rights, powers, remedies of the Agent and of the other Beneficiaries under this Debenture Pledge Agreement or under any security interest, agreement or instrument referred to or mentioned in sub-division (ii) or sub-division (iii) of the subparagraph (b) of this paragraph.
14. The parties hereto each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Debenture Pledge Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this Debenture Pledge Agreement. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of either party hereto to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.
15. This Debenture Pledge Agreement shall be governed by and construed in accordance with the laws in force in the Province of Alberta and the federal laws of Canada applicable therein.
16. The Debtor hereby waives the right to receive from the Agent or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Debenture Pledge Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Debenture Pledge Agreement.
17. Subject to Section 10.1 of the Credit Agreement, the Debtor may not assign its obligations under this Debenture Pledge Agreement without the prior written consent of the Agent (which consent may be withheld in its sole discretion).

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the Debtor has executed this Debenture Pledge Agreement as of the date first above written.

PINE CLIFF ENERGY LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

**ACCEPTED AS OF THE DATE FIRST
ABOVE WRITTEN BY:**

**ALBERTA INVESTMENT MANAGEMENT
CORPORATION,
as Agent**

Per: _____
Name:
Title:

SCHEDULE E-3

GENERAL SECURITY AGREEMENT (Pine Cliff Energy Ltd.)

THIS AGREEMENT made as of October 1, 2019

BETWEEN:

PINE CLIFF ENERGY LTD., a corporation subsisting under the laws of the Province of Alberta (hereinafter referred to as the "**Debtor**")

- and -

ALBERTA INVESTMENT MANAGEMENT CORPORATION, in its capacity as Agent (hereinafter referred to as the "**Secured Party**").

WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of the Obligations (as hereinafter defined), the security interest and assignment, mortgage and charge granted herein;

AND WHEREAS the Lenders have appointed and authorized the Secured Party to act as their agent and attorney for the purpose of holding security granted by the Debtor;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement, including the recitals hereto, this Section and any schedules or attachments hereto, unless something in the subject matter or context is inconsistent therewith:

"Account Control Agreement" means, with respect to a securities account, a securities account control agreement between the Debtor, the Secured Party and the securities intermediary which maintains such securities account on behalf of the Debtor, as the same may be amended, modified, supplemented or restated from time to time.

"Agreement" means this agreement, as amended, modified, supplemented or restated from time to time in accordance with the provisions hereof.

"Beneficiaries" means, collectively, the Lenders and the Agent, and "Beneficiary" means any of the Lenders or the Agent.

"Charge" means the Security Interests created hereunder.

"Collateral" has the meaning set out in Section 2.1.

"Credit Agreement" means the credit agreement made as of October 1, 2019 among the Debtor, the Secured Party and the Lenders relating to the establishment of a credit facility in favour of the Debtor, as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

“Delivery” and the corresponding term **“Delivered”** when used with respect to Collateral means:

- (a) in the case of Collateral constituting certificated securities, transfer thereof to the Secured Party or its nominee by physical delivery of the security certificates to the Secured Party or its nominee, such Collateral to be endorsed for transfer or accompanied by Transfer Documents, all in form and content satisfactory to the Secured Party;
- (b) in the case of Collateral constituting uncertificated securities, (i) registration thereof on the books and records of the issuer thereof in the name of the Secured Party or its nominee or (ii) the execution and delivery by the issuer thereof of an effective agreement (each, an **“Issuer Control Agreement”**), pursuant to which such issuer agrees that it will comply with instructions originated by the Secured Party or its nominee without further consent of the Debtor or any other person;
- (c) in the case of Collateral constituting security entitlements in respect of financial assets deposited in or credited to a securities account, (i) completion of all actions necessary to constitute the Secured Party or its nominee the entitlement holder with respect to each such security entitlement or (ii) the execution and delivery by the relevant securities intermediary of an effective Account Control Agreement pursuant to which such securities intermediary agrees to comply with entitlement orders originated by the Secured Party or its nominee without further consent of the Debtor or any other person; and
- (d) in each case such additional or alternative procedures as may hereafter become reasonably appropriate to grant control of, or otherwise perfect a security interest in, any Collateral in favour of the Secured Party or its nominee.

“Guarantee” means the guarantee made as of even date herewith by the Debtor in favour of the Beneficiaries, as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

“Issuer Control Agreement” has the meaning set out in paragraph (b) of the definition of **“Delivery”**.

“Obligations” means, collectively and at any time and from time to time, all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Beneficiaries under, pursuant or relating to the Credit Agreement and the other Documents and including, without limitation, the principal of, and all interest, fees, legal and other costs, charges and expenses owing or payable on or in respect of, any and all Loans, in each case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again.

“Pledged Shares” has the meaning set out in paragraph (a) of the definition of **“Stock”**.

“Stock” means:

- (a) all securities (collectively, the **“Pledged Shares”**) owned by the Debtor, all security certificates, if any, and other instruments and documents evidencing or representing such Pledged Shares, and all dividends, interest, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any and all of the Pledged Shares;
- (b) all additional or substitute shares of capital stock, partnership interests or other equity interests of any class of any issuer from time to time issued to or otherwise acquired by the Debtor in any manner in respect of Pledged Shares, the security certificates, if any,

and other instruments representing such additional or substitute shares, and all dividends, interests, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any or all of such additional or substitute shares; and

(c) to the extent not otherwise included in the foregoing, all proceeds thereof.

“Transfer Documents” means, with respect to the transfer of Pledged Shares or other Stock, stock transfers, powers of attorney or other instruments of transfer, in each case, executed in blank and in form and substance as may be required (from time to time) by the Secured Party, acting reasonably.

1.2 Definitions used in the Credit Agreement

Capitalized terms used herein without express definition shall, unless something in the subject matter or context is inconsistent therewith, have the same meanings as are ascribed to such terms in the Credit Agreement.

1.3 Personal Property Security Act Definitions

The terms “accessions”, “accounts”, “certificated security”, “chattel paper”, “documents of title”, “financial asset”, “goods”, “instruments”, “intangibles”, “inventory”, “investment property”, “money”, “proceeds”, “securities account”, “securities intermediary”, “security”, “security certificate”, “security entitlement” and “uncertificated security”, whenever used herein shall have the meanings given to those terms in the *Personal Property Security Act* (Alberta) (the “**PPSA**”), including the regulations thereunder, as now enacted or as the same may from time to time be amended, re-enacted or replaced.

1.4 Headings and References

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.5 Included Words

In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and words and terms denoting inclusiveness (such as “include” or “includes” or “including”), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.6 References to Statutes and Documents; Successors

In this Agreement:

(a) any reference to a statute will include and will be deemed to be a reference to the regulations made pursuant to it, and to all amendments made to the statute and regulations in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute referred to or the relevant regulation;

- (b) references herein to any document, instrument or agreement means such document, instrument or agreement as originally executed, as modified, amended, supplemented or restated from time to time; and
- (c) any reference to a person will include and will be deemed to be a reference to any person that is a successor to that person.

1.7 Calculation of Interest

Whenever a rate of interest hereunder is calculated on the basis of a year (the “deemed year”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

1.8 Schedules

Any schedule to this Agreement is incorporated by reference and shall be deemed to be part of this Agreement.

ARTICLE 2 GRANT OF SECURITY

2.1 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby pledges, hypothecates, assigns, charges, conveys, sets over and transfers unto the Secured Party for the benefit of the Beneficiaries and does hereby grant to the Secured Party for the benefit of the Beneficiaries a continuing security interest in and to all of the present and future undertaking, assets and property of the Debtor, both real and personal, including, without limitation, all present and after-acquired personal property of the Debtor (collectively, the “**Collateral**”), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby mortgages and charges the Collateral to the Secured Party (with respect to real property, as and by way of a floating charge). Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter or may hereafter have in all property of the following kinds:

- (a) Accounts Receivable: all debts, accounts, accounts receivables, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the “**Receivables**”);
- (b) Inventory: all inventory of whatever kind and wherever situated including, without limiting the generality of the foregoing, all goods held for sale or lease, or furnished or to be furnished under contracts for service, or that are work in progress, or that are raw materials used or consumed in the business of the Debtor (collectively, the “**Inventory**”);
- (c) Equipment: all goods, machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not Inventory, including, without limiting the generality of the foregoing, the tangible personal property described in any schedule hereto executed by both the Debtor and the Secured Party;
- (d) Chattel Paper: all chattel paper;
- (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;

- (f) Investment Property and Instruments: all of the following (being collectively referred to herein as the "**Investment Property Collateral**"):
- (i) all securities accounts in the name of the Debtor, including any and all assets of whatever type or kind deposited in or credited to such securities accounts, including all financial assets, all security entitlements related to such financial assets, and all security certificates and other certificates and instruments from time to time representing or evidencing the same, and all dividends, whether in shares, money or property, interest, distributions, cash and other property from time to time received or receivable upon or paid or payable on account of any return on, or repayment of, capital or otherwise distributed or distributable in respect of or in exchange for any or all of the foregoing;
 - (ii) all Stock;
 - (iii) all financial assets;
 - (iv) all security entitlements;
 - (v) all other property that may at any time be received or receivable or otherwise distributed or distributable to or for the account of the Debtor in respect of, in substitution for, in addition to or in exchange for, any of the foregoing; and
 - (vi) all proceeds in respect of the foregoing described in this subparagraph (f) and all rights and interest of the Debtor in respect thereof or evidenced thereby including all money received or receivable from time to time by the Debtor in connection with the sale of any of the foregoing (including all proceeds received or receivable in connection with the redemption or purchase for cancellation of any of the Pledged Shares);
- (g) Intangibles: all intangibles not described in Section 2.1(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
- (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.1(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.1(a) to (i) inclusive; and
- (k) Proceeds: all proceeds of the property described in Sections 2.1(a) to (j) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property;

provided that the Charge shall not: (i) extend, include or apply to the last day of the term of any lease now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said Charge, the Debtor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person acquiring such term in the course of the enforcement of the said Charge, (ii) render the Secured Party or any other Beneficiary liable to observe or perform any term, covenant or condition of

any agreement, document or instrument to which the Debtor is a party or by which it is bound, or (iii) extend to, and the Collateral shall not include any agreement, right, franchise, licence or permit (the “**Contractual Rights**”) to which the Debtor is a party or of which the Debtor has benefit, to the extent that the creation of the Charge herein would constitute a breach of the terms of, or permit any person to terminate, the Contractual Rights, but the Debtor shall hold its interest therein in trust for the Secured Party and shall assign such Contractual Rights to the Secured Party forthwith upon obtaining the consent of all other parties thereto. The Debtor agrees that it shall, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Charge herein.

2.2 Security Interest Absolute

The Charge granted hereby and all rights of the Secured Party hereunder and all obligations of the Debtor hereunder are unconditional and absolute and independent and separate from any other security for the Obligations, whether executed by the Debtor or any other person.

2.3 Continuing Liability of Debtor

This Agreement and the Charge granted hereby is granted as collateral security only and will not subject the Secured Party or the other Beneficiaries to, or transfer or in any way affect or modify, any obligation or liability of the Debtor with respect to any of the Collateral or any transaction in connection therewith.

2.4 Delivery of Investment Property Collateral; Registration in Name of Secured Party

Subject to Section 2.5 and after the occurrence of an Event of Default which is continuing, all Investment Property Collateral must be Delivered immediately to the Secured Party or its nominee, including, without limitation, delivery to the Secured Party of all security certificates, instruments or other documents representing or evidencing the Investment Property Collateral, which shall be endorsed for transfer in blank by the Debtor and accompanied by Transfer Documents, all as satisfactory to the Secured Party, acting reasonably. The Secured Party may, at its option, cause all or any of the Investment Property Collateral to be registered in the name of the Secured Party or its nominee upon the occurrence of a Default or Event of Default that is continuing.

2.5 Subsequently Acquired Investment Property Collateral

To the extent the Debtor has or acquires, by way of amalgamation or otherwise, any additional Investment Property Collateral at any time or from time to time after the date hereof, such Investment Property Collateral will automatically (and without any further action being required to be taken by the Secured Party) be subject to the Charge created hereby. The Debtor will take, or cause to be taken, to the extent it has previously received a request of the Secured Party to have Investment Property Collateral Delivered to it pursuant to Section 2.4, as promptly as practicable and, in any event within 10 Banking Days after it obtains such additional Investment Property Collateral, in each case, all steps and actions as the Secured Party deems necessary to ensure that the additional Investment Property Collateral is Delivered to the Secured Party, including, without limitation, delivery to the Secured Party of any security certificates comprising such additional Investment Property Collateral, accompanied by Transfer Documents.

2.6 Attachment of Security Interest

The Debtor acknowledges that the Charge hereby created attaches upon the execution of this Agreement (or in the case of any future property, upon the date the Debtor has any rights therein), that value has been given by the Beneficiaries and that Debtor has, or in the case of future property will have, rights in the Collateral or the power to transfer rights in the Collateral to the Secured Party.

**ARTICLE 3
REPRESENTATIONS, WARRANTIES
AND COVENANTS OF THE DEBTOR**

3.1 Representations and Warranties

The Debtor hereby represents and warrants to the Secured Party and the Beneficiaries that (and acknowledges that the Secured Party and the Beneficiaries are relying on the same):

- (a) the Debtor's chief executive office (as such term is utilized in the PPSA) is located in the Province of Alberta;
- (b) as at the date hereof, all of the material real property and tangible personal property and assets of the Debtor are located in the Provinces of Alberta and Saskatchewan; and
- (c) no Investment Property Collateral is in the possession or control of any person asserting a claim thereto or Security Interest or other lien therein, except that the Secured Party or its nominee or a securities intermediary acting on its behalf may have possession or control of the Investment Property Collateral.

3.2 Survival of Representations and Warranties

The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement notwithstanding any investigations or examinations which may be made by any of the Beneficiaries or their legal counsel and other representatives. Such representations and warranties shall survive until this Agreement has been terminated and discharged in accordance with Section 7.8 hereof.

3.3 Covenants

The Debtor covenants with the Secured Party that the Debtor shall:

- (a) not change its name or its chief executive office without giving 15 days' prior written notice thereof to the Secured Party;
- (b) from time to time forthwith at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement, including, without limitation, to enforce the Charge and remedies provided hereunder, or to better evidence and perfect the Charge, and, upon the occurrence of an Event of Default that is continuing, the Debtor hereby irrevocably constitutes and appoints the Secured Party, or any receiver or receiver and manager appointed by the court or the Secured Party, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party or any such Receiver may consider it to be necessary or expedient, and such appointment of the Secured Party as the Debtor's attorney is coupled with an interest and is irrevocable;
- (c) pay to the Secured Party forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all reasonable legal, Receiver's and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution and perfection of this Agreement and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, protecting and preserving the Charge and enforcing by legal

process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder; and

- (d) provide to the Secured Party, promptly upon request, all information and evidence the Secured Party may reasonably request concerning the Collateral to enable the Secured Party to enforce the provisions hereof.

ARTICLE 4 ACCOUNT DEBTORS

4.1 Notification of Account Debtors

If an Event of Default has occurred and is continuing, the Secured Party may give notice of this Agreement and the Charge granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and may give notice to any such account debtors or other person to make all further payments to the Secured Party, and, after the occurrence and during the continuance of an Event of Default, any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by the Secured Party shall be held by the Debtor in trust for the Secured Party and forthwith paid over to the Secured Party on request.

ARTICLE 5 DEALINGS WITH INVESTMENT PROPERTY COLLATERAL

5.1 Rights and Duties of Secured Party

(1) The Secured Party may perform any of its rights and duties hereunder by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties hereunder.

(2) In the holding of the Investment Property Collateral, the Secured Party and any nominee on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Secured Party and any nominee on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Investment Property Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Secured Party or its nominee to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

(3) The powers conferred on the Secured Party hereunder with respect to Investment Property Collateral are solely to protect its interest in the Investment Property Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Investment Property Collateral in its or its nominees' possession and the accounting for moneys actually received by it or its nominees thereunder, the Secured Party shall have no duty as to any Investment Property Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Investment Property Collateral and no such duties shall be implied as arising hereunder.

5.2 Voting and Other Rights

(1) Unless an Event of Default has occurred which is continuing, the Debtor is entitled to exercise, either directly or, if the Investment Property Collateral is registered in the name of the Secured Party or its nominee, by power of attorney or proxy, all the rights and powers of a holder of such Investment Property Collateral including the voting rights from time to time exercisable in respect of the Investment Property Collateral and to give proxies, consents, ratifications and waivers in respect thereof. (If the Investment Property Collateral has been registered in the name of the Secured Party or its

nominee, the Secured Party will execute and deliver (or cause to be executed and delivered) to the Debtor such proxies, directions and other instruments as the Debtor may request for the purpose of giving effect to the foregoing.) No such action may be taken by the Debtor if it would be prejudicial to the interests of any of the Beneficiaries or would violate or be inconsistent with this Agreement or any other Document or would have the effect of reducing the value of the Investment Property Collateral as security for the Obligations or would have the effect of imposing any restriction on the transferability of any of the Investment Property Collateral.

(2) Upon the occurrence of an Event of Default which is continuing, the Secured Party may give the Debtor a notice prohibiting the Debtor from exercising the rights and powers of a holder of the Investment Property Collateral, including the voting rights in respect of the Investment Property Collateral, at which time all such rights of the Debtor will cease immediately and the Secured Party will have the right to exercise the rights and powers related to such Investment Property Collateral, including the right to vote.

5.3 Distributions

(1) Unless an Event of Default has occurred which is continuing:

- (a) the Debtor is entitled to receive all dividends, distributions, interest payments or other payments in respect of the Investment Property Collateral; and
- (b) if the Investment Property Collateral has been registered in the name of the Secured Party or its nominee, the Secured Party will execute and deliver (or cause to be executed and delivered) to the Debtor all directions and other instruments as the Debtor may request for the purpose of enabling the Debtor to receive the dividends, distributions, interest payments or other payments that the Debtor is authorized to receive pursuant to Section 5.3(1)(a) above.

(2) Upon the occurrence of an Event of Default which is continuing, all rights of the Debtor pursuant to Section 5.3(1) will cease and the Secured Party will have the sole and exclusive right and authority to receive and retain all payments that the Debtor would otherwise be authorized to retain pursuant to Section 5.3(1). All money and other property received by the Secured Party pursuant to the provisions of this Section 5.3(2) may be applied on account of the Obligations or may be retained by the Secured Party as additional Collateral hereunder and be applied in accordance with the provisions of this Agreement. All payments which are received by the Debtor contrary to the provisions of this Section 5.3(2) will be held by the Debtor in trust for the benefit of the Secured Party and the other Beneficiaries, will be segregated from other property or funds of the Debtor and will be forthwith paid or Delivered, as applicable, to the Secured Party or its nominee to be applied on account of the Obligations or to hold as Collateral, as the Secured Party may see fit, subject to the relevant provisions of the Documents.

ARTICLE 6 REMEDIES

6.1 Remedies

(1) Upon the occurrence and during the continuance of any Event of Default any or all security granted hereby shall, at the option of the Secured Party, become immediately enforceable and, in addition to any right or remedy provided by law, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently, or both, and are in addition to and not in substitution for any other rights or remedies the Secured Party may have:

- (a) the Secured Party may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the “**Receiver**”) of the Collateral (which term when

used in this Section 6.1 shall include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term "Secured Party" when used in this Section 6.1 shall include any Receiver so appointed and the agents, officers and employees of such Receiver; and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such Receiver;

- (b) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;
- (c) the Secured Party may transfer any part of the Investment Property Collateral into the name of the Secured Party or its nominee if it has not already done so in accordance with Section 2.4;
- (d) the Secured Party may exercise any voting rights attaching to any of the Investment Property Collateral (whether or not registered in the name of the Secured Party or its nominee) and give or withhold all consents, waivers and ratifications in respect thereof;
- (e) the Secured Party may exercise all rights of conversion, exchange or subscription, or any other rights, privileges or options pertaining to any of the Investment Property Collateral, including the right to exchange at its discretion any of the Investment Property Collateral upon the amalgamation, arrangement, merger, consolidation or other reorganization of the issuer of the Investment Property Collateral, all without liability except to account for property actually received by the Secured Party;
- (f) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
- (g) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;
- (h) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
- (i) the Secured Party may realize upon, collect, sell, transfer, assign, give options to purchase, lease or otherwise dispose of any of the Collateral in such manner as may seem advisable to the Secured Party, including, without limitation, at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law and may execute and deliver to the purchaser or purchasers of the Collateral or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any officer or duly authorized representative of the Secured Party being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Debtor and all other persons claiming all or any part of the Collateral by, from, through or under the Debtor. For such purposes, each requirement relating thereto and prescribed by Applicable Laws or otherwise is hereby waived by the Debtor to the extent permitted by Applicable Laws and in any offer or sale of any of the Collateral by the Secured Party is authorized to comply with any limitation or restriction in connection with such offer or sale as the Secured Party may be advised by counsel is necessary in order to avoid any violation of Applicable Laws, or in order to obtain any required approval of the sale or of the purchase by any Governmental Authority. Such compliance will not result in such sale being considered or deemed not to have been made in a commercially reasonable

manner nor will the Secured Party be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction;

- (j) subject to requirements of Applicable Laws, the Secured Party may purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise;
 - (k) subject to requirements of Applicable Laws, the Secured Party may accept the Collateral in satisfaction or partial satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
 - (l) the Secured Party may borrow money on the security of the Collateral for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral in priority to the Charge;
 - (m) the Secured Party may enter upon, occupy and use all or any of the Collateral occupied by the Debtor and use all or any of the Collateral for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party and the Beneficiaries will not be liable to the Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on the part thereof) or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (n) the Secured Party may charge on its own behalf and pay to others all amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Beneficiaries hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at a rate per annum equal to *[Intentionally Redacted - Commercial Term]*, shall be added to and form part of the Obligations hereby secured; and
 - (o) the Secured Party may discharge any claim, Security Interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with all reasonable costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured.
- (2) The Secured Party and the Beneficiaries may:
- (a) grant extensions of time,
 - (b) take and perfect or abstain from taking and perfecting security,
 - (c) give up securities,
 - (d) accept compositions or compromises,
 - (e) grant releases and discharges, and
 - (f) release any part of the Collateral or otherwise deal with the Debtor, debtors and creditors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit,

without prejudice to the liability of the Debtor to the Secured Party and the Beneficiaries or the Beneficiaries' rights hereunder.

(3) The Beneficiaries shall not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.

(4) The Secured Party shall apply any proceeds of realization of the Collateral to payment of reasonable expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party shall apply any balance of such proceeds to payment of the Obligations in accordance with the Credit Agreement. If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid expenses, the Debtor will be liable to pay any deficiency to the Secured Party and the Beneficiaries forthwith on demand. Subject to the requirements of applicable law, any surplus realized in excess of the Obligations shall be paid over to the Debtor.

(5) Any Receiver shall be entitled to exercise all rights and powers of the Secured Party hereunder. To the extent permitted by law, any Receiver shall for all purposes be deemed to be the agent of the Debtor and not of the Secured Party and the Debtor shall be solely responsible for the Receiver's acts or defaults and remuneration.

6.2 Power of Attorney

The Debtor hereby appoints the Secured Party as attorney of the Debtor, with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, from time to time in the Secured Party's discretion at any time after the occurrence and during the continuance of an Event of Default, to take any and all actions authorized or permitted to be taken by the Secured Party under this Agreement or by Applicable Laws and to: (a) execute and deliver all instruments and other documents and do all such further acts and things as may be reasonably required by the Secured Party to enforce the Charge and remedies provided hereunder or to better evidence and perfect the Charge; and (b) take any action and execute any instrument which the Secured Party, acting reasonably, may deem necessary or advisable to accomplish the purposes of this Agreement, including, to ask for, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for moneys due and to become due under or in connection with the Collateral, to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Secured Party may deem to be necessary or desirable for the collection thereof. Such appointment of the Secured Party as the Debtor's attorney is coupled with an interest and is irrevocable.

ARTICLE 7 GENERAL

7.1 Benefit of the Agreement

This Agreement shall be binding upon the successors and permitted assigns of the Debtor and shall benefit the successors and permitted assigns of the Secured Party and other Beneficiaries.

7.2 Conflict of Terms; Entire Agreement

This Agreement has been entered into as collateral security for the Obligations and is subject to all the terms and conditions of the Credit Agreement and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Credit Agreement, the rights and obligations of the Debtor, the Secured Party and the other Beneficiaries shall be governed by the provisions of the Credit Agreement. This Agreement together with the Credit Agreement and all other Documents constitute the entire agreement between the Debtor and the Secured Party with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral

agreements, express, implied or statutory, between the Beneficiaries and the Debtor except as expressly set forth therein and herein.

7.3 No Waiver

No delay or failure by the Beneficiaries in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.4 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.5 Notices

Any demand, notice or other communication (hereinafter in this Section referred to as a "**Communication**") to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, e-mail or by registered mail addressed to the recipient as follows:

To the Debtor:

Pine Cliff Energy Ltd.
Suite 850, 1015 – 4th Street S.W.
Calgary, Alberta T2R 1J4

Attention: *[Intentionally Redacted - Personal Information]*
Email: *[Intentionally Redacted - Personal Information]*

To the Secured Party:

Alberta Investment Management Corporation, as Agent

Until November 28, 2019:
1100, 10830 Jasper Avenue N.W.
Edmonton, Alberta T5J 2B3

After November 28, 2019:
1600, 10250 – 101 Street N.W.
Edmonton, Alberta T5J 3P4

Attention: *[Intentionally Redacted - Personal Information]*
Email: *[Intentionally Redacted - Personal Information]*

or such other address or email address as may be designated by notice by any party to the other. Any Communication given by personal delivery or email shall be conclusively deemed to have been given on the day of actual delivery or transmission thereof and, if given by registered mail, on the third day following the deposit thereof in the mail. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such Communication shall not be mailed but shall be given by personal delivery or email transmission.

7.6 Modification; Waivers; Assignment

This Agreement may not be amended or modified in any respect except by written instrument signed by the Debtor and the Secured Party. No waiver of any provision of this Agreement by the Secured Party shall be effective unless the same is in writing and signed by the Secured Party, and then such waiver shall be effective only in the specific instance and for the specific purpose for which it is given. The rights of the Secured Party (including those of any Beneficiary) under this Agreement may only be assigned in accordance with the requirements of the Credit Agreement. Subject to Section 10.1 of the Credit Agreement, the Debtor may not assign its obligations under this Agreement without the prior written consent of the Secured Party (which consent may be withheld in its sole discretion). Any assignee of a Beneficiary shall be bound hereby, *mutatis mutandis*.

7.7 Additional Continuing Security

This Agreement and the Charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party or the other Beneficiaries and this Agreement is a continuing agreement and security that shall remain in full force and effect until discharged by the Secured Party.

7.8 Discharge

The Debtor and the Collateral shall not be discharged from the Charge or from this Agreement except by a release or discharge in writing signed by the Secured Party.

7.9 No Release

The loss, injury or destruction of the Collateral shall not operate in any manner to release or discharge the Debtor from any of its liabilities to the Beneficiaries.

7.10 No Obligation to Act

Notwithstanding any provision of this Agreement or any other Document or the operation, application or effect hereof, the Secured Party, the other Beneficiaries or any Receiver, or any representative or agent acting for or on behalf of the foregoing, shall not have any obligation whatsoever to exercise or refrain from exercising any right, power, privilege or interest hereunder or to receive or claim any benefit hereunder.

7.11 Admit to Benefit

Subject to Section 7.6, no person other than the Debtor and the Beneficiaries shall have any rights or benefits under this Agreement, nor is it intended that any such person gain any benefit or advantage as a result of this Agreement nor shall this Agreement constitute a subordination of any security in favour of such person.

7.12 Time of the Essence

Time shall be of the essence with regard to this Agreement.

7.13 Waiver of Financing Statement, etc.

The Debtor hereby waives the right to receive from the Secured Party or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Agreement.

7.14 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

7.15 Saskatchewan Waiver

The Debtor agrees that:

- (a) *The Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this Agreement or any agreement renewing, extending or collateral to this Agreement; and
- (b) *The Limitation of Civil Rights Act* (Saskatchewan) shall have no application to:
 - (i) this Agreement;
 - (ii) any Security Interest or other security made, given or created by this Agreement;
 - (iii) any agreement or instrument renewing or extending or collateral to this Agreement or renewing or extending or collateral to any Security Interest or other security referred to or mentioned in sub-division (iii) of this Section 7.15(b); or
 - (iv) the rights, powers, remedies of the Secured Party and of the other Beneficiaries under this Agreement or under any Security Interest, other security, agreement or instrument referred to or mentioned in sub-division (ii) or sub-division (iii) of this Section 7.15(b).

7.16 Attornment

The Debtor and each of the Beneficiaries each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action or proceeding arising under this Agreement. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of the Debtor or any Beneficiary to commence any action or proceeding relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action, proceeding or matter relating hereto.

7.17 Executed Copy

The Debtor hereby acknowledges receipt of a fully executed copy of this Agreement.

7.18 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

PINE CLIFF ENERGY LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

**ALBERTA INVESTMENT MANAGEMENT
CORPORATION,**
as Agent and Secured Party

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE E-4

[●] [INSERT NAME OF RELEVANT MATERIAL SUBSIDIARY]

GUARANTEE

THIS GUARANTEE is made as of [●], 20[●]

WHEREAS the Guarantor is a Subsidiary of the Borrower;

AND WHEREAS the Guarantor has agreed to provide a guarantee with respect to the Credit Facility provided by the Lenders pursuant to the Credit Agreement;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the sum of Cdn.\$10.00 now paid by the Beneficiaries to the Guarantor and other good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the Guarantor hereby covenants and agrees with the Beneficiaries as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

(a) In this Guarantee and the recitals hereto, unless something in the subject matter or context is inconsistent therewith:

"Beneficiaries" means, collectively, the Lenders and the Agent, and **"Beneficiary"** means any of the Lenders or the Agent.

"Beneficiaries' Counsel" means Stikeman Elliott LLP or such other firm of lawyers as may be selected by the Beneficiaries from time to time.

"Borrower" means Pine Cliff Energy Ltd. and its successors.

"Credit Agreement" means the credit agreement made as of October 1, 2019 among the Borrower, as borrower, Alberta Investment Management Corporation and such other persons as become parties thereto, as lenders, and Alberta Investment Management Corporation as agent of such lenders, as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

"Default Rate" means a rate per annum that is equal to *[Intentionally Redacted - Commercial Term]*.

"Documents" means the "Documents" as defined in the Credit Agreement.

"Guarantee" means this guarantee, as amended, modified, supplemented or restated from time to time in accordance with the provisions hereof.

"Guarantor" means [●] [INSERT NAME OF RELEVANT MATERIAL SUBSIDIARY] and its successors.

"Obligations" means, collectively and at any time and from time to time all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Borrower to the Agent and the Lenders under, pursuant or relating to the Credit Agreement and

the other Documents (other than this Guarantee) and including all Outstanding Principal and all interest, commissions, legal and other costs, charges and expenses payable by the Borrower under the Credit Agreement and such other Documents, in each case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again.

1.2 Headings

The division of this Guarantee into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Guarantee. The terms “this Guarantee”, “hereof”, “hereunder” and similar expressions refer to this Guarantee and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Guarantee.

1.3 Number; persons; including

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa and words and terms denoting inclusiveness (such as “include” or “includes” or “including”), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.4 Interest Act (Canada)

Whenever a rate of interest hereunder is calculated on the basis of a year (the “deemed year”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the Interest Act (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

1.5 Nominal Rates

The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Guarantee; all interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, before and after demand, default and judgment. The rates of interest specified in this Guarantee are intended to be nominal rates and not effective rates and any interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.

1.6 [References to Guarantor]

[All references in this Guarantee to representations and warranties by, covenants of, actions and steps by, or the performance of the terms and conditions hereof by the “Guarantor” shall, as the context requires, be and shall be construed as being by the partners of [●] on behalf of and in respect of such partnership.] [Note: Insert Section 1.6, with appropriate conforming changes, for a guarantee by a general partnership; insert similar provisions, with additional conforming changes, for a guarantee by a limited partnership, trust or other unincorporated entity.]

ARTICLE 2 GUARANTEE

2.1 Guarantee of Obligations

The Guarantor hereby unconditionally and irrevocably guarantees to the Beneficiaries the payment and performance of all of the Obligations, together with interest thereon as provided in Section 5.4.

2.2 Indemnity

If any or all of the Obligations are not duly paid or performed by the Borrower or any Subsidiary, as applicable, and are not recoverable under Section 2.1 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Beneficiaries from and against all losses resulting from the failure of the Borrower or such Subsidiary to pay and perform such Obligations. **[In addition to and without limiting the foregoing, each partner of the Guarantor hereby agrees, on a joint and several basis, to indemnify and hold harmless each of the Beneficiaries, forthwith after demand as provided herein, from and against all losses resulting from the failure of the Borrower or any Subsidiary, as applicable, to pay and perform any or all of the Obligations, it being the express intention of the partners of the Guarantor that each of the partners of the Guarantor shall be jointly and severally liable for the Obligations.]** [Note: Insert the foregoing square-bracketed wording in Section 2.2 for any guarantee by a general partnership which includes the Borrower as a partner.]

2.3 Guarantor as Principal Obligor

If any or all of the Obligations are not duly paid or performed by the Borrower or any Subsidiary, as applicable, and are not recoverable under Section 2.1 or the Beneficiaries are not indemnified under Section 2.2, in each case, for any reason whatsoever, such Obligations shall, as a separate and distinct obligation, be recoverable by the Beneficiaries from the Guarantor as the primary obligor and principal debtor in respect thereof and shall be paid to the Beneficiaries forthwith after demand therefor as provided herein.

2.4 Guarantee Absolute and Unconditional

The liability and obligations of the Guarantor hereunder shall be continuing, unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged, limited or otherwise affected by:

- (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation, security, person or otherwise, including any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release of any of the Obligations, covenants or undertakings of the Borrower and its Subsidiaries under the Documents;
- (b) any modification or amendment of or supplement to the Obligations;
- (c) any loss of or in respect of any security held by or on behalf of the Beneficiaries, whether occasioned by the fault of the Beneficiaries or otherwise, including any release, non-perfection or invalidity of any such security;
- (d) any change in the existence, structure, constitution, name, control or ownership of the Borrower, any Subsidiary or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower, any Subsidiary or any other person or their respective assets;

- (e) the existence of any set-off, counterclaim, claim or other right which the Guarantor, the Borrower or any Subsidiary may have at any time against the Beneficiaries or any other person, whether in connection with the Credit Agreement, this Guarantee, any other Document or any unrelated transaction;
- (f) any provision of applicable law purporting to prohibit or limit the payment by the Borrower or any Subsidiary, as applicable, of any Obligation, and the foregoing is hereby waived by the Guarantor to the extent permitted under applicable law;
- (g) any limitation, postponement, prohibition, subordination or other restriction on the right of a Beneficiary or any other person on behalf of a Beneficiary to payment of the Obligations;
- (h) any release, substitution or addition of any other guarantor of the Obligations;
- (i) any defence arising by reason of any failure of any Beneficiary or any other person on a Beneficiary's behalf to make any presentment, demand, or protest or to give any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation, or incurring of new or additional Obligations;
- (j) any defence arising by reason of any failure of a Beneficiary or any other person on behalf of a Beneficiary to proceed against the Borrower, any Subsidiary or any other person, or to apply or exhaust any security held from the Borrower, any Subsidiary or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person, or to pursue any other remedy available to the Beneficiaries or any other person on behalf of the Beneficiaries;
- (k) any defence arising by reason of the invalidity, illegality or lack of enforceability of the Obligations or any part thereof or of any security or guarantee in support thereof, or by reason of any incapacity, lack of authority, or other defence of the Borrower, any Subsidiary or any other person, or by reason of any limitation, postponement or prohibition on a Beneficiary's or other person on behalf of a Beneficiary's rights to payment, or the cessation from any cause whatsoever of the liability of the Borrower, any Subsidiary or any other person with respect to all or any part of the Obligations (other than irrevocable payment to the Beneficiaries in full, in cash, of the Obligations), or by reason of any act or omission of the Beneficiaries or others which directly or indirectly results in the discharge or release of the Borrower, any Subsidiary or any other person or of all or any part of the Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise;
- (l) any defence arising by reason of the failure by a Beneficiary or any other person on behalf of a Beneficiary to obtain, register, perfect or maintain a Security Interest in or upon any property of the Borrower, any Subsidiary or any other person, or by reason of any interest of the Beneficiaries or any other person on behalf of the Beneficiaries in any property, whether as owner thereof or as holder of a Security Interest therein or thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment of any right or recourse to collateral;
- (m) any defence arising by reason of the failure of the Beneficiaries or any other person on behalf of the Beneficiaries to marshal assets;
- (n) to the extent permitted under applicable law, any defence based upon any failure of the Beneficiaries or any other person on behalf of the Beneficiaries to give to the Borrower, any Subsidiary or the Guarantor notice of any sale or other disposition of any property

securing any or all of the Obligations or any other guarantee thereof, or any notice that may be given in connection with any sale or other disposition of any such property;

- (o) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against the Borrower, any Subsidiary or any other person, including any discharge or bar against collection of any of the Obligations; **[or]**
- (p) **[the fact that the Borrower or any Subsidiary, as applicable, has a general partnership interest in the Guarantor;] or [Note: Insert subparagraph (p) if applicable.]**
- (q) any other law, event or circumstance or any other act or failure to act or delay of any kind by the Borrower, any Subsidiary, the Beneficiaries or any other person, which might, but for the provisions of this Section, constitute a legal or equitable defence to or discharge, limitation or reduction of the Guarantor's obligations hereunder, other than as a result of the payment or extinguishment in full of the Obligations.

The foregoing provisions apply and the foregoing waivers, to the extent permitted under applicable law, shall be effective even if the effect of any action or failure to take action by the Beneficiaries or any other person on behalf of the Beneficiaries is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against the Borrower or any Subsidiary for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy of the Guarantor.

ARTICLE 3 DEALINGS WITH THE BORROWER, THE SUBSIDIARIES AND OTHERS

3.1 No Release

The Beneficiaries, without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantor's liability and obligations hereunder, may:

- (a) grant time, renewals, extensions, indulgences, releases and discharges to the Borrower, any Subsidiary or any other guarantor or endorser;
- (b) take or abstain from taking security or collateral from the Borrower, any Subsidiary or any other guarantor or endorser or from perfecting security or collateral of the Borrower, any Subsidiary or any other guarantor or endorser;
- (c) accept compromises from the Borrower, any Subsidiary or any other guarantor or endorser;
- (d) subject to the Credit Agreement and the other Documents, apply all money at any time received from the Borrower or any Subsidiary or from security upon such part of the Obligations as the Beneficiaries may see fit or change any such application in whole or in part from time to time as the Beneficiaries may see fit; or
- (e) otherwise deal with the Borrower, any Subsidiary and all other persons and security as the Beneficiaries may see fit.

3.2 No Exhaustion of Remedies

The Beneficiaries shall not be bound or obligated to exhaust their recourse against the Borrower, any Subsidiary or other persons or any securities or collateral it may hold or take any other action (other

than to make demand pursuant to Article 5) before the Beneficiaries shall be entitled to demand, enforce and collect payment from the Guarantor hereunder.

3.3 Evidence of Obligations

Any account settled or stated in writing by or between a Beneficiary or the Beneficiaries, as the case may be, and the Borrower or any Subsidiary, as applicable, shall be prima facie evidence that the balance or amount thereof appearing due to the same is so due.

3.4 No Set-off

In any claim by the Beneficiaries against the Guarantor hereunder, the Guarantor shall not claim or assert any set-off, counterclaim, claim or other right that any of the Borrower, any Subsidiary or the Guarantor may have against one or more of the Beneficiaries.

ARTICLE 4 CONTINUING GUARANTEE

4.1 Continuing Guarantee

This Guarantee shall be a continuing guarantee and shall continue to be effective even if at any time any payment of any of the Obligations is rendered unenforceable or is rescinded or must otherwise be returned by any Beneficiary for any reason whatsoever (including the insolvency, bankruptcy or reorganization of the Borrower or any Subsidiary, as applicable), all as though such payment had not been made.

4.2 Revival of Indebtedness

If at any time, all or any part of any payment previously received by a Beneficiary and applied to any Obligation must be rescinded or returned by the Beneficiary for any reason whatsoever (including the insolvency, bankruptcy or reorganization of the Borrower or any Subsidiary, as applicable), such Obligation shall, for the purpose of this Guarantee, to the extent that such payment must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Beneficiary, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation as though such application by the Beneficiary had not been made.

ARTICLE 5 DEMAND FOR PAYMENT, EXPENSES AND INTEREST

5.1 Demand for Payment

The Beneficiaries shall be entitled to make demand upon the Guarantor at any time during the continuance of an Event of Default and upon any such demand the Beneficiaries may treat all Obligations as due and payable and may forthwith collect from the Guarantor all Obligations. The Guarantor shall make payment to or performance in favour of the Beneficiaries of all Obligations forthwith after demand therefor is made upon the Guarantor by the Beneficiaries as aforesaid.

5.2 Stay of Acceleration

If acceleration of the time for payment of any amount payable by the Borrower or any Subsidiary, as applicable, in respect of the Obligations is stayed upon the insolvency, bankruptcy, arrangement or reorganization of the Borrower or such Subsidiary or any moratorium affecting the payment of the Obligations, all such amounts that would otherwise be subject to acceleration shall nonetheless be payable by the Guarantor hereunder forthwith on demand by the Beneficiaries.

5.3 Expenses

The Guarantor shall pay to the Beneficiaries all reasonable out of pocket costs and expenses, including all reasonable legal fees (on a solicitor and his own client basis) and other expenses incurred by the Beneficiaries from time to time in the enforcement, realization and collection of or in respect of this Guarantee. All such amounts shall be payable by the Guarantor on demand by the Beneficiaries.

5.4 Interest

Any payment obligation comprised in the Obligations guaranteed hereunder which is not paid when due hereunder shall bear interest, to the extent not already included in the Obligations, both before and after default or judgment, from the date of demand pursuant to Section 5.1 to the date of payment at the rate or rates provided in the relevant Document for such Obligations or, in the event no such rate is provided for therein, at a rate per annum that is equal to the Default Rate. Any other amounts payable pursuant hereto, including pursuant to Section 5.3, which are not paid when due hereunder shall bear interest, both before and after default or judgment, from the date of demand pursuant to Section 5.1 to the date of payment or reimbursement thereof by the Guarantor at a rate per annum that is equal to the Default Rate. All such interest shall accrue daily and shall be payable by the Guarantor on demand by the Beneficiaries.

ARTICLE 6 SUBROGATION

6.1 Subrogation

- (a) Until all Obligations have been irrevocably paid in full in cash, the Guarantor shall have no right of subrogation to, and waives to the fullest extent permitted by applicable law, any right to enforce any remedy which the Beneficiaries now have or may hereafter have against the Borrower or any Subsidiary, as applicable, in respect of the Obligations, and until such time the Guarantor waives any benefit of, and any right to participate in, any security, now or hereafter held by the Beneficiaries for the Obligations.
- (b) If (i) the Guarantor performs or makes payment to the Beneficiaries of all amounts owing by the Guarantor under this Guarantee, and (ii) the Obligations are performed and irrevocably paid in full then the Beneficiaries will, at the Guarantor's request, execute and deliver to the Guarantor appropriate documents, without recourse and without representation and warranty, necessary to evidence the transfer by subrogation to the Guarantor of the Beneficiaries' interest in the Obligations and any security held therefor resulting from such performance or payment by the Guarantor.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES; COVENANTS

7.1 Representations and Warranties

The Guarantor represents and warrants as follows to each of the Beneficiaries and acknowledges and confirms that each of the Beneficiaries is relying upon such representations and warranties:

- (a) Status and Authority

It is a [corporation duly incorporated and] OR [INSERT OTHER APPROPRIATE DESCRIPTION, AS APPLICABLE] existing under the laws of [•] and has all authority, capacity and powers and all material Governmental Authorizations required to carry on its business as now conducted.

(b) Valid Authorization

The execution, delivery and performance by the Guarantor of this Guarantee and each of the Documents to which it is a party (i) is within the Guarantor's authority, capacity and power, (ii) has been duly authorized by all necessary **[corporate] OR [INSERT OTHER APPROPRIATE DESCRIPTION, AS APPLICABLE]** and other action, (iii) requires no Governmental Authorization or action by or in respect of, or filing with, any Governmental Authority, and (iv) does not contravene or constitute a default under any provision of applicable law, or any agreement or any judgment, injunction, order, decree or other instrument binding upon the Guarantor or result in the creation or imposition of any Security Interest on any asset of the Guarantor or any of its Subsidiaries (other than pursuant to the Security).

(c) Enforceability of Documents

This Guarantee and each of the other Documents to which the Guarantor is a party constitute valid and legally binding obligations of the Guarantor, enforceable against the Guarantor in accordance with their respective terms subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights and to the fact that equitable remedies are only available in the discretion of the court.

7.2 Effective Time of Repetition

All representations and warranties, when repeated or deemed to be repeated hereunder, shall be construed with reference to the facts and circumstances existing at the time of repetition, unless they are stated herein to be made as at the date hereof.

7.3 Nature of Representations and Warranties

The representations and warranties set out in this Guarantee or deemed to be made pursuant hereto shall survive the execution and delivery of this Guarantee notwithstanding any investigations or examinations which may be made by the Beneficiaries or Beneficiaries' Counsel. Such representations and warranties shall survive until this Guarantee has been terminated.

7.4 Covenants Contained in the Credit Agreement and Other Documents

The Guarantor hereby covenants and agrees with the Beneficiaries that the Guarantor shall observe, perform and comply with any and all of the covenants of the Borrower and its Subsidiaries contained in the Credit Agreement or other Documents that the Borrower or such other Subsidiary agrees that the Guarantor (as a Material Subsidiary or otherwise) shall observe, perform and comply with.

ARTICLE 8 POSTPONEMENT

8.1 Postponement

Upon the occurrence and during the continuance of an Event of Default, all debts, liabilities and obligations, present and future of the Borrower or any Subsidiary, as applicable, to or in favour of the Guarantor shall be and are hereby postponed and subordinated to the prior payment and performance in full of the Obligations. All money received by the Guarantor in respect of such debts, liabilities and obligations during the continuance of an Event of Default shall be received and held in trust for the benefit of the Beneficiaries and upon demand hereunder shall be forthwith paid over to the Beneficiaries, the whole without in any way lessening or limiting the liability and obligations of the Guarantor hereunder and

this postponement is independent of the Guarantee and shall remain in full force and effect until payment and performance in full of the Obligations and all obligations of the Guarantor under this Guarantee.

ARTICLE 9 GENERAL

9.1 Waiver of Notices

The Guarantor hereby waives promptness, diligence, presentment, demand of payment, notice of acceptance and any other notice with respect to this Guarantee and the obligations guaranteed hereunder, except for the demand pursuant to Section 5.1.

9.2 Benefit of the Guarantee

This Guarantee shall enure to the benefit of the respective successors and permitted assigns of the Beneficiaries and be binding upon the successors of the Guarantor.

9.3 Foreign Currency Obligations

The Guarantor shall make payment relative to each Obligation in the currency (the “**original currency**”) in which the Borrower or any Subsidiary, as applicable, is required to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Beneficiaries 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 shall 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 Beneficiaries are able to purchase with the amount of other currency they receive on the date of receipt in accordance with normal practice. If the amount of the original currency which the Beneficiaries are able to purchase is less than the amount of such currency originally due in respect of the relevant Obligation, the Guarantor shall indemnify and save the Beneficiaries harmless from and against any loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Guarantee, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Beneficiaries and shall continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order. A certificate of a Beneficiary as to any such loss or damage shall constitute *prima facie* evidence thereof, in the absence of manifest error.

9.4 Taxes and Set-off by Guarantor

All payments by the Guarantor under this Guarantee, whether in respect of principal, interest, interest on overdue and unpaid interest, fees or any other Obligations, shall be made in full without any deduction or withholding (whether in respect of set-off, counterclaim, duties, Taxes, charges or otherwise whatsoever) unless the Guarantor is prohibited by applicable laws from doing so, in which event the Guarantor shall:

- (a) ensure that the deduction or withholding does not exceed the minimum amount legally required;
- (b) forthwith pay to the Beneficiaries such additional amount so that the net amount received by the Beneficiaries will equal the full amount which would have been received by it had no such deduction or withholding been made;
- (c) pay to the relevant taxation or other authorities, within the period for payment required by applicable laws, the full amount of the deduction or withholding (including the full amount of any deduction or withholding from any additional amount paid pursuant to this Section); and

- (d) furnish to the Beneficiaries promptly, as soon as available, an official receipt of the relevant taxation or other authorities involved for all amounts deducted or withheld as aforesaid.

9.5 No Waiver; Remedies

No failure on the part of the Beneficiaries to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

9.6 Severability

If any provision of this Guarantee is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

9.7 Amendments and Waivers

Any provision of this Guarantee may be amended, waived or a consent given in respect thereof with the concurrence of the Guarantor and the Agent on behalf of the Beneficiaries. Any waiver and any consent by the Agent on behalf of the Beneficiaries under any provision of this Guarantee must be in writing signed by the Agent and may be given subject to any conditions thought fit by the Agent. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.

9.8 Additional Security

This Guarantee is in addition and without prejudice to any security of any kind (including, without limitation, other guarantees) now or hereafter held by the Beneficiaries or any person on behalf of the Beneficiaries and any other rights or remedies they might have.

9.9 Notices

Any demand, notice or other communication (hereinafter in this Section referred to as a “**Communication**”) to be given in connection with this Guarantee shall be given in writing and may be given by personal delivery, e-mail or by registered mail addressed to the recipient as follows:

To the Agent on behalf of the Beneficiaries as follows:

Alberta Investment Management Corporation, as Agent

Until November 28, 2019:
1100, 10830 Jasper Avenue N.W.
Edmonton, Alberta T5J 2B3

After November 28, 2019:
1600, 10250 – 101 Street N.W.
Edmonton, Alberta T5J 3P4

Attention: *[Intentionally Redacted - Personal Information]*
E-mail: *[Intentionally Redacted - Personal Information]*

To the Guarantor:

● [insert name of relevant Material Subsidiary]

c/o Pine Cliff Energy Ltd.
Suite 850, 1015 – 4th Street S.W.
Calgary, Alberta
T2R 1J4

Attention: *[Intentionally Redacted - Personal Information]*

Email: *[Intentionally Redacted - Personal Information]*

or such other address or email address as may be designated by notice by any party to the other. Any Communication given by personal delivery or email shall be conclusively deemed to have been given on the day of actual delivery or transmission thereof and, if given by registered mail, on the third day following the deposit thereof in the mail. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such Communication shall not be mailed but shall be given by personal delivery or email transmission.

9.10 Assignment

The rights of the Beneficiaries under this Guarantee may be assigned by the Beneficiaries in accordance with the provisions of the Credit Agreement and without the consent of the Borrower, its Subsidiaries or the Guarantor during the continuance of an Event of Default and, at all other times, with the prior written consent of the Guarantor (such consent not to be unreasonably withheld). Subject to Section 10.1 of the Credit Agreement, the Guarantor may not assign its obligations under this Guarantee without the prior written consent of the Agent (which consent may be withheld in its sole discretion).

9.11 Time of Essence

Time is of the essence with respect to this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee may be strictly enforced by the Beneficiaries.

9.12 Financial Condition of the Borrower and the Subsidiaries

The Guarantor is fully aware of the financial condition of the Borrower and each of the Subsidiaries and acknowledges that it shall receive a benefit from the Beneficiaries entering into the Documents to which the Beneficiaries are a party. The Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's and each of the Subsidiaries' financial condition and assets, and of all other circumstances bearing upon the risk of non-payment or non-performance of the Obligations and the nature, scope and extent of the risks which Guarantor assumes and incurs hereunder, and agrees that the Beneficiaries shall not have a duty to advise Guarantor of information known to any of them regarding such circumstances or risks.

9.13 Acknowledgement of Documentation

The Guarantor hereby acknowledges receipt of a true and complete copy of the Documents and all of the terms and conditions thereof.

9.14 Entire Agreement

This Guarantee, the Credit Agreement and the other Documents constitute the entire agreement between the Beneficiaries and the Guarantor with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between such parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, expressed, implied or statutory, between such parties other than as expressly set forth herein or therein.

9.15 Governing Law

This Guarantee shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

9.16 Attornment

The Guarantor and each of the Beneficiaries hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta in regard to legal proceedings relating to this Guarantee. For the purpose of all such legal proceedings, the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this Guarantee. Notwithstanding the foregoing, nothing in this Section shall be construed nor operate to limit the right of the Guarantor or the Beneficiaries to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the Guarantor has executed this Guarantee.

**[INSERT NAME OF RELEVANT MATERIAL
SUBSIDIARY]**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE E-5

FLOATING CHARGE DEMAND DEBENTURE **([●] [INSERT NAME OF RELEVANT MATERIAL SUBSIDIARY])**

Principal Sum: \$150,000,000 Canadian Dollars

Interest Rate: *[Intentionally Redacted - Commercial Term]* per annum

Date: [●], 20[●]

ARTICLE 1 PROMISE TO PAY

Promise to Pay

1.1 For value received, the undersigned (the “**Debtor**”) hereby acknowledges itself indebted and promises to pay ON DEMAND to or to the order of Alberta Investment Management Corporation in its capacity as agent (in such capacity, the “**Agent**”) for and on behalf of Alberta Investment Management Corporation and such other persons as may become lenders (collectively, the “**Lenders**” and, individually, a “**Lender**”) under the credit agreement made as of October 1, 2019 among Pine Cliff Energy Ltd., as borrower, the Lenders and the Agent (as the same may be amended, modified, supplemented or restated from time to time), for the benefit of the Agent and the Lenders (collectively, the “**Beneficiaries**”), the principal sum herein stipulated on presentation and surrender of this debenture at the Agent's offices at Alberta Investment Management Corporation, 1100, 10830 Jasper Avenue N.W., Edmonton, Alberta T5J 2B3 (or after November 28, 2019, 1600, 10250 – 101 Street N.W., Edmonton, Alberta T5J 3P4), or at such other place as the Agent may designate by notice in writing to the Debtor, and to pay interest thereon from the date hereof at the rate per annum herein stipulated in like money at the same place monthly on the last day of each month; and, if the Debtor should at any time make default in the payment of any principal or interest to pay interest on the amount in default both before and after demand, default and judgment at the same rate in lawful money of Canada at the same place.

The Agent, on behalf of the Beneficiaries, is the person entitled to receive the principal of and interest on this debenture and all other amounts payable hereunder.

ARTICLE 2 CHARGE

Charge

2.1 As security for the due payment of all money payable hereunder and all other obligations hereunder, the Debtor hereby charges, as and by way of a first floating charge to and in favour of the Agent and its successors and assigns, for the benefit of the Beneficiaries and their respective successors and permitted assigns, all of the undertaking, property and assets of the Debtor, both present and future, of every nature and kind and wherever situate including, without limitation, all of its present and future personal and real property, goodwill, trade-marks, inventions, processes, patents and patent rights, materials, supplies, inventories, motor vehicles, trucks, trailers, machinery, implements, equipment and apparatus of every kind, furniture, rent, revenues, income, money, rights, powers, privileges, franchises, benefits, amenities, contracts, agreements, leases of real and personal property, licenses, permits, book debts, accounts receivable, negotiable and non-negotiable instruments, judgments, securities, choses in action, unpaid capital and all other property and things of value of every kind and nature, tangible and intangible, legal or equitable, which the Debtor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter and any and all proceeds of any of the foregoing.

In this debenture, the mortgages, assignments and charges created and provided for are collectively called the “**Charge**” and the subject matter of the Charge is called the “**Charged Premises**”.

2.2 For better securing to the Agent, for the benefit of the Beneficiaries, the repayment in the manner aforesaid of the Principal Sum, interest and other monies hereby secured, and for the due performance by the Debtor of all of the covenants, provisos and conditions herein expressed or implied, the Debtor hereby mortgages to the Agent, for the benefit of the Beneficiaries, all of its estate and interest in the Charged Premises.

Dealings in the Ordinary Course

2.3 Subject to Section 3.1 hereof and until the Charge becomes enforceable, the Debtor may dispose of or deal with the property and assets subjected to the Charge in the ordinary course of business and for the purpose of carrying on the same, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Charge.

Last Day

2.4 The Charge shall not extend or apply to the last day of the term of any lease or agreement to lease but upon the enforcement of the Charge the Debtor shall stand possessed of such last day in trust for the Agent to assign the same to any person acquiring such term in the course of enforcement of the Charge.

Exception for Certain Contractual Rights

2.5 The Charge does not and shall not extend to, and the Charged Premises shall not include, any agreement, right, franchise, licence or permit (the “**Contractual Rights**”) to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Charge herein would constitute a breach of the terms of or permit any person to terminate the Contractual Rights, but the Debtor shall hold its interest therein in trust for the Agent and shall assign such Contractual Rights to the Agent forthwith upon obtaining the consent of all other parties thereto. The Debtor agrees that it shall, upon the request of the Agent, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Charge herein.

Crystallization Against Real Property

2.6 In respect of real property (and interests therein) subject to the floating charge created by Section 2.1, such floating charge shall become a fixed charge against such property and interests upon the earlier of (a) the Charge becoming enforceable in accordance with Section 4.1 and the Agent giving written notice to the Debtor that the indebtedness secured thereby is forthwith due and payable and that the floating charge has become a fixed charge on the real property and interests therein charged thereby, and (b) the occurrence of any other event which by operation of law would result in the floating charge becoming a fixed charge on the real property and interests therein of the Debtor charged thereby.

ARTICLE 3 NEGATIVE PLEDGE

Negative Pledge

3.1 Except as has otherwise been agreed in writing with the Agent and the Lenders, the Debtor shall not create, assume, have outstanding or permit to exist, except in favour of the Agent, any mortgage, charge, pledge, lien, assignment by way of security, security interest or other encumbrance on any part of the Charged Premises.

**ARTICLE 4
DEFAULT AND REMEDIES**

Default

4.1 If the Debtor makes default in the payment of principal, interest or any other amount payable hereunder or in the due performance of the terms and conditions of Section 3.1 hereof, the Charge shall immediately become enforceable.

Remedies

4.2 (1) Whenever the Charge has become enforceable, the Agent may realize upon the Charged Premises and shall have the following rights and remedies, which rights and remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights or remedies the Beneficiaries may have:

- (a) the Agent may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the “**Receiver**”) of the Charged Premises and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Charged Premises or any part thereof; and the term “Agent” when used in this Section 4.2 shall include any Receiver so appointed and the agents, officers and employees of such Receiver;
- (b) the Agent may take possession of the Charged Premises and require the Debtor to make the Charged Premises available to the Agent;
- (c) the Agent may take such steps as it considers desirable to maintain, preserve or protect the Charged Premises;
- (d) the Agent may carry on or concur in the carrying on of all or any part of the business of the Debtor relating to the Charged Premises;
- (e) the Agent may enforce any rights of the Debtor in respect of the Charged Premises by any manner permitted by law;
- (f) the Agent may sell, lease or otherwise dispose of the Charged Premises by judicial sale, by foreclosure, by public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as the Agent may determine and without notice to the Debtor unless required by law and may execute and deliver to the purchaser or purchasers of the Charged Premises or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any authorized officer of the Agent being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Debtor and all other persons claiming all or any part of the Charged Premises by, from, through or under the Debtor;
- (g) the Agent may accept the Charged Premises in satisfaction or partial satisfaction of the Charge upon notice to the Debtor of its intention to do so in the manner required by law;
- (h) the Agent may borrow money on the security of the Charged Premises for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Charged Premises in priority to the Charge;

- (i) the Agent may perform any obligation, covenant or provision under the credit agreement referred to herein and the entire costs thereof are a charge on the Charged Premises and shall be added to the amounts due hereunder and shall be secured by the Charge; and
 - (j) the Agent may exercise any other right or remedy permitted by law or equity, including, without limitation, all rights and remedies of a secured party under the *Personal Property Security Act* (Alberta) or any similar personal property legislation of any jurisdiction in which any of the Charged Premises is located or which, by operation of law, governs or is deemed to govern the Charged Premises.
- (2) The Debtor further agrees with the Agent that:
- (a) the Beneficiaries shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Charged Premises and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Charged Premises or for the purpose of preserving any rights of the Beneficiaries, the Debtor or any other person, firm or corporation in respect of the Charged Premises;
 - (b) the Beneficiaries may grant extensions of time, take, abstain from taking and perfecting and give up securities, accept compositions, grant releases and discharges, release any part of the Charged Premises and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Charged Premises and other securities as the Agent may see fit without prejudice to the liability of the Debtor to the Beneficiaries or the Beneficiaries' rights hereunder;
 - (c) to facilitate the realization of the Charged Premises, the Agent may enter upon, occupy and use all or any of the premises, buildings and plant comprising the Charged Premises and use all or any of the equipment and other personal property of the Debtor for such time as the Agent requires to facilitate such realization, free of charge (as between the Debtor and the Agent), and the Beneficiaries shall not be liable to the Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on the part thereof) or in respect of any rent, charges or depreciation in connection with such actions;
 - (d) the Agent may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Beneficiaries hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith shall be added to the amounts due hereunder and shall be secured by the Charge;
 - (e) the Agent may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Charged Premises, and in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the amounts due hereunder and shall be secured by the Charge; and
 - (f) any proceeds of realization of the Charged Premises may be applied by the Agent to the payment of expenses in connection with the preservation and realization of the Charged Premises as above described and any balance of such proceeds shall be applied by the Agent to payment of any amount owing by the Debtor to the Agent and the other Beneficiaries in such order as the Agent may see fit; if there is any surplus remaining, it may be paid to any person having a claim thereto in priority to the Debtor of whom the Agent has knowledge and may be applied or retained as reserves against potential

claims that the Agent or the Receiver in good faith believes should be maintained and the balance remaining, if any, shall (subject to applicable law) be paid to the Debtor.

(3) Any Receiver shall be entitled to exercise all rights and powers of the Agent hereunder. To the extent permitted by law, any Receiver shall for all purposes be deemed to be the agent of the Debtor and not of the Agent and the Debtor shall be solely responsible for the Receiver's acts or defaults and remuneration.

(4) The Debtor hereby irrevocably appoints the Agent attorney on its behalf to sell or transfer the Charged Premises and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Debtor in respect of the Charged Premises and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the Charged Premises or on any person in respect of it and this appointment shall take effect if the Charge has become enforceable.

ARTICLE 5 GENERAL

Expenses

5.1 The Debtor shall pay to the Agent forthwith on demand all reasonable costs, charges and expenses, including all reasonable legal fees, incurred by the Agent in connection with the recovery or enforcement of payment of any moneys owing hereunder whether by realization or otherwise. All such sums, together with interest thereon at the rate set forth in this debenture, shall be added to the amount payable hereunder and shall be secured by the Charge.

Pledge of Debenture

5.2 This debenture may be pledged by the Debtor as security for its indebtedness and liabilities. While this debenture is so pledged, no payment by the Debtor of the whole or any part of any indebtedness secured by this debenture shall reduce the amount owing under this debenture unless specifically appropriated to and noted on this debenture by the Agent at the time of payment.

Not Negotiable

5.3 This debenture is not a negotiable instrument and the rights created hereunder which are exercisable by any holder hereof other than the Agent are no greater than the rights of the Agent, and any holder hereof is subject to the same obligations, duties, liabilities and defences as the Agent would have been subject to.

No Waiver, Remedies

5.4 No failure on the part of the Beneficiaries or the Agent on their behalf to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Notices

5.5 Any demand, notice or other communication (hereinafter in this Section referred to as a "**Communication**") to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, e-mail or by registered mail addressed to the Debtor as follows:

[●] [insert name of relevant Material Subsidiary]

c/o Pine Cliff Energy Ltd.
Suite 850, 1015 – 4th Street S.W.
Calgary, Alberta
T2R 1J4

Attention: *[Intentionally Redacted - Personal Information]*

Email: *[Intentionally Redacted - Personal Information]*

or such other address or email address as the Debtor may from time to time notify the Agent in writing. Any Communication given by personal delivery or email shall be conclusively deemed to have been given on the day of actual delivery or transmission thereof and, if given by registered mail, on the third day following the deposit thereof in the mail. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such Communication shall not be mailed but shall be given by personal delivery or email transmission.

Additional Security

5.6 This debenture and the Charge shall be and shall be deemed to have been given in addition to and not in place of any other security now or hereafter held or acquired by the Beneficiaries.

Headings: References to Debenture

5.7 The division of this debenture into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this debenture. The terms “this debenture”, “hereof”, “hereunder” and similar expressions refer to this debenture and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this debenture.

Number; Gender; Persons

5.8 In this debenture words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

Governing Law

5.9 This debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Attornment

5.10 The Debtor hereby attorns and submits to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this debenture shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this debenture. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of the Debtor or the Beneficiaries to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.

Benefit of the Debenture

5.11 This debenture shall be binding upon the successors and permitted assigns of the Debtor (including, without limitation, any corporation resulting from an amalgamation with the Debtor) except that

the Debtor may not assign its obligations under this debenture without the prior written consent of the Agent. This debenture shall benefit the successors and permitted assigns of the Beneficiaries.

Time of the Essence

5.12 Time shall be of the essence with regard to this debenture.

Discharge

5.13 The Debtor shall not be discharged from the Charge, this debenture or any of its obligations hereunder except by a release or discharge in writing signed by the Agent.

Waiver of Financing Statement, Etc.

5.14 The Debtor hereby waives the right to receive from the Agent or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this debenture or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this debenture.

No Merger

5.15 No item or part of this debenture shall be merged or be deemed to have been merged in or by any documents, instruments or acknowledgements delivered in connection with this debenture or the credit agreement referred to herein, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any security, instrument or agreement shall be independent of and not create a merger with any other right available to the Beneficiaries under any security, instruments or agreements held by it or at law or in equity. No obligation of the Debtor hereunder shall merge in any judgment relating to any such obligation.

Saskatchewan Waiver

5.16 The Debtor agrees that:

- (a) *The Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this debenture or any agreement renewing, extending or collateral to this debenture; and
- (b) *The Limitation of Civil Rights Act* (Saskatchewan) shall have no application to:
 - (i) this debenture;
 - (ii) any mortgage, charge or other security made, given or created by this debenture;
 - (iii) any agreement or instrument renewing or extending or collateral to this debenture or renewing or extending or collateral to any mortgage, charge or other security referred to or mentioned in sub-division (ii) of this subparagraph (b) of this paragraph; or
 - (iv) the rights, powers, remedies of the Agent and of the other Beneficiaries under this debenture or under any mortgage, charge, other security, agreement or instrument referred to or mentioned in sub-division (ii) or sub-division (iii) of the subparagraph (b) of this paragraph.

References to Debtor

5.17 **[All references in this debenture to covenants of, actions and steps by, or the performance of the terms and conditions hereof by the “Debtor” shall, as the context requires, be and shall be construed as being by the partners of [•] on behalf of and in respect of such partnership.] [Note: Insert Section 5.17, with appropriate conforming changes, for a debenture from a general partnership; insert similar provisions, with additional conforming changes, for a debenture from a limited partnership, trust or other unincorporated entity.]**

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the Debtor has executed this debenture.

**[●] [INSERT NAME OF RELEVANT MATERIAL
SUBSIDIARY]**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE E-6

THIS DEBENTURE PLEDGE AGREEMENT made as of [●], 20[●];
([●] [INSERT NAME OF RELEVANT MATERIAL SUBSIDIARY])

Description of Floating Charge Demand Debenture

Principal Sum: \$150,000,000 Canadian Dollars

Interest Rate: *[Intentionally Redacted - Commercial Term]* per annum

Date: [●], 20[●]

WHEREAS:

A. Alberta Investment Management Corporation and such other persons as may become lenders (collectively, the “**Lenders**”) and Alberta Investment Management Corporation in its capacity as agent on behalf of the Lenders (in that capacity, the “**Agent**”) have entered into a credit agreement with Pine Cliff Energy Ltd. (the “**Borrower**”), as borrower, made as of October 1, 2019 (as amended, modified, supplemented or restated from time to time, the “**Credit Agreement**”) pursuant to which the Lenders have agreed to make a credit facility available to the Borrower;

B. [●] [insert name of relevant Material Subsidiary] (the “**Debtor**”) is a Subsidiary of the Borrower and has executed and delivered to the Agent and the Lenders a Guarantee made as of even date herewith (as amended, modified, supplemented or restated from time to time, the “**Guarantee**”) wherein, *inter alia*, the Debtor has guaranteed all present and future “Obligations” (as defined in the Guarantee);

C. In order to secure the payment and performance of all present and future Obligations (as hereinafter defined) of the Debtor to the Agent and the Lenders (collectively, the “**Beneficiaries**”), the Debtor has created and issued to the Agent the debenture described above (as the same may hereafter be amended, modified, supplemented and restated from time to time, the “**Debenture**”); and

D. The purpose of this Debenture Pledge Agreement is to set forth the terms and conditions upon which the Debenture is to be held by the Agent.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby conclusively acknowledged by the Debtor, the Debtor hereby agrees and covenants with the Agent as follows:

1. The Debtor hereby grants a security interest in and deposits with and pledges to the Agent the Debenture to be held by the Agent as general and continuing collateral security for the payment and performance of all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Agent and the Lenders under, pursuant or relating to the Guarantee and the other Documents, in each case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again (collectively, the “**Obligations**”).
2. The Agent shall neither demand payment pursuant to the Debenture nor enforce the security constituted thereby unless the Agent shall be entitled to do so pursuant to the provisions of the Guarantee and the other Documents and the other agreements, instruments or documents establishing, creating or evidencing any Obligations (collectively, the “**Credit Documents**”), but thereafter the Agent may at any time exercise and enforce all of the rights and remedies of a holder of the Debenture as if the Agent was the absolute owner thereof without notice to or control by the Debtor, and any such remedy may be exercised separately or in combination with, and shall be in addition to and not in substitution for, any other right or remedy of the Agent and

the Beneficiaries however created, provided that the Agent shall not be bound to exercise any such right or remedy.

3. Subject to the requirements of applicable law, the Agent shall not be bound under any circumstances to realize upon or under the Debenture and shall not be responsible to the Debtor for any loss occasioned by any sale or other dealing with the Debenture or the Charged Premises (as defined in the Debenture) or by the retention of or failure to sell or otherwise deal with the same.
4. The proceeds of or any other amount received pursuant to the Debenture shall be applied by the Agent on account of the Obligations in such order as set out in the Credit Agreement without prejudice to the Agent's or the Beneficiaries' claim upon the Debtor for any deficiency. Subject to the requirements of applicable law, any surplus realized by the Agent in excess of the Obligations shall be paid over to the Debtor.
5. Subject to paragraph 2 hereof, neither the Agent nor any other Beneficiary shall be obliged to exhaust its recourse against the Debtor, any other person or persons, or any other security it may hold with respect to the Obligations before realizing upon, under, or otherwise dealing with the Debenture in such manner as the Agent sees fit. The Agent and the other Beneficiaries may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and with other parties, sureties or securities as they may see fit, without prejudice to the liability of the Debtor or the Agent's or the other Beneficiaries' rights in respect of the Debenture.
6. Notwithstanding the stated interest rate per annum in the Debenture, payment to the Beneficiaries or, in the case of obligations of the Borrower payable pursuant to the Credit Agreement, the Agent for the account of the Lenders, of the relevant interest, fees and other amounts owing under the Credit Documents for any period in respect of the relevant obligations at the current rate at which the relevant obligations bear interest for such period pursuant to the Credit Documents shall be deemed to be payment in satisfaction of the interest payment for the same period under the Debenture.
7. The Debenture shall not operate by way of merger of any of the Obligations and no judgment recovered by the Agent or the other Beneficiaries shall operate by way of merger of or in any way affect the security of the Debenture which is in addition to and not in substitution for any other security now or hereafter held by the Agent or the other Beneficiaries with respect to the Obligations.
8. Notwithstanding the form and terms of the Debenture and the provisions of this Debenture Pledge Agreement, (a) the Agent shall not claim or realize an amount under or in respect of the Debenture in excess of the aggregate Obligations, from time to time, of the Debtor to the Agent and the other Beneficiaries and (b) the provisions of this Debenture Pledge Agreement and the Debenture, in particular, but without limitation, Sections 2.2 and 3.1 of the Debenture, are subject to the provisions of the Guarantee and the Credit Agreement relating to the subject matter thereof. If there are any express conflicts or inconsistencies between the terms of the Guarantee or the Credit Agreement and the Debenture or this Debenture Pledge Agreement, then the terms of the Guarantee or the Credit Agreement (as applicable) shall govern in all respects to the extent necessary to eliminate such express conflicts or inconsistencies.
9. Upon payment and satisfaction in full of the Obligations and cancellation in full of the credit facility established under the Credit Agreement when none of the Beneficiaries has other credit facilities in favour of or any obligation to provide credit to the Borrower, the Agent shall, at the request of the Debtor, deliver up the Debenture to the Debtor and shall, at the request and expense of the Debtor, execute and deliver to the Debtor releases, discharges and such other instruments as shall be required to effectively discharge the Charge (as defined in the Debenture).

10. Time shall be of the essence with regard to this Debenture Pledge Agreement.
11. Capitalized terms used herein without express definition shall have the same meanings ascribed thereto as are set forth in the Guarantee and Credit Agreement (as applicable).
12. This Debenture Pledge Agreement shall enure to the benefit of and be binding upon the Debtor, the Agent and the other Beneficiaries and their respective successors and permitted assigns.
13. The Debtor agrees that:
 - (a) *The Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this Debenture Pledge Agreement or any agreement renewing, extending or collateral to this Debenture Pledge Agreement; and
 - (b) *The Limitation of Civil Rights Act* (Saskatchewan) shall have no application to:
 - (i) this Debenture Pledge Agreement;
 - (ii) any security interest made, given or created by this Debenture Pledge Agreement;
 - (iii) any agreement or instrument renewing or extending or collateral to this Debenture Pledge Agreement or renewing or extending or collateral to any security interest referred to or mentioned in sub-division (ii) of this subparagraph (b) of this paragraph; or
 - (iv) the rights, powers, remedies of the Agent and of the other Beneficiaries under this Debenture Pledge Agreement or under any security interest, agreement or instrument referred to or mentioned in sub-division (ii) or sub-division (iii) of the subparagraph (b) of this paragraph.
14. The parties hereto each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Debenture Pledge Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this Debenture Pledge Agreement. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of either party hereto to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.
15. This Debenture Pledge Agreement shall be governed by and construed in accordance with the laws in force in the Province of Alberta and the federal laws of Canada applicable therein.
16. The Debtor hereby waives the right to receive from the Agent or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Debenture Pledge Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Debenture Pledge Agreement.
17. Subject to Section 10.1 of the Credit Agreement, the Debtor may not assign its obligations under this Debenture Pledge Agreement without the prior written consent of the Agent (which consent may be withheld in its sole discretion).
18. **[All references in this Debenture Pledge Agreement to covenants of, actions and steps by, or the performance of the terms and conditions hereof by the "Debtor" shall, as the context**

requires, be and shall be construed as being by the partners of [●] on behalf of and in respect of such partnership.] [Note: Insert Section 18, with appropriate conforming changes, for a Debenture Pledge Agreement with a general partnership; insert similar provisions, with additional conforming changes, for a Debenture Pledge Agreement with a limited partnership, trust or other unincorporated entity.]

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the Debtor has executed this Debenture Pledge Agreement as of the date first above written.

[●] [INSERT NAME OF RELEVANT MATERIAL SUBSIDIARY]

Per:

Name:

Title:

Per:

Name:

Title:

ACCEPTED AS OF THE DATE FIRST ABOVE WRITTEN BY:

**ALBERTA INVESTMENT MANAGEMENT CORPORATION,
as Agent**

Per:

Name:

Title:

SCHEDULE E-7

GENERAL SECURITY AGREEMENT
([•] [INSERT NAME OF RELEVANT MATERIAL SUBSIDIARY])

THIS AGREEMENT made as of [•], 20[•]

BETWEEN:

[•] [INSERT NAME OF RELEVANT MATERIAL SUBSIDIARY], a [•]
subsisting under the laws of the Province of [•] (hereinafter referred to
as the “**Debtor**”)

- and -

ALBERTA INVESTMENT MANAGEMENT CORPORATION, in its
capacity as Agent (hereinafter referred to as the “**Secured Party**”).

WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of the Obligations (as hereinafter defined), the security interest and assignment, mortgage and charge granted herein;

AND WHEREAS the Lenders have appointed and authorized the Secured Party to act as their agent and attorney for the purpose of holding security granted by the Debtor;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, this Section and any schedules or attachments hereto, unless something in the subject matter or context is inconsistent therewith:

“**Account Control Agreement**” means, with respect to a securities account, a securities account control agreement between the Debtor, the Secured Party and the securities intermediary which maintains such securities account on behalf of the Debtor, as the same may be amended, modified, supplemented or restated from time to time.

“**Agreement**” means this agreement, as amended, modified, supplemented or restated from time to time in accordance with the provisions hereof.

“**Beneficiaries**” means, collectively, the Lenders and the Agent, and “**Beneficiary**” means any of the Lenders or the Agent.

“**Charge**” means the Security Interests created hereunder.

“**Collateral**” has the meaning set out in Section 2.1.

“**Credit Agreement**” means the credit agreement made as of October 1, 2019 among Pine Cliff Energy Ltd., the Secured Party and the Lenders relating to the establishment of a credit facility in favour of Pine Cliff Energy Ltd., as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

“Delivery” and the corresponding term **“Delivered”** when used with respect to Collateral means:

- (a) in the case of Collateral constituting certificated securities, transfer thereof to the Secured Party or its nominee by physical delivery of the security certificates to the Secured Party or its nominee, such Collateral to be endorsed for transfer or accompanied by Transfer Documents, all in form and content satisfactory to the Secured Party;
- (b) in the case of Collateral constituting uncertificated securities, (i) registration thereof on the books and records of the issuer thereof in the name of the Secured Party or its nominee or (ii) the execution and delivery by the issuer thereof of an effective agreement (each, an **“Issuer Control Agreement”**), pursuant to which such issuer agrees that it will comply with instructions originated by the Secured Party or its nominee without further consent of the Debtor or any other person;
- (c) in the case of Collateral constituting security entitlements in respect of financial assets deposited in or credited to a securities account, (i) completion of all actions necessary to constitute the Secured Party or its nominee the entitlement holder with respect to each such security entitlement or (ii) the execution and delivery by the relevant securities intermediary of an effective Account Control Agreement pursuant to which such securities intermediary agrees to comply with entitlement orders originated by the Secured Party or its nominee without further consent of the Debtor or any other person; and
- (d) in each case such additional or alternative procedures as may hereafter become reasonably appropriate to grant control of, or otherwise perfect a security interest in, any Collateral in favour of the Secured Party or its nominee.

“Guarantee” means the guarantee made as of even date herewith by the Debtor in favour of the Beneficiaries, as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

“Issuer Control Agreement” has the meaning set out in paragraph (b) of the definition of **“Delivery”**.

“Obligations” means, collectively and at any time and from time to time, all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Beneficiaries under, pursuant or relating to the Guarantee and the other Documents, in each case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again.

“Pledged Shares” has the meaning set out in paragraph (a) of the definition of **“Stock”**.

“Stock” means

- (a) all securities (collectively, the **“Pledged Shares”**) owned by the Debtor, all security certificates, if any, and other instruments and documents evidencing or representing such Pledged Shares, and all dividends, interest, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any and all of the Pledged Shares;
- (b) all additional or substitute shares of capital stock, partnership interests or other equity interests of any class of any issuer from time to time issued to or otherwise acquired by the Debtor in any manner in respect of Pledged Shares, the security certificates, if any, and other instruments representing such additional or substitute shares, and all dividends, interests, distributions, cash, instruments and other property, income, profits

and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any or all of such additional or substitute shares; and

(c) to the extent not otherwise included in the foregoing, all proceeds thereof.

“Transfer Documents” means, with respect to the transfer of Pledged Shares or other Stock, stock transfers, powers of attorney or other instruments of transfer, in each case, executed in blank and in form and substance as may be required (from time to time) by the Secured Party, acting reasonably.

1.2 **Definitions used in the Credit Agreement**

Capitalized terms used herein without express definition shall, unless something in the subject matter or context is inconsistent therewith, have the same meanings as are ascribed to such terms in the Credit Agreement.

1.3 ***Personal Property Security Act Definitions***

The terms “accessions”, “accounts”, “certificated security”, “chattel paper”, “documents of title”, “financial asset”, “goods”, “instruments”, “intangibles”, “inventory”, “investment property”, “money”, “proceeds”, “securities account”, “securities intermediary”, “security”, “security certificate”, “security entitlement” and “uncertificated security”, whenever used herein shall have the meanings given to those terms in the Personal Property Security Act (Alberta) (the “**PPSA**”), including the regulations thereunder, as now enacted or as the same may from time to time be amended, re-enacted or replaced.

1.4 **Headings and References**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.5 **Included Words**

In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and words and terms denoting inclusiveness (such as “include” or “includes” or “including”), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.6 **References to Statutes and Documents; Successors**

In this Agreement:

(a) any reference to a statute will include and will be deemed to be a reference to the regulations made pursuant to it, and to all amendments made to the statute and regulations in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute referred to or the relevant regulation;

- (b) references herein to any document, instrument or agreement means such document, instrument or agreement as originally executed, as modified, amended, supplemented or restated from time to time; and
- (c) any reference to a person will include and will be deemed to be a reference to any person that is a successor to that person.

1.7 Calculation of Interest

Whenever a rate of interest hereunder is calculated on the basis of a year (the “deemed year”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

1.8 Schedules

Any schedule to this Agreement is incorporated by reference and shall be deemed to be part of this Agreement.

1.9 [References to Debtor]

[All references in this Agreement to representations and warranties by, covenants of, actions and steps by, or the performance of the terms and conditions hereof by the “Debtor” shall, as the context requires, be and shall be construed as being by the partners of [•] on behalf of and in respect of such partnership.] [Note: Insert Section 1.9, with appropriate conforming changes, for an Agreement by a general partnership; insert similar provisions, with additional conforming changes, for an Agreement by a limited partnership, trust or other unincorporated entity.]

ARTICLE 2 GRANT OF SECURITY

2.1 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby pledges, hypothecates, assigns, charges, conveys, sets over and transfers unto the Secured Party for the benefit of the Beneficiaries and does hereby grant to the Secured Party for the benefit of the Beneficiaries a continuing security interest in and to all of the present and future undertaking, assets and property of the Debtor, both real and personal, including, without limitation, all present and after-acquired personal property of the Debtor (collectively, the “**Collateral**”), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby mortgages and charges the Collateral to the Secured Party (with respect to real property, as and by way of a floating charge). Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter or may hereafter have in all property of the following kinds:

- (a) Accounts Receivable: all debts, accounts, accounts receivables, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the “**Receivables**”);
- (b) Inventory: all inventory of whatever kind and wherever situated including, without limiting the generality of the foregoing, all goods held for sale or lease, or furnished or to be furnished under contracts for service, or that are work in progress, or that are raw materials used or consumed in the business of the Debtor (collectively, the “**Inventory**”);

- (c) Equipment: all goods, machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not Inventory, including, without limiting the generality of the foregoing, the tangible personal property described in any schedule hereto executed by both the Debtor and the Secured Party;
- (d) Chattel Paper: all chattel paper;
- (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (f) Investment Property and Instruments: all of the following (being collectively referred to herein as the "**Investment Property Collateral**"):
 - (i) all securities accounts in the name of the Debtor, including any and all assets of whatever type or kind deposited in or credited to such securities accounts, including all financial assets, all security entitlements related to such financial assets, and all security certificates and other certificates and instruments from time to time representing or evidencing the same, and all dividends, whether in shares, money or property, interest, distributions, cash and other property from time to time received or receivable upon or paid or payable on account of any return on, or repayment of, capital or otherwise distributed or distributable in respect of or in exchange for any or all of the foregoing;
 - (ii) all Stock;
 - (iii) all financial assets;
 - (iv) all security entitlements;
 - (v) all other property that may at any time be received or receivable or otherwise distributed or distributable to or for the account of the Debtor in respect of, in substitution for, in addition to or in exchange for, any of the foregoing; and
 - (vi) all proceeds in respect of the foregoing described in this subparagraph (f) and all rights and interest of the Debtor in respect thereof or evidenced thereby including all money received or receivable from time to time by the Debtor in connection with the sale of any of the foregoing (including all proceeds received or receivable in connection with the redemption or purchase for cancellation of any of the Pledged Shares);
- (g) Intangibles: all intangibles not described in Section 2.1(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
- (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.1(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.1(a) to (i) inclusive; and

- (k) Proceeds: all proceeds of the property described in Sections 2.1(a) to (j) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property;

provided that the Charge shall not: (i) extend, include or apply to the last day of the term of any lease now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said Charge, the Debtor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person acquiring such term in the course of the enforcement of the said Charge, (ii) render the Secured Party or any other Beneficiary liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound, or (iii) extend to, and the Collateral shall not include any agreement, right, franchise, licence or permit (the "**Contractual Rights**") to which the Debtor is a party or of which the Debtor has benefit, to the extent that the creation of the Charge herein would constitute a breach of the terms of, or permit any person to terminate, the Contractual Rights, but the Debtor shall hold its interest therein in trust for the Secured Party and shall assign such Contractual Rights to the Secured Party forthwith upon obtaining the consent of all other parties thereto. The Debtor agrees that it shall, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Charge herein.

2.2 **Security Interest Absolute**

The Charge granted hereby and all rights of the Secured Party hereunder and all obligations of the Debtor hereunder are unconditional and absolute and independent and separate from any other security for the Obligations, whether executed by the Debtor or any other person.

2.3 **Continuing Liability of Debtor**

This Agreement and the Charge granted hereby is granted as collateral security only and will not subject the Secured Party or the other Beneficiaries to, or transfer or in any way affect or modify, any obligation or liability of the Debtor with respect to any of the Collateral or any transaction in connection therewith.

2.4 **Delivery of Investment Property Collateral; Registration in Name of Secured Party**

Subject to Section 2.5 and after the occurrence of an Event of Default which is continuing, all Investment Property Collateral must be Delivered immediately to the Secured Party or its nominee, including, without limitation, delivery to the Secured Party of all security certificates, instruments or other documents representing or evidencing the Investment Property Collateral, which shall be endorsed for transfer in blank by the Debtor and accompanied by Transfer Documents, all as satisfactory to the Secured Party, acting reasonably. The Secured Party may, at its option, cause all or any of the Investment Property Collateral to be registered in the name of the Secured Party or its nominee upon the occurrence of a Default or Event of Default that is continuing.

2.5 **Subsequently Acquired Investment Property Collateral**

To the extent the Debtor has or acquires, by way of amalgamation or otherwise, any additional Investment Property Collateral at any time or from time to time after the date hereof, such Investment Property Collateral will automatically (and without any further action being required to be taken by the Secured Party) be subject to the Charge created hereby. The Debtor will take, or cause to be taken, to the extent it has previously received a request of the Secured Party to have Investment Property Collateral Delivered to it pursuant to Section 2.4, as promptly as practicable and, in any event within 10 Banking Days after it obtains such additional Investment Property Collateral, in each case, all steps and actions as the Secured Party deems necessary to ensure that the additional Investment Property Collateral is Delivered to the Secured Party, including, without limitation, delivery to the Secured Party of

any security certificates comprising such additional Investment Property Collateral, accompanied by Transfer Documents.

2.6 Attachment of Security Interest

The Debtor acknowledges that the Charge hereby created attaches upon the execution of this Agreement (or in the case of any future property, upon the date the Debtor has any rights therein), that value has been given by the Beneficiaries and that Debtor has, or in the case of future property will have, rights in the Collateral or the power to transfer rights in the Collateral to the Secured Party.

ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.1 Representations and Warranties

The Debtor hereby represents and warrants to the Secured Party and the Beneficiaries that (and acknowledges that the Secured Party and the Beneficiaries are relying on the same):

- (a) the Debtor's chief executive office (as such term is utilized in the PPSA) is located in the Province of [●];
- (b) as at the date hereof, all of the material real property and tangible personal property and assets of the Debtor are located in the Province[s] of [●]; and
- (c) no Investment Property Collateral is in the possession or control of any person asserting a claim thereto or Security Interest or other lien therein, except that the Secured Party or its nominee or a securities intermediary acting on its behalf may have possession or control of the Investment Property Collateral.

3.2 Survival of Representations and Warranties

The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement notwithstanding any investigations or examinations which may be made by any of the Beneficiaries or their legal counsel and other representatives. Such representations and warranties shall survive until this Agreement has been terminated and discharged in accordance with Section 7.8 hereof.

3.3 Covenants

The Debtor covenants with the Secured Party that the Debtor shall:

- (a) not change its name or its chief executive office without giving 15 days' prior written notice thereof to the Secured Party;
- (b) from time to time forthwith at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement, including, without limitation, to enforce the Charge and remedies provided hereunder, or to better evidence and perfect the Charge, and, upon the occurrence of an Event of Default that is continuing, the Debtor hereby irrevocably constitutes and appoints the Secured Party, or any receiver or receiver and manager appointed by the court or the Secured Party, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party or any such Receiver

may consider it to be necessary or expedient, and such appointment of the Secured Party as the Debtor's attorney is coupled with an interest and is irrevocable;

- (c) pay to the Secured Party forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all reasonable legal, Receiver's and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution and perfection of this Agreement and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, protecting and preserving the Charge and enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder; and
- (d) provide to the Secured Party, promptly upon request, all information and evidence the Secured Party may reasonably request concerning the Collateral to enable the Secured Party to enforce the provisions hereof.

ARTICLE 4 ACCOUNT DEBTORS

4.1 Notification of Account Debtors

If an Event of Default has occurred and is continuing, the Secured Party may give notice of this Agreement and the Charge granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and may give notice to any such account debtors or other person to make all further payments to the Secured Party, and, after the occurrence and during the continuance of an Event of Default, any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by the Secured Party shall be held by the Debtor in trust for the Secured Party and forthwith paid over to the Secured Party on request.

ARTICLE 5 DEALINGS WITH INVESTMENT PROPERTY COLLATERAL

5.1 Rights and Duties of Secured Party

(1) The Secured Party may perform any of its rights and duties hereunder by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties hereunder.

(2) In the holding of the Investment Property Collateral, the Secured Party and any nominee on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Secured Party and any nominee on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Investment Property Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Secured Party or its nominee to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

(3) The powers conferred on the Secured Party hereunder with respect to Investment Property Collateral are solely to protect its interest in the Investment Property Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Investment Property Collateral in its or its nominees' possession and the accounting for moneys actually received by it or its nominees thereunder, the Secured Party shall have no duty as to any Investment Property Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Investment Property Collateral and no such duties shall be implied as arising hereunder.

5.2 Voting and Other Rights

(1) Unless an Event of Default has occurred which is continuing, the Debtor is entitled to exercise, either directly or, if the Investment Property Collateral is registered in the name of the Secured Party or its nominee, by power of attorney or proxy, all the rights and powers of a holder of such Investment Property Collateral including the voting rights from time to time exercisable in respect of the Investment Property Collateral and to give proxies, consents, ratifications and waivers in respect thereof. (If the Investment Property Collateral has been registered in the name of the Secured Party or its nominee, the Secured Party will execute and deliver (or cause to be executed and delivered) to the Debtor such proxies, directions and other instruments as the Debtor may request for the purpose of giving effect to the foregoing.) No such action may be taken by the Debtor if it would be prejudicial to the interests of any of the Beneficiaries or would violate or be inconsistent with this Agreement or any other Document or would have the effect of reducing the value of the Investment Property Collateral as security for the Obligations or would have the effect of imposing any restriction on the transferability of any of the Investment Property Collateral.

(2) Upon the occurrence of an Event of Default which is continuing, the Secured Party may give the Debtor a notice prohibiting the Debtor from exercising the rights and powers of a holder of the Investment Property Collateral, including the voting rights in respect of the Investment Property Collateral, at which time all such rights of the Debtor will cease immediately and the Secured Party will have the right to exercise the rights and powers related to such Investment Property Collateral, including the right to vote.

5.3 Distributions

(1) Unless an Event of Default has occurred which is continuing:

- (a) the Debtor is entitled to receive all dividends, distributions, interest payments or other payments in respect of the Investment Property Collateral; and
- (b) if the Investment Property Collateral has been registered in the name of the Secured Party or its nominee, the Secured Party will execute and deliver (or cause to be executed and delivered) to the Debtor all directions and other instruments as the Debtor may request for the purpose of enabling the Debtor to receive the dividends, distributions, interest payments or other payments that the Debtor is authorized to receive pursuant to Section 5.3(1)(a) above.

(2) Upon the occurrence of an Event of Default which is continuing, all rights of the Debtor pursuant to Section 5.3(1) will cease and the Secured Party will have the sole and exclusive right and authority to receive and retain all payments that the Debtor would otherwise be authorized to retain pursuant to Section 5.3(1). All money and other property received by the Secured Party pursuant to the provisions of this Section 5.3(2) may be applied on account of the Obligations or may be retained by the Secured Party as additional Collateral hereunder and be applied in accordance with the provisions of this Agreement. All payments which are received by the Debtor contrary to the provisions of this Section 5.3(2) will be held by the Debtor in trust for the benefit of the Secured Party and the other Beneficiaries, will be segregated from other property or funds of the Debtor and will be forthwith paid or Delivered, as applicable, to the Secured Party or its nominee to be applied on account of the Obligations or to hold as Collateral, as the Secured Party may see fit, subject to the relevant provisions of the Documents.

ARTICLE 6 REMEDIES

6.1 Remedies

(1) Upon the occurrence and during the continuance of any Event of Default any or all security granted hereby shall, at the option of the Secured Party, become immediately enforceable and, in addition to any right or remedy provided by law, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently, or both, and are in addition to and not in substitution for any other rights or remedies the Secured Party may have:

- (a) the Secured Party may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the “**Receiver**”) of the Collateral (which term when used in this Section 6.1 shall include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term “Secured Party” when used in this Section 6.1 shall include any Receiver so appointed and the agents, officers and employees of such Receiver; and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such Receiver;
- (b) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;
- (c) the Secured Party may transfer any part of the Investment Property Collateral into the name of the Secured Party or its nominee if it has not already done so in accordance with Section 2.4;
- (d) the Secured Party may exercise any voting rights attaching to any of the Investment Property Collateral (whether or not registered in the name of the Secured Party or its nominee) and give or withhold all consents, waivers and ratifications in respect thereof;
- (e) the Secured Party may exercise all rights of conversion, exchange or subscription, or any other rights, privileges or options pertaining to any of the Investment Property Collateral, including the right to exchange at its discretion any of the Investment Property Collateral upon the amalgamation, arrangement, merger, consolidation or other reorganization of the issuer of the Investment Property Collateral, all without liability except to account for property actually received by the Secured Party;
- (f) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
- (g) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;
- (h) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
- (i) the Secured Party may realize upon, collect, sell, transfer, assign, give options to purchase, lease or otherwise dispose of any of the Collateral in such manner as may seem advisable to the Secured Party, including, without limitation, at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law and may execute and deliver to the purchaser or purchasers of

the Collateral or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any officer or duly authorized representative of the Secured Party being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Debtor and all other persons claiming all or any part of the Collateral by, from, through or under the Debtor. For such purposes, each requirement relating thereto and prescribed by Applicable Laws or otherwise is hereby waived by the Debtor to the extent permitted by Applicable Laws and in any offer or sale of any of the Collateral by the Secured Party is authorized to comply with any limitation or restriction in connection with such offer or sale as the Secured Party may be advised by counsel is necessary in order to avoid any violation of Applicable Laws, or in order to obtain any required approval of the sale or of the purchase by any Governmental Authority. Such compliance will not result in such sale being considered or deemed not to have been made in a commercially reasonable manner nor will the Secured Party be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction;

- (j) subject to requirements of Applicable Laws, the Secured Party may purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise;
 - (k) subject to requirements of Applicable Laws, the Secured Party may accept the Collateral in satisfaction or partial satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
 - (l) the Secured Party may borrow money on the security of the Collateral for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral in priority to the Charge;
 - (m) the Secured Party may enter upon, occupy and use all or any of the Collateral occupied by the Debtor and use all or any of the Collateral for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party and the Beneficiaries will not be liable to the Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on the part thereof) or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (n) the Secured Party may charge on its own behalf and pay to others all amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Beneficiaries hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at a rate per annum equal to [*Intentionally Redacted - Commercial Term*], shall be added to and form part of the Obligations hereby secured; and
 - (o) the Secured Party may discharge any claim, Security Interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with all reasonable costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured.
- (2) The Secured Party and the Beneficiaries may:
- (a) grant extensions of time,
 - (b) take and perfect or abstain from taking and perfecting security,

- (c) give up securities,
- (d) accept compositions or compromises,
- (e) grant releases and discharges, and
- (f) release any part of the Collateral or otherwise deal with the Debtor, debtors and creditors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit,

without prejudice to the liability of the Debtor to the Secured Party and the Beneficiaries or the Beneficiaries' rights hereunder.

(3) The Beneficiaries shall not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.

(4) The Secured Party shall apply any proceeds of realization of the Collateral to payment of reasonable expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party shall apply any balance of such proceeds to payment of the Obligations in accordance with the Credit Agreement. If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid expenses, the Debtor will be liable to pay any deficiency to the Secured Party and the Beneficiaries forthwith on demand. Subject to the requirements of applicable law, any surplus realized in excess of the Obligations shall be paid over to the Debtor.

(5) Any Receiver shall be entitled to exercise all rights and powers of the Secured Party hereunder. To the extent permitted by law, any Receiver shall for all purposes be deemed to be the agent of the Debtor and not of the Secured Party and the Debtor shall be solely responsible for the Receiver's acts or defaults and remuneration.

6.2 Power of Attorney

The Debtor hereby appoints the Secured Party as attorney of the Debtor, with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, from time to time in the Secured Party's discretion at any time after the occurrence and during the continuance of an Event of Default, to take any and all actions authorized or permitted to be taken by the Secured Party under this Agreement or by Applicable Laws and to: (a) execute and deliver all instruments and other documents and do all such further acts and things as may be reasonably required by the Secured Party to enforce the Charge and remedies provided hereunder or to better evidence and perfect the Charge; and (b) take any action and execute any instrument which the Secured Party, acting reasonably, may deem necessary or advisable to accomplish the purposes of this Agreement, including, to ask for, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for moneys due and to become due under or in connection with the Collateral, to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Secured Party may deem to be necessary or desirable for the collection thereof. Such appointment of the Secured Party as the Debtor's attorney is coupled with an interest and is irrevocable.

ARTICLE 7 GENERAL

7.1 Benefit of the Agreement

This Agreement shall be binding upon the successors and permitted assigns of the Debtor and shall benefit the successors and permitted assigns of the Secured Party and other Beneficiaries.

7.2 Conflict of Terms; Entire Agreement

This Agreement has been entered into as collateral security for the Obligations and is subject to all the terms and conditions of the Guarantee and the Credit Agreement and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Guarantee or the Credit Agreement, the rights and obligations of the Debtor, the Secured Party and the other Beneficiaries shall be governed by the provisions of the Guarantee or the Credit Agreement (as applicable). This Agreement together with the Guarantee, the Credit Agreement, and all other Documents constitute the entire agreement between the Debtor and the Secured Party with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Beneficiaries and the Debtor except as expressly set forth therein and herein.

7.3 No Waiver

No delay or failure by the Beneficiaries in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

7.4 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.5 Notices

Any demand, notice or other communication (hereinafter in this Section referred to as a "**Communication**") to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, e-mail or by registered mail addressed to the recipient as follows:

To the Debtor:

[•] [INSERT NAME OF RELEVANT MATERIAL SUBSIDIARY]

c/o Pine Cliff Energy Ltd.
Suite 850, 1015 – 4th Street S.W.
Calgary, Alberta T2R 1J4

Attention: *[Intentionally Redacted - Personal Information]*

Email: *[Intentionally Redacted - Personal Information]*

To the Secured Party:

Alberta Investment Management Corporation, as Agent

Until November 28, 2019:
1100, 10830 Jasper Avenue N.W.
Edmonton, Alberta T5J 2B3

After November 28, 2019:
1600, 10250 – 101 Street N.W.
Edmonton, Alberta T5J 3P4

Attention: *[Intentionally Redacted - Personal Information]*
Email: *[Intentionally Redacted - Personal Information]*

or such other address or email address as may be designated by notice by any party to the other. Any Communication given by personal delivery or email shall be conclusively deemed to have been given on the day of actual delivery or transmission thereof and, if given by registered mail, on the third day following the deposit thereof in the mail. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such Communication shall not be mailed but shall be given by personal delivery or email transmission.

7.6 Modification; Waivers; Assignment

This Agreement may not be amended or modified in any respect except by written instrument signed by the Debtor and the Secured Party. No waiver of any provision of this Agreement by the Secured Party shall be effective unless the same is in writing and signed by the Secured Party, and then such waiver shall be effective only in the specific instance and for the specific purpose for which it is given. The rights of the Secured Party (including those of any Beneficiary) under this Agreement may only be assigned in accordance with the requirements of the Credit Agreement. Subject to Section 10.1 of the Credit Agreement, the Debtor may not assign its obligations under this Agreement without the prior written consent of the Secured Party (which consent may be withheld in its sole discretion). Any assignee of a Beneficiary shall be bound hereby, *mutatis mutandis*.

7.7 Additional Continuing Security

This Agreement and the Charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party or the other Beneficiaries and this Agreement is a continuing agreement and security that shall remain in full force and effect until discharged by the Secured Party.

7.8 Discharge

The Debtor and the Collateral shall not be discharged from the Charge or from this Agreement except by a release or discharge in writing signed by the Secured Party.

7.9 No Release

The loss, injury or destruction of the Collateral shall not operate in any manner to release or discharge the Debtor from any of its liabilities to the Beneficiaries.

7.10 No Obligation to Act

Notwithstanding any provision of this Agreement or any other Document, or the operation, application or effect hereof, the Secured Party, the other Beneficiaries or any Receiver, or any representative or agent acting for or on behalf of the foregoing, shall not have any obligation whatsoever to exercise or refrain from exercising any right, power, privilege or interest hereunder or to receive or claim any benefit hereunder.

7.11 **Admit to Benefit**

Subject to Section 7.6, no person other than the Debtor and the Beneficiaries shall have any rights or benefits under this Agreement, nor is it intended that any such person gain any benefit or advantage as a result of this Agreement nor shall this Agreement constitute a subordination of any security in favour of such person.

7.12 **Time of the Essence**

Time shall be of the essence with regard to this Agreement.

7.13 **Waiver of Financing Statement, etc.**

The Debtor hereby waives the right to receive from the Secured Party or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Agreement.

7.14 **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

7.15 **Saskatchewan Waiver**

The Debtor agrees that:

- (a) *The Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this Agreement or any agreement renewing, extending or collateral to this Agreement; and
- (b) *The Limitation of Civil Rights Act* (Saskatchewan) shall have no application to:
 - (i) this Agreement;
 - (ii) any Security Interest or other security made, given or created by this Agreement;
 - (iii) any agreement or instrument renewing or extending or collateral to this Agreement or renewing or extending or collateral to any Security Interest or other security referred to or mentioned in sub-division (ii) of this Section 7.15(b); or
 - (iv) the rights, powers, remedies of the Secured Party and of the other Beneficiaries under this Agreement or under any Security Interest, other security, agreement or instrument referred to or mentioned in sub-division (ii) or sub-division (iii) of this Section 7.15(b).

7.16 **Attornment**

The Debtor and each of the Beneficiaries each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action or proceeding arising under this Agreement. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of the Debtor or any Beneficiary to commence any action or proceeding relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action, proceeding or matter relating hereto.

7.17 Executed Copy

The Debtor hereby acknowledges receipt of a fully executed copy of this Agreement.

7.18 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

**[INSERT NAME OF RELEVANT MATERIAL
SUBSIDIARY]**

Per:

Name:
Title:

Per:

Name:
Title:

**ALBERTA INVESTMENT MANAGEMENT
CORPORATION,**
as Agent and Secured Party

Per:

Name:
Title:

Per:

Name:
Title:

**SCHEDULE F
ENVIRONMENTAL CERTIFICATE**

TO: Alberta Investment Management Corporation, in its capacity as agent of the Lenders (the "**Agent**")

Re: Credit Agreement made as of October 1, 2019 among Pine Cliff Energy Ltd., as Borrower, Alberta Investment Management Corporation and the other persons party thereto in their capacity as Lenders and the Agent and relating to the establishment of a credit facility in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**")

Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement. Additionally, when used herein, "**Environment**" means all components of the earth, including all layers of the atmosphere, air, land (including all underground spaces and cavities and all lands submerged under water), soil, water (including surface and underground water), organic and inorganic matter and living organisms, and the interacting natural systems that include the components referred to in this definition.

This certificate is delivered pursuant to Sections 6.1(e)(ii) of the Credit Agreement.

1. I, **[name]**, am the duly appointed **[title; must be one of the executive chairman, president, chief executive officer, chief operating officer or chief financial officer]** of the Borrower and hereby certify in such capacity for and on behalf of the Borrower and its Subsidiaries, and not in my personal capacity and without assuming any personal liability whatsoever, as follows:
2. The following certifications are made to the best of my knowledge, information and belief after due enquiry.
3. The following certifications in paragraphs 4 through 9 are qualified as to (i) the matters, if any, disclosed in Exhibit 1 hereto, and (ii) any breach of, or failure to comply with, any Environmental Laws, provided that the breach or failure to comply has not had, or could not reasonably be expected to have (whether on an individual or cumulative basis), a Material Adverse Effect.
4. The property of the Borrower and its Subsidiaries is owned, leased, managed, controlled or operated, in compliance with Environmental Laws.
5. There are no existing, pending or threatened (by written notice):
 - (a) claims, complaints, notices or requests for information received from a Governmental Authority by the Borrower or a Subsidiary, or of which the Borrower or a Subsidiary is otherwise aware, with respect to any alleged violation of or alleged liability under any Environmental Laws by the Borrower or a Subsidiary; or
 - (b) stop, cleanup or preventative orders, directions or action requests, notice of which has been received from a Governmental Authority by the Borrower or a Subsidiary, or of which the Borrower or a Subsidiary is otherwise aware, relating to the Environment which as a result thereof, requires any work, repair, remediation, cleanup, construction or capital expenditure with respect to any property owned, leased, managed, controlled or operated by the Borrower or a Subsidiary.
6. Except in compliance with Environmental Laws, no Hazardous Materials have been received, handled, used, stored, treated or shipped at or from, and there has been no discharge or Release

of Hazardous Materials at, on, from or under any property owned, leased, managed, controlled or operated by the Borrower or a Subsidiary.

7. None of the lands and facilities owned, leased, managed, controlled or operated by the Borrower or a Subsidiary have been used as a land fill site or, except in compliance with Environmental Laws, as a waste disposal site.
8. No condition exists, at, on or under any of the premises or facilities owned, leased, managed, controlled or operated by the Borrower or a Subsidiary, which with the passage of time, or the giving of notice or both, has given rise to or could reasonably be expected to give rise to a violation or liability under any Environmental Laws.
9. The Borrower and its Subsidiaries have obtained all permits, licenses and other authorizations (collectively the "**Permits**") which are required under Environmental Laws and the Borrower and its Subsidiaries are in compliance with all terms and conditions of all Permits and each of the Permits is in full force and effect and unrevoked as of the date of this certificate.
10. The Borrower is not aware of any matter affecting the Environment which has had or could reasonably be expected to have a Material Adverse Effect.

The undersigned officer acknowledges that the Agent and the Lenders are relying on this certificate in connection with the Loans made under the Credit Agreement.

Dated at Calgary, Alberta this _____ day of [•], [•].

Name:
Title:

EXHIBIT 1

[•]

**SCHEDULE G
SHAREHOLDER SUBORDINATION AGREEMENT**

This Shareholder Subordination Agreement made as of [●] is made among Alberta Investment Management Corporation in its capacity as agent (the “**Agent**”), Pine Cliff Energy Ltd. (the “**Borrower**”) and [●] [INSERT APPLICABLE SUBORDINATED CREDITOR] (the “**Subordinated Creditor**”).

RECITALS:

- A. The Beneficiaries have agreed to make loans or advances to the Borrower pursuant to the terms of the Credit Agreement.
- B. The Borrower intends to borrow money from the Subordinated Creditor.
- C. The Credit Agreement precludes the Borrower from making borrowings from the Subordinated Creditor unless the Subordinated Creditor has subordinated its rights against the Borrower in accordance with the terms of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby conclusively acknowledged by each of the Parties, the Parties covenant and agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement, including in the recitals hereto, terms and expressions defined in the Credit Agreement shall have those meanings when used herein (unless otherwise defined herein), and in addition:

“**Agreement**” means this agreement, as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions hereof;

“**Beneficiaries**” means, collectively, the Lenders and the Agent, and “**Beneficiary**” means any of the Lenders or the Agent.

“**Borrower Indebtedness**” means, collectively, the Senior Debt and the Subordinated Debt;

“**Credit Agreement**” means the credit agreement made as of October 1, 2019 among the Borrower, Alberta Investment Management Corporation and the other lenders from time to time thereunder and the Agent, as agent of such lenders, as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof;

“**Creditor Proceedings**” means:

- (a) any dissolution, winding-up, total or partial liquidation, adjustment or readjustment of debt, reorganization, compromise, arrangement with creditors, plan of arrangement, proposal or similar proceedings under Insolvency Laws of or with respect to the Borrower or its property or liabilities, in each case under Insolvency Laws;
- (b) any dissolution, winding-up, total or partial liquidation, adjustment or readjustment of debt, reorganization, compromise, arrangement with creditors, plan of arrangement or similar proceedings under the arrangement provisions of any applicable corporate law (in

any case which involved the alteration, amendment, conversion, compromise, satisfaction or discharge of obligations of any or all creditors) of or with respect to the Borrower or its property or liabilities;

- (c) any bankruptcy, insolvency, receivership, petition or assignment in bankruptcy, or assignment for the benefit of creditors under any Insolvency Laws of or with respect to the Borrower;
- (d) any marshalling of assets and liabilities of the Borrower under any Insolvency Laws;
- (e) any bulk sale of assets by the Borrower; or
- (f) any proceedings in relation to any of the foregoing,

whether any of the following is voluntary or involuntary, partial or complete, and includes any such proceedings initiated or consented to by the Borrower;

"Default" means any Default (for certainty, under and as defined in the Credit Agreement) or Event of Default;

"Insolvency Laws" means the *Bankruptcy and Insolvency Act (Canada)*, the *Companies' Creditors Arrangement Act (Canada)*, the *Winding-Up and Restructuring Act (Canada)* or any other bankruptcy, insolvency or analogous laws applicable to the Borrower or any of its properties or liabilities;

"Loan Documents" means, collectively, the Documents;

"Loan Payment" means any payment by the Borrower of or on account of indebtedness for borrowed money or other Debt owing to the Subordinated Creditor (whether made, paid or satisfied in or for cash, property or both);

"Parties" means the parties to this Agreement;

"Senior Debt" means all present and future obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Borrower to any and all of the Beneficiaries under, pursuant or relating to the Loan Documents, whether direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred or arising, and any ultimate unpaid balance thereof, including all Obligations and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Borrower be bound alone or with others and whether as principal or surety, including all expenses paid or incurred by any of the Beneficiaries in endeavouring to collect or realize upon the foregoing;

"Subordinated Debt" means all present and future obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Borrower to, owing to, or in favour of the Subordinated Creditor (including all present and future Debt of the Borrower to, owing to, or in favour of the Subordinated Creditor (including the Debt of the Borrower pursuant to the Subordinated Debt Documents) and all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Borrower to the Subordinated Creditor under, pursuant or relating to any such Debt or any agreement, instrument or other document which evidences or relates to any such Debt), and wheresoever and howsoever incurred or arising, whether direct or indirect, absolute or contingent, matured or not, extended or renewed, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Borrower be bound alone or with others and whether as principal or

surety, including all obligations, liabilities and indebtedness to pay or effect a Loan Payment and all expenses paid or incurred by the Subordinated Creditor in endeavouring to collect any Subordinated Debt;

“Subordinated Debt Documents” means the Subordinated Note together with any **[Security Interests securing or]** other agreement, instrument or other document relating to the Subordinated Debt;

“Subordinated Note” means the **[secured] [unsecured]** promissory note in the principal amount of Cdn.\$ [●] issued on [●] by the Borrower to the Subordinated Creditor; and

“Subordinated Rights” means all rights, remedies and powers of the Subordinated Creditor pursuant to any Subordinated Debt Document or otherwise available to the Subordinated Creditor pursuant to Applicable Laws to enforce payment and performance of the Subordinated Debt.

1.2 **Headings; Articles and Sections**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to the Articles and Sections of this Agreement.

1.3 **Number; persons; including; successors**

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, wording importing persons shall include individuals, partnerships, associations, trust, unincorporated organizations and corporations and vice versa and words and terms denoting inclusiveness (such as “include” or “includes” or “including”), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them. References herein to any person shall, unless the context otherwise requires, include such person’s successors and permitted assigns.

1.4 **References to Agreements and Enactments**

Unless otherwise stated, references herein to any agreement, instrument, licence or other document shall be deemed to include reference to such agreement, instrument, licence or other document as the same may from time to time be amended, modified, supplemented or restated; and reference herein to any enactment shall be deemed to include reference to such enactment as re-enacted, amended or extended from time to time and to any successor enactment.

ARTICLE 2 SUBORDINATION, POSTPONEMENT AND PRIORITY

2.1 **General**

Notwithstanding the terms of the agreements, instruments or other documents giving rise to the Borrower Indebtedness or Subordinated Rights, the time of default under or the dates of any advances or creation of the Borrower Indebtedness, the Parties agree that all and any of their rights in respect of the Borrower Indebtedness and the Subordinated Rights shall be governed by the terms of this Agreement.

2.2 Subordination; Standstill

So long as any Senior Debt is outstanding or the Credit Facility remains outstanding and until the Senior Debt shall have been indefeasibly paid in full and in cash, performed in full and finally satisfied:

- (a) the payment of all Subordinated Debt is deferred, postponed and subordinated to the indefeasible payment in full and in cash, performance in full and final satisfaction of all Senior Debt, and the Borrower will not directly or indirectly pay and the Subordinated Creditor will not accept from the Borrower, in any manner, directly or indirectly (including by way of set-off), payment of, or consideration for the reduction of, the whole or in part of the Subordinated Debt and if any such payment is received or made on the Subordinated Debt, such payment shall be held by the Subordinated Creditor in trust for the benefit of, and shall be promptly paid over in the form received (duly endorsed, if necessary, to the Agent) to, the Agent for the benefit of the applicable Beneficiaries;
- (b) until the Senior Debt shall have been indefeasibly paid in full and in cash, performed in full and finally satisfied and the Credit Facility has been cancelled, the Subordinated Creditor shall not realize upon or otherwise exercise any Subordinated Rights or commence, consent to or join with any other creditor in commencing, any enforcement, receivership, bankruptcy, moratorium, reorganization, readjustment of debt, adjustment of debt, reorganization, compromise, arrangement or any dissolution, receivership, liquidation or other Creditor Proceedings with respect to the Borrower; and
- (c) any Security Interests which secure any of the Subordinated Debt are fully subordinated to and rank junior in priority to the Security Interests created by the Security, and no action may be taken under or in respect of the Security Interests securing any of the Subordinated Debt except as permitted in this Agreement.

Notwithstanding the foregoing provisions of Section 2.2(a), unless (a) a Default or an Event of Default shall have occurred and be continuing or (b) any payment on account of any Subordinated Debt (in accordance with the terms of the Subordinated Debt) which are Excluded Distributions would cause, or would reasonably be expected to cause, a Default or an Event of Default or a Material Adverse Effect, the Borrower shall be entitled to make, and the Subordinated Creditor shall be, subject to Sections 2.3, 2.4, and 2.6 and the other provisions hereof, be entitled to receive and retain payments on account of any Subordinated Debt (in accordance with the terms of the Subordinated Debt) which are Excluded Distributions.

2.3 Certain Covenants of the Subordinated Creditor

The Subordinated Creditor hereby covenants with the Agent as follows:

- (a) the Subordinated Creditor shall not take, hold or have any Security Interest on, to or against any property, assets or undertaking of the Borrower or any Subsidiary thereof or take, hold or have any collateral security for any of the Subordinated Debt[, **unless such Security Interest is subordinated to the Security pursuant to this Agreement**];
- (b) the Subordinated Creditor shall not advance, hold or have outstanding any Debt owing to it from any Subsidiary of the Borrower unless and until the Subordinated Creditor shall have executed and delivered to the Agent a subordination agreement respecting such Debt which agreement is substantially in the form hereof and such Debt is otherwise in form satisfactory to the Agent in its sole discretion;
- (c) the Subordinated Creditor shall not accelerate the maturity of the Subordinated Debt in whole or in part, make a demand under any of the Subordinated Debt or take or authorize

any proceeding under Insolvency Laws or otherwise enforce on the Security Interests securing the Subordinated Debt without the prior written consent of the Agent;

- (d) the Subordinated Creditor shall not amend, modify, supplement or restate any Subordinated Debt Document (or provide any waiver or consent to like effect) without the prior written consent of the Agent; and
- (e) notwithstanding anything herein or in the Credit Agreement or any other Loan Document or in any Subordinated Debt Documents to the contrary, the Subordinated Creditor shall not receive or retain any payment on or in respect of (including any interest payment), or any repayment of, any Subordinated Debt during the continuance of a Default or if the same would result in a Default or would cause, or would reasonably be expected to cause, a Material Adverse Effect and, in each such case, any such payment or repayment received in contravention of the foregoing provisions hereof shall not be retained by the Subordinated Creditor, but shall be held in trust for the benefit of, and shall be promptly paid over in the form received (duly endorsed, if necessary, to the Agent) to, the Agent for the benefit of the applicable Beneficiaries.

2.4 **Distribution to Creditors**

Upon any payment or distribution of assets of the Borrower (of any kind or character, whether in cash, property or securities) to its creditors upon any dissolution, winding-up, total or partial liquidation, readjustment of debt, reorganization, compromise, adjustment of debt, arrangement with creditors, or similar proceedings of the Borrower or its property, or in any bankruptcy, insolvency, receivership, assignment for the benefit of creditors, marshalling of assets and liabilities of the Borrower, or other Creditor Proceedings, or in the event of any bulk sale of any of its assets within the bulk transfer provisions of any Applicable Laws, or proceedings in relation to any of the foregoing, whether any of the foregoing is voluntary or involuntary, partial or complete:

- (a) all of the Senior Debt shall first be indefeasibly paid in full and in cash, performed in full and finally satisfied before the Subordinated Creditor shall be entitled to receive or retain any payment or distribution of or in respect of Subordinated Debt from the Borrower or any receiver, receiver-manager, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution or in respect of such proceedings or under or in respect of any of the Subordinated Rights;
- (b) until all of the Senior Debt is indefeasibly paid in full and in cash, performed in full and finally satisfied, the Subordinated Creditor irrevocably authorizes the Agent to file on behalf of the Subordinated Creditor any and all claims, proofs of debt, petitions, consents, and other documents in respect of such proceedings or under or in respect of any of the Subordinated Debt and the Subordinated Rights; and
- (c) any payment or distribution of assets of the Borrower of any kind or character, whether in cash, property or securities, to which the Subordinated Creditor would be entitled in respect of the Subordinated Debt or the Subordinated Rights, shall be paid by the Borrower or by any receiver, receiver-manager, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, directly to the Agent for the benefit of the applicable Beneficiaries to the extent necessary to satisfy and indefeasibly pay in full and in cash, perform in full and finally satisfy all of the Senior Debt before any payment or distribution is made to the Subordinated Creditor or any representative thereof.

2.5 Power of Attorney

Without limiting the foregoing and in addition thereto, and to the extent permitted by applicable law, the Subordinated Creditor irrevocably authorizes the Agent to do, make, execute, deliver and file on behalf of the Subordinated Creditor a claim, proof of claim, direction to pay, petition, consent, and other documents in respect of Creditor Proceedings. The Subordinated Creditor hereby irrevocably constitutes and appoints any officer for the time being of the Agent as the true and lawful attorney of the Subordinated Creditor, with full power of substitution, to exercise all Subordinated Rights and to exercise any and all rights of the Subordinated Creditor in connection with any Creditor Proceedings, including to do, make, execute, deliver and file any and all of the foregoing in connection with the Creditor Proceedings (such power of attorney is a power coupled with an interest and shall survive the legal incapacity of, and any bankruptcy, insolvency, receivership, dissolution, liquidation, reorganization, winding up or other analogous proceedings in respect of, the Subordinated Creditor and extends to the successors, assigns, heirs, executors, administrators and other legal representatives of the Subordinated Creditor). The foregoing authorization and power of attorney shall include the right to vote and approve on behalf of the Subordinated Creditor any plan of arrangement, reorganization, proposal, liquidation, compromise, or any other step, action or proceeding under, pursuant or relating to any Creditor Proceedings, all as the Agent may consider appropriate in its sole discretion (and having regard to those considerations as the Agent deems appropriate and, for certainty, without having any responsibility or liability to the Subordinated Creditor).

2.6 Trust

Notwithstanding Section 2.4, if upon any dissolution, winding-up, liquidation, readjustment, reorganization, compromise, adjustment of debt, arrangement with creditors or similar proceedings in respect of the Borrower or in any bankruptcy, insolvency, receivership, assignment for the benefit of creditors, marshalling of assets and liabilities of the Borrower, or other Creditor Proceedings, or in the event of any bulk sale of any of its assets within the bulk transfer provisions of any Applicable Laws, or proceedings in relation to any of the foregoing, whether any of the foregoing is voluntary or involuntary, partial or complete (including any acts or proceedings related to the Subordinated Rights), any payment or distribution of assets of the Borrower of any kind or character, whether in cash, property or securities, shall be received by the Subordinated Creditor or any representative thereof before all the Senior Debt is indefeasibly paid in full and in cash, performed in full and finally satisfied, such payment or distribution shall be held by the Subordinated Creditor (or such representative) in trust for the benefit of, and shall be promptly paid over in the form received (duly endorsed, if necessary, to the Agent) to, the Agent for the benefit of the applicable Beneficiaries.

2.7 Marking Book and Notes

The Subordinated Creditor and the Borrower shall mark their books and records relating to the Subordinated Debt and the Subordinated Rights so as to clearly indicate that the Subordinated Debt and Subordinated Rights are subordinated in accordance with the terms of this Agreement and shall cause to be clearly inserted on any agreement, instrument and other documents (including each Subordinated Debt Document) which at any time evidence, create or relate to the Subordinated Debt or Subordinated Rights a statement to the effect that the payment of the Subordinated Debt and the Subordinated Rights are subject to, and are subordinated in accordance with, the terms of this Agreement.

2.8 Application of Proceeds

All payments and distributions received by the Subordinated Creditor in respect of the Subordinated Debt or Subordinated Rights, to the extent received in or converted into cash and paid over to the Agent hereunder for the benefit of the applicable Beneficiaries, may be applied by the Agent first to the payment of any and all expenses (including legal fees and expenses on a solicitor and his own client basis and on the basis of a full indemnity) paid or incurred by the Agent in enforcing the provisions hereof or in endeavouring to collect or realize upon any of the Senior Debt, and any balance thereof shall, solely as between the Subordinated Creditor and the applicable Beneficiaries, but subject to the Loan

Documents, be applied by the applicable Lenders to the payment of the Senior Debt until indefeasibly paid in full and in cash, performed in full and finally satisfied in such order of application as the applicable Lenders may from time to time select; and, notwithstanding any such payments or distributions received by the applicable Beneficiaries in respect of the Subordinated Debt or Subordinated Rights and so applied by the applicable Beneficiaries toward the payment of the Senior Debt, the Subordinated Creditor shall be subrogated, without recourse, representation and warranty to the then existing rights of the applicable Beneficiaries, if any, in respect of the Senior Debt subject to the provisions of Section 2.9.

2.9 Restriction on Subrogation

The Subordinated Creditor shall not exercise any rights which it may acquire by way of subrogation or contribution under this Agreement until this Agreement has ceased to be effective in accordance with Section 5.1. If any amount is paid to the Subordinated Creditor on account of such subrogation or contribution rights at any time before this Agreement has ceased to be effective in accordance with Section 5.1, such amount shall be held in trust by the Subordinated Creditor for the benefit of the Beneficiaries and shall be promptly paid to the Agent for the benefit of the Beneficiaries.

2.10 Security

As general and continuing security for the payment and performance of its obligations hereunder, the Subordinated Creditor hereby grants to the Agent a security interest in the Subordinated Debt and all proceeds thereof, and as further general and continuing security for the payment and performance of such obligations, the Subordinated Creditor hereby assigns the Subordinated Debt and all proceeds thereof to the Agent.

ARTICLE 3 ACKNOWLEDGEMENTS OF SUBORDINATED CREDITOR; FURTHER COVENANTS; REPRESENTATIONS AND WARRANTIES

3.1 Absolute Obligations

This Agreement shall operate and apply, and shall remain in full force and effect, in all events and circumstances and the obligations of the Subordinated Creditor hereunder shall be absolute, irrevocable and unconditional in all events and circumstances. In addition to and without limiting the foregoing, this Agreement shall remain in full force and effect and the obligations of the Subordinated Creditor hereunder shall be absolute, irrevocable and unconditional irrespective of:

- (a) any change in the time, manner or place of payment of, or in any other term of, any of the Senior Debt, the Loan Documents, or any other amendment or waiver of or any consent to departure from any of the Senior Debt or the Loan Documents;
- (b) the time, sequence or order of creating, granting, executing, delivering, or registering of or any failure to file or register any security, or any security notice, caveat, financing statement or other notice or instrument in respect of the Loan Documents, the Senior Debt, the Subordinated Debt Documents or the Subordinated Debt;
- (c) any release or amendment or waiver of or consent to departure from any covenant, agreement or undertaking of any person respecting any of the Senior Debt or the Loan Documents;
- (d) any merger, consolidation, amalgamation, dissolution, winding-up, liquidation or termination of the existence of the Agent, any other Beneficiary or the Subordinated Creditor into or with any other person or any other change of its identity or capacity;

- (e) any (i) liquidation, winding-up, bankruptcy, dissolution, compromise, proposal, arrangement, plan of reorganization or other event or proceeding relating to, or which might affect the existence, obligations, creditors, assets, business or affairs of, (ii) change or changes in the name of, or (iii) amalgamation, consolidation, merger or reorganization of any kind of, or with respect to, the Borrower or any Subsidiary thereof;
- (f) in addition to and not in limitation of Section 3.1(e) above, any Creditor Proceedings;
- (g) any Applicable Laws or any defence, claim or right of any Party which would effect a result contrary to the terms in this Agreement; or
- (h) any impossibility or impracticality of performance or force majeure, any act of any Governmental Authority, or any other circumstance which might constitute a defence available to, or a discharge of, the Borrower in respect of the Senior Debt or the Loan Documents.

3.2 Dealings by Beneficiaries

Notwithstanding anything in this Agreement, the Subordinated Creditor acknowledges and agrees that the Agent and the applicable Beneficiaries shall be entitled to:

- (a) lend monies, provide cash management services or otherwise extend credit or accommodations to the Borrower as part of the Senior Debt;
- (b) agree to any change in, amendment to, waiver of, or departure from, any term of any Loan Document including, without limitation, any amendment, renewal, restatement or extension of any Loan Document, or increase in the payment or other obligations of the Borrower under any Loan Document;
- (c) take any Security Interests from the Borrower and its Subsidiaries;
- (d) grant time, renewals, extensions, releases, discharges or other indulgences or forbearances to the Borrower in respect of Senior Debt;
- (e) waive timely and strict compliance with or refrain from exercising any rights under or relating to any Senior Debt;
- (f) accept or make any compositions, arrangements, plans of reorganization or compromises with the Borrower and its Subsidiaries as the Beneficiaries (or any of them) may deem appropriate in connection with any Senior Debt;
- (g) change, whether by addition, substitution, removal, succession, assignment, grant of participation, transfer or otherwise, any of the Beneficiaries, including the Agent;
- (h) acquire, give up, vary, exchange, release, discharge or otherwise deal with or fail to deal with any Security Interests relating to the Senior Debt, or allow the Borrower, its Subsidiaries or any other person to deal with any property which is subject to such Security Interests, all as the Agent and the other Beneficiaries may deem appropriate; or
- (i) abstain from taking, protecting, securing, registering, filing, recording, renewing, perfecting, insuring or realizing upon any Security Interests for any Senior Debt; and no loss in respect of any of the Security Interests received or held for and on behalf of the Beneficiaries, whether occasioned by fault, omission or negligence of any kind, whether of the Agent or any of the Beneficiaries or otherwise, shall in any way limit or impair the

liability of the Subordinated Creditor or the rights of the Agent and the other Beneficiaries under this Agreement;

all of which may be done without notice to or consent of the Subordinated Creditor and without impairing, releasing or otherwise affecting any rights or obligations of the Subordinated Creditor hereunder or any rights of the Agent and the other Beneficiaries hereunder.

3.3 Subordinated Debt Default

The Subordinated Creditor shall promptly give the Agent written notice of the occurrence of a default or event of default that is continuing in respect of the Subordinated Debt of which the Subordinated Creditor is actually aware.

3.4 Agreement Not to Challenge

The Subordinated Creditor shall not at any time challenge, dispute or contest the validity or enforceability of any of the Senior Debt or the Loan Documents (including this Agreement) or the perfection of the Security Interests constituted by any of the Loan Documents, nor shall the Subordinated Creditor at any time challenge, dispute or contest the validity or enforceability of the deferral, subordination and postponement provided for herein or take any action whereby the deferral, subordination and postponement contemplated hereby may be prejudiced.

3.5 Representations and Warranties [Note: Representations to be tailored for each Subordinated Creditor.]

The Subordinated Creditor hereby represents and warrants to the Agent and the other Beneficiaries that:

- (a) it is a [●] subsisting under the laws of [●];
- (b) the Subordinated Creditor has all necessary power and capacity to enter into this Agreement and to perform the obligations of the Subordinated Creditor hereunder;
- (c) the execution, delivery, observance and performance on its part of this Agreement has been duly authorized by all necessary action;
- (d) the Subordinated Creditor has duly executed and delivered this Agreement; and
- (e) this Agreement constitutes a valid and legally binding obligation of the Subordinated Creditor, enforceable against the Subordinated Creditor in accordance with its terms, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and to the qualification that equitable remedies such as specific performance and injunction are only available in the discretion of the court from which they are sought and general equitable principles.

ARTICLE 4 ACKNOWLEDGEMENT OF THE BORROWER

4.1 Acknowledgement

The Borrower hereby acknowledges and agrees that:

- (a) it authorizes the Agent, the other Beneficiaries and the Subordinated Creditor to share with each other any information possessed by them relating to the Borrower

Indebtedness and to payments received by the Agent, the other Beneficiaries and the Subordinated Creditor in respect thereof;

- (b) this Agreement shall not modify, relieve or release it from any of its Borrower Indebtedness or performance obligations under the agreements, instruments or other documents giving rise to the Subordinated Rights;
- (c) it is a party hereto solely for the purpose of providing the acknowledgements and agreements set forth herein and does not, and is not intended to, derive any benefits hereunder; and
- (d) it consents to the terms of this Agreement and agrees to comply with, and to not act contrary to, the terms of this Agreement.

ARTICLE 5 TERMINATION

5.1 Termination

The provisions hereof shall in all respects be a continuing agreement and shall remain in full force and effect until: (a) the indefeasible payment in full and in cash, performance in full and final satisfaction of the Senior Debt; (b) the cancellation of the Credit Facility; and (c) the termination of the Credit Agreement.

5.2 Reinstatement

This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment or performance of the Senior Debt is rescinded, reversed, nullified, rendered void or voidable or must otherwise be restored, refunded, returned or unwound for any reason, all as though such payment had not been made or such performance had not occurred.

ARTICLE 6 CONTINUING SUBORDINATION

6.1 Continuing Subordination

This Agreement shall create a continuing subordination and shall:

- (a) be binding upon the Subordinated Creditor and its successors, assigns, heirs, executors, administrators and other representatives; and
- (b) enure, together with the rights and remedies of the Agent and the other Beneficiaries hereunder, to the benefit of and be enforceable by the Agent and the other Beneficiaries and their successors and assigns for their benefit and for the benefit of any other person entitled to the benefit of any Loan Documents from time to time, including any permitted assignee or participant of some or all of the Loan Documents.

6.2 Other Obligations Not Affected

The subordination provided for herein is in addition to and not in substitution for any other agreement or any other security by whomsoever given or at any time held by the Agent or the other Beneficiaries in respect of the Senior Debt, and the Agent and the other Beneficiaries shall at all times have the right to proceed against or realize upon all or any portion of any other agreement or any security or any other monies or assets to which the Agent and the other Beneficiaries may become entitled or

have a claim in such order and in such manner as the Agent and the other Beneficiaries in their sole discretion may deem appropriate.

6.3 Acknowledgement of Documentation

The Subordinated Creditor hereby acknowledges that it is familiar with and understands the terms of the Credit Agreement and all other Loan Documents. The Subordinated Creditor shall ensure that the Borrower provides such copies as the Subordinated Creditor wishes to receive of all amendments, modifications or supplements to any of the aforementioned documents and of any other Loan Documents which are executed in the future pursuant to which Senior Debt may arise. None of the Agent or the other Beneficiaries shall in any manner have any obligation to ensure such receipt nor shall lack of receipt in any way affect the absolute, irrevocable and unconditional nature of the Subordinated Creditor's obligations hereunder in respect of the Senior Debt thereby created or arising.

ARTICLE 7 MISCELLANEOUS

7.1 Assignments and Participations by Beneficiaries

The Beneficiaries may, from time to time without notice to or consent of the Subordinated Creditor, assign or transfer or grant participations in respect of any or all of the Senior Debt or any interest therein in accordance with the Loan Documents; and, notwithstanding any such assignment or transfer or grant of a participation or any subsequent assignment or transfer thereof or grant of a participation therein, the Subordinated Creditor acknowledges that such Senior Debt shall be and remain Senior Debt for the purposes hereof, and every immediate and successive assignee or transferee of, or participant in, any of the Senior Debt or of any interest therein shall, to the extent of the interest of such assignee, transferee or participant in the Senior Debt, be entitled to the full rights and benefits hereof.

7.2 Assignment by Subordinated Creditor or Borrower

Subject to Section 10.1 of the Credit Agreement, the Borrower shall not assign all or any portion of its obligations under this Agreement without the prior consent of the Agent (which consent may be withheld in its sole discretion). The Subordinated Creditor shall not assign all or any portion of its Subordinated Debt or Subordinated Rights, other than to a Material Subsidiary or a Wholly-Owned Subsidiary of the Borrower, unless, prior to or contemporaneously therewith, the assignee thereof shall have executed and delivered an agreement with the Agent agreeing to be bound hereby as a Subordinated Creditor and to have the provisions applicable to the Subordinated Creditor apply to such assignee, mutatis mutandis.

7.3 Accounts

The accounts and records of the Agent and the Lenders shall constitute, in the absence of manifest error, conclusive and binding evidence of the Senior Debt.

7.4 Further Assurances

Each Party agrees to execute and deliver all deeds, documents, instruments and assurances (including discharges) as may be reasonably required by another Party from time to time (but at the expense of the Borrower) to reflect, confirm or give to the terms hereof and to provide such information regarding the Borrower Indebtedness and the Subordinated Rights as may be reasonably requested from time to time.

7.5 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.

7.6 Amendments; Waivers

- (a) No provisions of this Agreement may be amended, waived, discharged or terminated orally nor may any breach of any of the provisions of this Agreement be waived or discharged orally, and any such amendment, waiver, discharge or termination may only be made in writing signed by the Agent on behalf of the Beneficiaries, or by the Beneficiaries, and if such amendment is intended to bind the Subordinated Creditor, by the Subordinated Creditor.
- (b) No failure on the part of the Agent or any other Beneficiary to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof unless specifically waived in writing, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
- (c) Any waiver of any provision of this Agreement or consent to any departure by the Agent therefrom shall be effective only in the specific instance and for the specific purpose for which given and shall not in any way be or be construed as a waiver of any future requirement.

7.7 Notice

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 email addressed to the respect Parties as follows:

To the Borrower:

Pine Cliff Energy Ltd.
Suite 850, 1015 – 4th Street S.W.
Calgary, Alberta
T2R 1J4

Attention: *[Intentionally Redacted - Personal Information]*
Email: *[Intentionally Redacted - Personal Information]*

To the Agent:

Alberta Investment Management Corporation, as Agent

Until November 28, 2019:
1100, 10830 Jasper Avenue N.W.
Edmonton, Alberta T5J 2B3

After November 28, 2019:
1600, 10250 – 101 Street N.W.
Edmonton, Alberta T5J 3P4

Attention: *[Intentionally Redacted - Personal Information]*
Email: *[Intentionally Redacted - Personal Information]*

To the Subordinated Creditor:

[NAME OF SUBORDINATED CREDITOR]

[•]

[•]

[•]

[•]

Attention: **[•]**

Email: **[•]**

[with a copy to:

[•]

[•]

[•]

[•]

Attention: **[•]**

Email: **[•]**

or to such other address or email address as any of the Parties may from time to time notify the others in accordance with this Section. Any demand, notice or communication made or given by personal delivery or by email during normal business hours at the place of receipt on a Banking Day shall be conclusively deemed to have been made or given at the time of actual delivery or transmission, as the case may be, on such Banking Day. Any demand, notice or communication made or given by personal delivery or by email after normal business hours at the place of receipt or otherwise than on a Banking Day shall be conclusively deemed to have been made or given at 9:00 a.m. (Calgary time) on the first Banking Day following actual delivery or transmission, as the case may be.

7.8 Governing Law

This Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. The Parties hereby irrevocably submit and attorn to the jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement or any of the transactions contemplated hereby.

7.9 Enurement

This Agreement shall be binding upon the Parties and their respective successors, assigns, heirs, executors, administrators and other representatives.

7.10 Time of Essence

Time shall be of the essence with respect to this Agreement.

7.11 Entire Agreement

This Agreement contains the entire agreement between the Parties with respect to the matters herein contained and there are no other representations, warranties, covenants or collateral agreements between any of the Parties in connection therewith other than as expressly herein provided.

7.12 Agent Execution

Alberta Investment Management Corporation is entering into this Agreement in its capacity as agent under the Credit Agreement and as agent for and on behalf of each of the Beneficiaries, including, for certainty, Alberta Investment Management Corporation.

7.13 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be as effective as delivery of a manually executed counterpart of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF each Party has duly executed this Agreement as of the date and year first above written.

ALBERTA INVESTMENT MANAGEMENT CORPORATION,
as Agent

Per:

Name:
Title:

PINE CLIFF ENERGY LTD.
as Borrower

Per:

Name:
Title:

[•] [NAME OF SUBORDINATED CREDITOR],
as Subordinated Creditor

Per:

Name:
Title:

**SCHEDULE H
SUBSIDIARIES AND MATERIAL SUBSIDIARIES**

Borrower:

Legal Name	Jurisdiction of Formation	Location of Chief Executive Office	Location of Business and Material Real Property and Tangible Personal Property and Assets	Shareholder/ Unitholder	Trade Names
Pine Cliff Energy Ltd.	Alberta	Alberta	Alberta and Saskatchewan	Publicly Traded	None

Subsidiaries:

Legal Name	Material Subsidiary (Yes/No)	Jurisdiction of Formation	Location of Chief Executive Office	Location of Business and Material Real Property and Tangible Personal Property and Assets	Shareholder/ Unitholder	Trade Names
Geomark Exploration Ltd.	Yes	Alberta	Alberta	Alberta, Ontario, Nunavut and Northwest Territories	100% owned by Pine Cliff Energy Ltd.	None
Pine Cliff Border Pipelines Limited	No	Alberta	Alberta	Alberta	100% owned by Pine Cliff Energy Ltd.	None
Geomark Minerals USA Inc.	No	Utah, USA	Alberta	Utah, USA.	100% owned by Geomark Exploration Ltd.	None
WMC International Limited	No	Ontario	Alberta	N/A – this company has no assets and is inactive.	100% owned by Pine Cliff Energy Ltd.	None