

**FOURTH AMENDED AND RESTATED CREDIT AGREEMENT  
DATED AS OF OCTOBER 20, 2021**

**AMONG**

**BONTERRA ENERGY CORP.**

**as Borrower**

**- and -**

**THE FINANCIAL INSTITUTIONS WHICH ARE, OR  
HEREAFTER BECOME LENDERS UNDER THIS AGREEMENT**

**as Lenders**

**- and -**

**CANADIAN IMPERIAL BANK OF COMMERCE**

**as Lead Arranger, Bookrunner  
and Administrative Agent**

# TABLE OF CONTENTS

Page

## ARTICLE 1 INTERPRETATION

1.1	Definitions.....	2
1.2	Headings .....	2
1.3	Subdivisions.....	2
1.4	Number .....	2
1.5	Statutes, Regulations, Rules and Agreements.....	2
1.6	Monetary References .....	2
1.7	Time .....	2
1.8	Governing Law .....	3
1.9	Enurement.....	3
1.10	Amendments .....	3
1.11	No Waiver.....	3
1.12	Severability .....	3
1.13	Inconsistency.....	4
1.14	Accounting Terms and Principles .....	4
1.15	Changes to LMR.....	4
1.16	Permitted Encumbrances .....	5
1.17	Amendment and Restatement .....	5
1.18	Confirmation of Security .....	6
1.19	Schedules .....	6

## ARTICLE 2 DELIVERIES ON CLOSING DATE

2.1	Deliveries by Borrower.....	6
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## ARTICLE 3 CREDIT FACILITIES

3.1	The Credit Facilities.....	8
3.2	Extension of Revolving Period .....	9
3.3	Maturity Date .....	13
3.4	Repayments of Credit Facilities.....	13
3.5	Borrowing Base Shortfall .....	16
3.6	Payment on Term Maturity Date .....	17
3.7	Payments to Agent .....	18
3.8	General Right to Repay and Cancel.....	18
3.9	Use of Proceeds.....	18
3.10	Types of Accommodation.....	19
3.11	Interest and Fees .....	19
3.12	Borrowing Base .....	21

## ARTICLE 4 SECURITY

4.1	Security .....	24
4.2	Sharing of Security .....	25
4.3	Exclusivity of Remedies .....	25

## TABLE OF CONTENTS

(continued)

	<b>Page</b>
4.4	Form of Security ..... 25
4.5	After-Acquired Property ..... 25
4.6	Undertaking to Grant Fixed Charge Security ..... 26
4.7	Discharge of Security ..... 27
4.8	Lender Swaps ..... 27
<b>ARTICLE 5 FUNDING AND OTHER MECHANICS</b>	
5.1	Funding of Accommodations ..... 27
5.2	Notice Provisions ..... 28
5.3	Irrevocability ..... 29
5.4	Rollover or Conversion of Accommodations ..... 29
5.5	Agent's Obligations ..... 29
5.6	Lenders' Obligations ..... 29
5.7	Exchange Rate Fluctuations ..... 29
5.8	Excess Relating to LIBOR, Letters of Credit and Bankers' Acceptances ..... 30
<b>ARTICLE 6 DRAWDOWN UNDER THE CREDIT FACILITIES</b>	
6.1	Conditions Precedent to Drawdown ..... 30
<b>ARTICLE 7 CALCULATION OF INTEREST AND FEES</b>	
7.1	Records ..... 31
7.2	Payment of Interest and Fees ..... 31
7.3	Payment of Stamping Fee ..... 32
7.4	Calculation and Payment of Issuance Fees ..... 32
7.5	Payments Clear of Taxes; FATCA ..... 33
7.6	Application of Payments ..... 34
7.7	Debit Authorization ..... 34
7.8	Conversion to Another Currency ..... 34
7.9	Maximum Rate of Return ..... 35
7.10	Waiver of Judgment Interest Act (Alberta) ..... 35
7.11	Deemed Reinvestment Not Applicable ..... 35
7.12	<i>Interest Act</i> (Canada) ..... 35
<b>ARTICLE 8 GENERAL PROVISIONS RELATING TO LIBOR BASED LOANS</b>	
8.1	General ..... 36
8.2	Early Termination of LIBOR Periods ..... 36
8.3	Inability to Make LIBOR Based Loans ..... 36
8.4	Benchmark Replacement ..... 37
<b>ARTICLE 9 BANKERS' ACCEPTANCES</b>	
9.1	General ..... 41
9.2	Conditions Applicable to Bankers' Acceptances ..... 41
9.3	Agent's Duties re Bankers' Acceptances and BA Equivalent Loans ..... 45
9.4	BA Equivalent Loans ..... 46

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
9.5 General Mechanics.....	47
9.6 Escrowed Funds .....	47
9.7 Market Disruption.....	48
9.8 CDOR Replacement.....	48
<b>ARTICLE 10 LETTERS OF CREDIT</b>	
10.1 General.....	50
<b>ARTICLE 11 INCREASED COSTS</b>	
11.1 Changes in Law.....	53
11.2 Changes in Circumstances .....	54
11.3 Application of Sections 11.1 and 11.2.....	55
11.4 Limitations on Additional Compensation.....	55
11.5 New Rules.....	55
<b>ARTICLE 12 FEES AND EXPENSES</b>	
12.1 Agency Fee .....	56
12.2 Standby Fee.....	56
12.3 Expenses .....	56
<b>ARTICLE 13 REPRESENTATIONS AND WARRANTIES OF THE BORROWER</b>	
13.1 Representations and Warranties.....	57
13.2 Acknowledgement .....	62
13.3 Survival and Inclusion .....	62
<b>ARTICLE 14 COVENANTS OF THE BORROWER AND ANY MATERIAL SUBSIDIARIES</b>	
14.1 Affirmative Covenants.....	62
14.2 Negative Covenants .....	67
14.3 Reporting Covenants.....	71
14.4 Most Favoured Nations.....	74
<b>ARTICLE 15 [RESERVED]</b>	
<b>ARTICLE 16 EVENTS OF DEFAULT</b>	
16.1 Event of Default.....	75
16.2 Remedies.....	79
16.3 Waivers .....	79
16.4 Waiver of Default .....	79
16.5 Remedies Cumulative .....	79
16.6 Attorney in Fact .....	80
16.7 Set-Off.....	80
16.8 Acceleration of All Lender Obligations.....	81
16.9 Application and Sharing of Payments Following Acceleration.....	81

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
16.10 Adjustments Among Lenders .....	81
<b>ARTICLE 17 CONFIDENTIALITY</b>	
17.1 Non-Disclosure .....	83
17.2 Exceptions .....	83
17.3 Permitted Disclosures by the Agent or the Lenders.....	83
17.4 Survival .....	83
<b>ARTICLE 18 ASSIGNMENT</b>	
18.1 Assignment of interests.....	83
18.2 Assignment by the Lenders.....	84
18.3 Effect of Assignment .....	84
18.4 Participations.....	84
18.5 Swap Lenders.....	85
<b>ARTICLE 19 ADMINISTRATION OF THE CREDIT FACILITIES</b>	
19.1 Authorization and Action.....	86
19.2 Procedure for Making Advances .....	87
19.3 Remittance of Payments .....	88
19.4 Redistribution of Payment .....	88
19.5 Duties and Obligations.....	89
19.6 Prompt Notice to the Lenders .....	90
19.7 Agent and Agent Authority.....	90
19.8 Lenders' Credit Decisions .....	90
19.9 Indemnification .....	91
19.10 Successor Agent.....	91
19.11 Taking and Enforcement of Remedies.....	92
19.12 Reliance Upon Agent.....	92
19.13 Agent May Perform Covenants .....	92
19.14 No Liability of Agent.....	93
19.15 Nature of Obligations under this Agreement; Defaulting Lenders.....	93
19.16 Lenders' Consents to Waivers, Amendments, etc. ....	94
19.17 Amendment of this Article 19.....	95
19.18 Defaulting Lenders.....	96
19.19 Erroneous Payments by the Agent.....	97
<b>ARTICLE 20 MISCELLANEOUS</b>	
20.1 Notices .....	101
20.2 Telephone Instructions.....	102
20.3 No Partnership, Joint Venture or Agency .....	102
20.4 Judgment Currency .....	103
20.5 Indemnities.....	103
20.6 Further Assurances.....	105
20.7 Waiver of Law .....	105

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
20.8	Attornment and Waiver of Jury Trial..... 106
20.9	Payments Due on Banking Day ..... 106
20.10	Anti-Money Laundering Legislation ..... 106
20.11	Acknowledgement and Consent to Bail-In of Affected Financial Institutions..... 107
20.12	Whole Agreement ..... 107
20.13	Counterparts; Electronic Execution ..... 108

**FOURTH AMENDED AND RESTATED CREDIT AGREEMENT**

**THIS AGREEMENT** is dated as of the 20<sup>th</sup> day of October, 2021,

**BETWEEN:**

**BONTERRA ENERGY CORP.**  
as Borrower

- and -

**THE FINANCIAL INSTITUTIONS WHICH ARE, OR  
HEREAFTER BECOME, LENDERS  
UNDER THIS AGREEMENT**  
as Lenders

- and -

**CANADIAN IMPERIAL BANK OF COMMERCE**  
as Lead Arranger, Bookrunner and Administrative Agent

**PREAMBLE:**

WHEREAS the Borrower, Canadian Imperial Bank of Commerce and the other Lenders, and the Agent are party to the credit agreement dated April 29, 2009, as amended and restated pursuant to the amended and restated credit agreement dated April 19, 2017, the second amended and restated credit agreement dated July 14, 2020, and the third amended and restated credit agreement dated June 25, 2021 and as further amended to the date hereof (as so amended, the "**Original Credit Agreement**");

AND WHEREAS the parties hereto have agreed to amend and restate the Original Credit Agreement on the terms and conditions hereinafter set forth;

AND WHEREAS the Borrower has requested and the Lenders have agreed to establish senior secured credit facilities on the terms and conditions herein set forth, and CIBC has agreed to act as Agent for the Lenders under such credit facilities, all on the terms and conditions and for the purposes set out in this Agreement.

**AGREEMENT:**

In consideration of the covenants and agreements between the Parties contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**ARTICLE 1**  
**INTERPRETATION**

**1.1 Definitions**

Capitalized words and phrases used in the Documents, the Schedules hereto and in all notices and communications expressed to be made pursuant to this Agreement will have the meanings set out in Schedule A, unless otherwise defined in any of the Documents.

**1.2 Headings**

Headings, subheadings and the table of contents contained in the Documents are inserted for convenience of reference only, and will not affect the construction or interpretation of the Documents.

**1.3 Subdivisions**

Unless otherwise stated, reference herein to a Schedule or to an Article, Section, paragraph or other subdivision is a reference to such Schedule to this Agreement or such Article, Section, paragraph or other subdivision of this Agreement. Unless specified otherwise, reference in Schedule A to a Schedule or to an Article, Section, paragraph or other subdivision is a reference to such Schedule or Article, Section, paragraph or other subdivision of this Agreement.

**1.4 Number**

Wherever the context in the Documents so requires, a term used herein importing the singular will also include the plural and vice versa.

**1.5 Statutes, Regulations, Rules and Agreements**

Any reference in the Documents to all or any section or paragraph or any other subdivision of any Law will, unless otherwise expressly stated, be a reference to that Law or the relevant section or paragraph or other subdivision thereof, as such Law may be amended, substituted, replaced or re-enacted from time to time. Any reference in the Documents to any document, instrument or agreement will, unless otherwise expressly stated, be a reference to that document, instrument or agreement as may be amended, substituted, restated or replaced from time to time.

**1.6 Monetary References**

Whenever an amount of money is referred to in the Documents, such amount will, unless otherwise expressly stated, be in Canadian Dollars.

**1.7 Time**

Time will be of the essence of the Documents.

## **1.8 Governing Law**

The Documents will be governed by and construed in accordance with the Law in force in the Province of Alberta from time to time.

## **1.9 Enurement**

The Documents will be binding upon and will enure to the benefit of the Parties and their respective successors and permitted assigns.

## **1.10 Amendments**

No Document may be amended orally and, subject to Section 20.1(e), any amendment may only be made by way of an instrument in writing signed by the Parties.

## **1.11 No Waiver**

- (a) Subject to Section 19.17, no waiver by a Party of any provision or of the breach of any provision of the Documents will be effective unless it is contained in a written instrument duly executed by an authorized officer or representative of such Party. Such written waiver will affect only the matter specifically identified in the instrument granting the waiver and will not extend to any other matter, provision or breach.
- (b) The failure of a Party to take any steps in exercising any right in respect of the breach or non-fulfillment of any provision of the Documents will not operate as a waiver of that right, breach or provision, nor will any single or partial exercise of any right preclude any other or future exercise of that right or the exercise of any other right, whether in Law or otherwise.
- (c) Acceptance of payment by a Party after a breach or non-fulfillment of any provision of the Documents requiring a payment to such Party will constitute a waiver of such provision if cured by such payment, but will not constitute a waiver or cure of any other provision of the Documents.

## **1.12 Severability**

If the whole or any portion of the Documents or the application thereof to any circumstance will be held invalid or unenforceable to an extent that does not affect the operation of the Document in question in a fundamental way, the remainder of the Document in question, or its application to any circumstance other than that to which it has been held invalid or unenforceable, will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable Law.

### **1.13 Inconsistency**

To the extent that there is any inconsistency or ambiguity between the provisions of this Agreement and any other Document, the provisions of this Agreement will govern to the extent necessary to eliminate such inconsistency or ambiguity.

### **1.14 Accounting Terms and Principles**

Except as otherwise expressly provided, all accounting terms, principles and calculations applicable to the Credit Facilities will be interpreted, applied and calculated, as the case may be, in accordance with GAAP. The basis of accounting and all calculations set out in this Agreement will be applied and made on a consistent basis and will not be changed for the purposes of this Agreement unless required by GAAP or as agreed to by the Majority Lenders in writing, such agreement not to be unreasonably withheld. It will be reasonable for the Lenders to withhold their consent if a proposed change could adversely affect the Obligations of the Borrower or any Material Subsidiary or rights of the Lenders under the Documents. In the event of a change in GAAP, the Borrower and the Agent shall negotiate in good faith to revise (if appropriate) such ratios and covenants to give effect to the intention of the Parties under this Agreement as at the Closing Date, and any new ratio or covenant shall be subject to approval by the Majority Lenders. In the event that such negotiation is unsuccessful, all calculations thereafter made for the purpose of determining compliance with the financial ratios and financial covenants contained herein shall be made on a basis consistent with GAAP in existence as at the Closing Date.

### **1.15 Changes to LMR**

If (a) as a result of any change in any applicable Law, rule, policy, regulation, order or directive, the Alberta Energy Regulator ceases to use a liability management (or equivalent) rating as a means of determining whether a Person is in compliance with its abandonment and reclamation policies, regulations and directives in the Province of Alberta, (b) the method of calculation of such liability management rating changes in any material manner, (c) if the threshold for which license transfers of regulated properties shall be permitted under the Alberta Energy Regulator's licensee liability regime in the Province of Alberta changes or (d) certain other related circumstances occur which are to be agreed, then, in any such case, the Borrower and the Agent shall enter into good faith discussions with a view to determining a comparable rating system or threshold, as applicable, to replace the concept of LMR as set forth herein that is, at such time, broadly accepted as the prevailing market practice for such regulation in the Province of Alberta, 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 LMR shall continue to be calculated as if no such change had occurred. Upon the Borrower and the Agent agreeing on such methodology for determining LMR and the thresholds set forth herein, the Borrower and the Lenders party hereto shall enter into documentation to amend the provisions hereof to refer to such rate and make all other adjustments incidental thereto. The parties hereto agree that such amendment shall require the consent of the Majority Lenders notwithstanding anything to the contrary set out herein.

## **1.16 Permitted Encumbrances**

Any reference in any of the Documents to a Permitted Encumbrance is not intended to and will not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any obligation of the Borrower or any Material Subsidiary to the Lenders under any of the Documents to any Permitted Encumbrance.

## **1.17 Amendment and Restatement**

On the date on which all of the conditions set forth in Section 2.1 have been satisfied (or waived in writing by all of the Lenders):

- (a) the Original Credit Agreement shall be and is hereby amended and restated in the form of this Agreement;
- (b) all Advances (as that term is defined in the Original Credit Agreement) and other amounts outstanding under the Original Credit Agreement prior to the date hereof shall continue to be outstanding under this Agreement and shall be deemed to be:
  - (i) in the case of Advances and other Obligations under the Operating Loan (as such terms are defined in the Original Credit Agreement), such Advances and other Obligations shall continue to be outstanding as Advances and other Obligations under the Operating Loan under this Agreement;
  - (ii) in the case of Advances and other Obligations under the Extendible Revolving Loan (as such terms are defined in the Original Credit Agreement), such Advances and other Obligations shall continue to be outstanding as Advances and other Obligations under the Extendible Revolving Loan under this Agreement; and
  - (iii) in the case of Advances and other Obligations under the Term Loan (as such terms are defined in the Original Credit Agreement), after giving effect to the repayment of Advances outstanding under the Term Loan immediately prior to the effectiveness of this Agreement pursuant to Section 2.1(k), such Advances and other Obligations shall continue to be outstanding as Advances and other Obligations under the Extendible Revolving Loan under this Agreement; and
- (c) the Lenders hereby agree to take all steps and actions and execute and deliver all agreements, instruments and other documents as may be required by the Agent (including the assignment of interests in, or the purchase of participations in, such outstanding Advances) to give effect to the foregoing and to ensure that the aggregate Obligations owing to each Lender are outstanding in proportion to each Lender's Rateable Portion of all outstanding Obligations after giving effect to the amendment and restatement hereof.

Notwithstanding the foregoing or any other term hereof, all of the covenants, representations and warranties on the part of the Borrower under the Original Credit

Agreement and all of the claims and causes of action arising against the Borrower in connection therewith, in respect of all matters, events, circumstances and obligations arising or existing prior to the date hereof shall continue, survive and shall not be merged in the execution of this Agreement or any other Documents or any Advance hereunder.

References herein to the "date hereof" or similar expressions shall be and shall be deemed to be to the date of the execution and delivery hereof, being October 20, 2021.

### **1.18 Confirmation of Security**

The Borrower confirms and agrees that the Security to which it is a party is and shall remain in full force and effect in all respects notwithstanding the amendment and restatement of the Original Credit Agreement and shall continue to exist and apply to all of the Obligations, Swap Obligations and Cash Management Obligations, including, without limitation, the Obligations of the Borrower under, pursuant or related to the Original Credit Agreement, as amended and restated by this Agreement.

### **1.19 Schedules**

The following are the Schedules which form part of this Agreement:

Schedule A:	Definitions
Schedule B:	Commitments
Schedule C:	Form of Environmental Certificate
Schedule D:	Form of Compliance Certificate
Schedule E:	Form of Lender Assignment Agreement
Schedule F:	Form of Demand Debenture
Schedule G:	Form of General Security Agreement
Schedule H:	Form of Guarantee
Schedule I:	Form of Notice of Borrowing
Schedule J:	Form of Notice of Rollover or Notice of Conversion
Schedule K:	List of Subsidiaries and Issued Capital
Schedule L:	Form of Request for Offer of Extension
Schedule M:	Form of Oil and Gas Ownership Certificate
Schedule N:	Form of Borrowing Base Certificate

## **ARTICLE 2**

### **DELIVERIES ON CLOSING DATE**

#### **2.1 Deliveries by Borrower**

On the Closing Date, the Borrower will deliver or cause to be delivered to the Agent for the benefit of the Lenders the following:

- (a) this Agreement;
- (b) the Closing Certificate;

- (c) a federal certificate of compliance for the Borrower;
- (d) the Oil and Gas Ownership Certificate;
- (e) the Environmental Certificate;
- (f) the Confirmation of Subordination;
- (g) a certificate of an officer of the Borrower attaching a certified true and complete copy of the Unsecured Debenture Indenture;
- (h) a Compliance Certificate with respect to the Fiscal Quarter ended June 30, 2021, providing, *inter alia*, the Borrower's determination of the Consolidated Debt to EBITDA Ratio on a *pro forma* basis after giving effect to the issuance of the Unsecured Debentures;
- (i) certificates of insurance evidencing the existence and effectiveness of all policies of insurance required by the terms of this Agreement or by the Security;
- (j)
  - (i) evidence of the satisfaction in full of (A) all Fink Indebtedness by (I) the repayment in cash of capitalized interest owing in respect of the Fink Indebtedness in an amount not to exceed Cdn.\$922,910.25 and (II) the issuance of Unsecured Debentures in favour of George F. Fink; and (B) all Haywood Indebtedness by (I) the repayment in cash of interest owing from October 1, 2021 to the date hereof in respect of the Haywood Indebtedness in an amount not to exceed Cdn.\$22,602.74 and (II) the issuance of Unsecured Debentures in favour Haywood Securities Inc. (in trust for Robert J. Disbrow);
  - (ii) a release and discharge in respect of all Liens granted by the Borrower or any Subsidiary as security for the Fink Indebtedness or the Haywood Indebtedness, in each case, in form and substance satisfactory to the Agent; and
  - (iii) a termination agreement in respect of (A) the second amended and restated subordination agreement entered into as of July 14, 2020 among the Agent, George Fink and the Borrower and (B) the second amended and restated subordination agreement entered into as of July 14, 2020 among the Agent, Haywood Securities Inc., ITF Robert J. Disbrow, and the Borrower;
  - (iv) evidence of the termination (A) the subordination agreement (BCAP Facility) entered into as of November 13, 2020 among the BDC Agent, George Fink and the Borrower and (B) the subordination agreement (BCAP Facility) entered into as of November 13, 2020 among the BDC Agent, Haywood Securities Inc., ITF Robert J. Disbrow, and the Borrower;
- (k) the Net Offering Proceeds shall have been, or substantially concurrently with the effectiveness of this Agreement shall be, applied to the permanent repayment of

Advances outstanding under the Term Loan (under and as defined in the Original Credit Agreement);

- (l) (i) a consent from the BDC Agent and BDC Lenders whereby they consent to the amendments provided for herein to the representations, warranties and covenants (including any defined terms used therein) in the Original Credit Agreement which are incorporated by reference into the BDC Credit Agreement, such that such amendments are also incorporated into the BDC Credit Agreement pursuant to Section 1.3 thereof and (ii) a consent from the BDC Agent pursuant to Section 7.2 of the Intercreditor Agreement;
- (m) a legal opinion from legal counsel to the Borrower, which shall be in form and substance satisfactory to the Agent, acting reasonably;
- (n) the payment of an extension fee to the Agent, for the account of each of the Lenders, equal to [redacted];
- (o) the payment of all other fees and expenses, including commitment fees and agency fees which are payable by the Borrower to the Agent and the Lenders, as the case may be, in connection with the Credit Facilities on or prior to the Closing Date; and
- (p) all such other agreements, certificates, declarations, opinions and other documents as are reasonably required by the Agent to confirm or establish the completion or satisfaction of the foregoing.

### **ARTICLE 3**

### **CREDIT FACILITIES**

#### **3.1 The Credit Facilities**

Subject to the terms and conditions hereof and effective on the Closing Date:

- (a) The Syndicated Lenders hereby establish the Extendible Revolving Loan in favour of the Borrower. The Individual Revolving Loan Commitment Amounts of each of the Syndicated Lenders is set out in Schedule B. The Operating Lender hereby establishes the Operating Loan in favour of the Borrower. The Operating Loan Commitment Amount of the Operating Lender is set out in Schedule B.
- (b) The Extendible Revolving Loan may be drawn down by the Borrower during a Revolving Period in Canadian Dollars or, subject to Section 6.1(h), in U.S. Dollars, or any combination thereof, to a maximum of the lesser of: (i) the then applicable Borrowing Base minus the then applicable Operating Loan Commitment Amount and (ii) the Revolving Loan Commitment Amount to the extent it is comprised of Individual Revolving Loan Commitment Amounts (for purposes of any such determination amounts drawn down in U.S. Dollars will be valued at the Exchange Equivalent thereof in Canadian Dollars). The Operating Loan may be drawn down by the Borrower during a Revolving Period in Canadian Dollars or, subject to

Section 6.1(h), in U.S. Dollars, or any combination thereof, to a maximum of the lesser of: (A) the then applicable Borrowing Base minus the then applicable Revolving Loan Commitment Amount and (B) the Operating Loan Commitment Amount (for purposes of any such determination amounts drawn down in U.S. Dollars will be valued at the Exchange Equivalent thereof in Canadian Dollars).

- (c) During the Revolving Period, the Borrower may:
  - (i) borrow, repay and reborrow under either Credit Facility from the Lenders by way of Canadian Prime Rate Loans (under the Extendible Revolving Loan, in minimum amounts of Cdn. \$5,000,000 and multiples of Cdn. \$100,000) and, subject to Section 6.1(h), by way of U.S. Base Rate Loans (under the Extendible Revolving Loan, in minimum amounts of U.S. \$5,000,000 and multiples of U.S. \$100,000);
  - (ii) subject to Section 6.1(h), borrow, repay and reborrow under either Credit Facility from the Lenders by way of LIBOR Based Loans (under the Extendible Revolving Loan, in minimum amounts of U.S. \$5,000,000 and multiples of U.S. \$500,000); and
  - (iii) borrow, repay and reborrow under either Credit Facility from the Lenders by way of Bankers' Acceptances and BA Equivalent Loans (under the Extendible Revolving Loan, in minimum amounts of Cdn. \$5,000,000 and multiples of Cdn. \$500,000).
- (d) During the Term Period in respect of a Lender, each such Lender shall make its Individual Commitment Amount available to the Borrower by way of the methods of Advances described in Section 3.1(c) by way of Rollovers and Conversions only, provided however, that (for greater certainty), the Advances outstanding thereunder shall not revolve and each reduction thereof (required or otherwise) shall be permanent.

### 3.2 Extension of Revolving Period

- (a) End of Revolving Period: Subject to any extension in accordance with the provisions hereof, the Revolving Period will end on May 31, 2022.
- (b) Extension of Credit:
  - (i) The Borrower may, provided no Default or Event of Default has occurred and is continuing, request an Offer of Extension in respect of each Lender for which there is a Revolving Period at such time (each a "**Revolving Lender**") not more than 90 days and not less than 60 days prior to the last day of the then current Revolving Period in respect of such Revolving Lenders (or such other shorter period as the Revolving Lenders may agree). Such request shall be made by the Borrower by delivering to the Agent an executed Request for Offer of Extension, together with its most current

financial statements and production information required to be delivered hereunder. The Agent shall within two (2) Banking Days of receipt thereof notify the Revolving Lenders of such Request for Offer of Extension and each Revolving Lender shall notify the Agent and the Borrower as to whether or not it agrees (in its sole discretion) to such request no later than 30 days after the date the Agent received notice of the Request for Offer of Extension from the Borrower (the "**Notification Date**"); provided that, if a Revolving Lender does not so notify the Agent and the Borrower on or prior to the Notification Date, such Revolving Lender shall be deemed to have elected not to agree to such request.

- (ii) If the Borrower fails to make a Request for Offer of Extension within the time provided above in Section 3.2(b)(i), the then current Revolving Period for all Revolving Lenders will not be followed by a new Revolving Period and will continue only until the Term Date with each such Lender's Individual Commitment Amount remaining available for Drawdown until the Term Date applicable to such Lender, whereupon the undrawn portion of the Individual Commitment Amounts of all Revolving Lenders shall, effective at 5:00 p.m. (Toronto time) on the Term Date, be cancelled and all Revolving Lenders' Commitment Amounts shall thereafter convert from an extendible revolving loan facility to a non-revolving term facility repayable on the Term Maturity Date.
- (iii) If all Revolving Lenders, or a sufficient portion of the Revolving Lenders pursuant to Section 3.2(b)(v), agree to such Request for Offer of Extension, the Agent shall forthwith deliver to the Borrower an Offer of Extension within four (4) Banking Days of the Notification Date. Any such Offer of Extension shall be open for acceptance by the Borrower until the Banking Day immediately preceding the last day of the then current Revolving Period for such Revolving Lenders. Upon written notice by the Borrower to the Agent accepting an outstanding Offer of Extension and agreeing to the terms and conditions specified therein, if any, the Revolving Period for the Revolving Lenders which have agreed to the Request for Offer of Extension, shall be extended to the date specified in the Offer of Extension subject to the terms and conditions, if any, specified in such Offer of Extension effective on the date of acceptance of the Offer of Extension by the Borrower.
- (iv) If any Revolving Lender that receives notification from the Agent that the Borrower has made a Request for Offer of Extension, elects or is deemed not to agree to such Request for Offer of Extension (each a "**Non-Agreeing Lender**"), the Agent shall forthwith so advise each of the other Revolving Lenders which do agree to such Request for Offer of Extension and each such Revolving Lender shall have the right (but not the obligation) to purchase the Individual Commitment Amount of all but not less than all such Non-Agreeing Lenders (collectively, the "**Non-Agreeing Lender Commitment Amount**") for a purchase price in an amount equal to the

Aggregate Principal Amount of the Advances owing to all such Non-Agreeing Lenders under the Credit Facilities, together with accrued interest thereon to the date of payment of such principal amount (including arrangements satisfactory to such Non-Agreeing Lenders relating to all losses, costs and expenses suffered or incurred by the Non-Agreeing Lenders as a result of complying with this Section 3.2(b)). Each of the other Revolving Lenders wishing to exercise its rights to purchase the Non-Agreeing Lender Commitment Amount (each a "**Purchasing Lender**") shall so notify the Borrower, the Agent and each of the other Lenders in writing, and such Purchasing Lender shall thereupon be obligated to purchase not later than five (5) Banking Days prior to the end of the then current Revolving Period, an amount equal to the Non-Agreeing Lender Commitment Amount multiplied by such Purchasing Lender's Rateable Portion of the Commitment Amount over the aggregate of all Purchasing Lender's Rateable Portion of the Commitment Amount, or as otherwise agreed to by the Borrower and all Purchasing Lenders. The Non-Agreeing Lenders, the Purchasing Lenders, the Agent, the Borrower and each of the other Lenders, if any, shall forthwith duly execute and deliver any necessary documentation to give effect to such purchase, whereupon each Non-Agreeing Lender shall, as of the effective date thereof, be released from its obligations to the Borrower hereunder and under the other Documents arising subsequent to such date.

- (v) A Revolving Period may only be extended pursuant to this Section 3.2(b) if the Revolving Lenders holding more than 75% of the Commitment Amount agree to a Request for Offer of Extension, and if such Revolving Lenders do not agree to a Request for Offer of Extension, the undrawn portion of the Individual Commitment Amounts of all Revolving Lenders shall, effective at 5:00 p.m. (Toronto time) on the Term Date, be cancelled and all Revolving Lenders' Individual Commitment Amounts hereunder shall thereafter convert from an extendible revolving loan facility to a non-revolving term facility repayable on the Term Maturity Date.
- (vi) If, with respect to a Request for Offer of Extension, the provisions of Section 3.2(b)(ii), 3.2(b)(iii) or 3.2(b)(v) are not applicable, and there are Non-Agreeing Lenders under Section 3.2(b)(iv), then:
  - (A) the Revolving Period of all Revolving Lenders in respect of whom the Borrower has accepted the Offer of Extension made by them to extend the Revolving Period shall be extended for a period of up to 364 days, as specified in the Offer of Extension, from the date of acceptance by the Borrower of the offer made to it pursuant to Section 3.2(b)(iii) to extend the Revolving Period by the Agent on behalf of such Revolving Lenders;
  - (B) the Revolving Period for all Non-Agreeing Lenders shall not be extended and all such Non-Agreeing Lender's Individual

Commitment Amounts shall thereafter convert from an extendible revolving loan facility to a non-revolving term facility repayable on the Term Maturity Date of such Non-Agreeing Lender;

- (C) any subsequent Drawdowns, Rollovers and Conversions under the Extendible Revolving Loan shall be allocated pro rata among the Revolving Lenders in accordance with their respective Individual Revolving Loan Commitment Amount; provided that, subject to the other provisions hereof, the Borrower shall be entitled to make Conversions and Rollovers in respect of Advances owing to a Non-Agreeing Lender and such Lender's Rateable Portion of each such Conversion and Rollover shall be the Principal Amount thereof;
  - (D) any cancellation or permanent reduction of the Revolving Loan Commitment Amount pursuant to Section 3.4(c) or 3.8 shall be allocated pro rata among the Revolving Lenders and the Non-Agreeing Lenders in accordance with their respective Individual Revolving Loan Commitment Amount; and
  - (E) if the Borrower makes an optional repayment under the Extendible Revolving Loan prior to the then latest Term Date other than pursuant to Section 3.8, such repayment shall be deemed to have been made to the Revolving Lenders only and shall not be applied in repayment of Advances owed to Non-Agreeing Lenders unless the Agent is expressly directed in writing by the Borrower at the time of payment to allocate such payment pro rata among the Revolving Lenders and the Non-Agreeing Lenders in accordance with their respective Individual Revolving Loan Commitment Amount.
- (vii) The Borrower understands that consideration of any Request for Offer of Extension constitutes an independent credit decision which each Revolving Lender retains the absolute and unfettered discretion to make, and that no commitment in this regard is given by any such Revolving Lender and that any extension of the Revolving Period may be on such terms and conditions in addition to those set out herein as the Revolving Lenders may stipulate and the Borrower may agree to.
  - (viii) If a Non-Agreeing Lender's Individual Commitment Amount is not purchased pursuant to Section 3.2(b)(iv), the Borrower may arrange for a replacement lender (a "**Replacement Lender**") (which may be one of the Revolving Lenders) to purchase the Non-Agreeing Lender's Individual Commitment Amount on the same basis and subject to the same requirements as specified in Section 3.2(b)(iv). Any such Replacement Lender shall require the approval of the Agent, such approval not to be unreasonably withheld, and no later than two (2) Banking Days prior to the Term Date such Replacement Lender shall have purchased the Non-

Agreeing Lender's Individual Commitment Amount by execution of all necessary documentation including, without limitation, execution and delivery of a Lender Assignment Agreement.

- (ix) Adjustment of Fees: If, on the Term Date of any Revolving Lender, any Advances are outstanding to such Revolving Lender by way of Bankers' Acceptances, Letters of Credit or LIBOR Based Loans, then such Revolving Lender shall be entitled to receive the increased stamping fees in respect of any such Bankers' Acceptances in accordance with Section 3.11(a)(iii), the increased Letter of Credit Fee in accordance with Section 3.11(a)(v), and the increased interest in respect of any such LIBOR Based Loans in accordance with Sections 3.11(a)(iv) and 7.2(d), in respect of such outstanding Advances calculated upon the revised Applicable Margin for the period from the Term Date to the maturity date of the Bankers' Acceptances, Letter of Credit or LIBOR Based Loan, as the case may be. After the Term Date, the Agent shall calculate the adjusted stamping fees payable by the Borrower to such Revolving Lender in respect of such Advances by way of Bankers Acceptances and such fees shall be payable not later than ten (10) days after receipt by the Borrower of written notice from the Agent as to such amounts. After the Term Date the adjusted interest in respect of such Advances by way of LIBOR Based Loans shall be payable in accordance with Section 7.2(d). Any notice of the Agent setting forth the additional amounts payable shall be conclusive evidence thereof, absent manifest error. After the Term Date, the adjusted Letter of Credit Fee in respect of such Advances by way of Letters of Credit shall be payable not later than ten (10) days after receipt by the Borrower of written notice from the Operating Lender as to such amounts.
- (x) This Section 3.2 shall apply from time to time to permit successive extensions of the Revolving Period and the Term Date.

### **3.3 Maturity Date**

Each Advance from a Lender under each Credit Facility will have a Maturity Date, which expires, on, or as provided herein, prior to, the Term Maturity Date for such Lender.

### **3.4 Repayments of Credit Facilities**

- (a) During Revolving Period: During a Revolving Period, the Borrower may borrow, repay and re-borrow Advances from a Revolving Lender under such Revolving Lender's Individual Commitment Amount provided that, subject to Sections 3.2 and 5.7, (i) the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount of the Extendible Revolving Loan will at no time exceed the lesser of (A) the Borrowing Base minus the Operating Loan Commitment Amount, and (B) the Revolving Loan Commitment Amount, and (ii) the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount of the Operating Loan will at no time exceed the lesser of (A) the Borrowing Base minus the Revolving Loan Commitment Amount; and (B) the Operating Loan Commitment Amount.

- (b) **Reduction on Term Date:** On the Term Date of each Revolving Lender, the unutilized portion of its Individual Commitment Amount shall be cancelled. On the Term Maturity Date applicable to such Revolving Lender, the Individual Commitment Amount of such Revolving Lender shall be reduced to zero and the Borrower shall repay the Aggregate Principal Amount and all other Obligations owed to such Revolving Lender under the terms of this Agreement and the other Documents. The Borrower shall ensure that all LIBOR Based Loans and Bankers' Acceptances made by or accepted by such Revolving Lender mature on or prior to its Term Maturity Date and shall ensure that the maturities of all Bankers' Acceptances and all LIBOR Based Loans are such that all Obligations owed to such Revolving Lender are paid in full on or prior to the Term Maturity Date.
- (c) **Mandatory Repayments:**
- (i) On December 31, 2021, to the extent the Revolving Loan Commitment Amount has not previously been permanently reduced to Cdn.\$185,000,000 (A) the Revolving Loan Commitment Amount shall be automatically and permanently reduced to Cdn.\$185,000,000 and the Borrowing Base shall be automatically and permanently reduced to Cdn.\$210,000,000 and (B) the Borrower shall permanently repay or cause to be repaid Advances outstanding under the Extendible Revolving Loan (together with all accrued and unpaid interest and fees on the principal amount repaid and other Obligations relating thereto) such that, after making or causing to be made such repayment, the Aggregate Principal Amount under the Extendible Revolving Loan shall be less than or equal to Cdn.\$185,000,000 and no Borrowing Base Shortfall shall exist.
- (ii) On March 31, 2022, to the extent the Revolving Loan Commitment Amount has not previously been permanently reduced to Cdn.\$175,000,000 (A) the Revolving Loan Commitment Amount shall be automatically and permanently reduced to Cdn.\$175,000,000 000 and the Borrowing Base shall be automatically and permanently reduced to Cdn.\$200,000,000 and (B) and the Borrower shall permanently repay or cause to be repaid Advances outstanding under the Extendible Revolving Loan (together with all accrued and unpaid interest and fees on the principal amount repaid and other Obligations relating thereto) such that, after making or causing to be made such repayment, the Aggregate Principal Amount under the Extendible Revolving Loan shall be less than or equal to Cdn.\$175,000,000 and no Borrowing Base Shortfall shall exist.
- (iii) On May 31, 2022, to the extent the Revolving Loan Commitment Amount has not previously been permanently reduced to Cdn.\$165,000,000 (A) the Revolving Loan Commitment Amount shall be automatically and permanently reduced to Cdn.\$165,000,000 and the Borrowing Base shall be automatically and permanently reduced to Cdn.\$190,000,000 and (B) and the Borrower shall permanently repay or cause to be repaid Advances outstanding under the Extendible Revolving Loan (together with all accrued

and unpaid interest and fees on the principal amount repaid and other Obligations relating thereto) such that, after making or causing to be made such repayment, the Aggregate Principal Amount under the Extendible Revolving Loan shall be less than or equal to Cdn.\$165,000,000 and no Borrowing Base Shortfall shall exist.

- (iv) On September 30, 2022, to the extent the Revolving Loan Commitment Amount has not previously been permanently reduced to Cdn.\$155,000,000 (A) the Revolving Loan Commitment Amount shall be automatically and permanently reduced to Cdn.\$155,000,000 and the Borrowing Base shall be automatically and permanently reduced to Cdn.\$180,000,000 and (B) and the Borrower shall permanently repay or cause to be repaid Advances outstanding under the Extendible Revolving Loan (together with all accrued and unpaid interest and fees on the principal amount repaid and other Obligations relating thereto) such that, after making or causing to be made such repayment, the Aggregate Principal Amount under the Extendible Revolving Loan shall be less than or equal to Cdn.\$155,000,000 and no Borrowing Base Shortfall shall exist.

(d) Additional Repayment Terms:

- (i) With respect to the funding of the repayment of unexpired Letters of Credit hereunder, it is agreed that the Borrower shall provide for the funding in full of the repayment of unexpired Letters of Credit by paying to and depositing with the Agent cash collateral for each such unexpired Letter of Credit equal to the maximum amount thereof, plus the fees payable pursuant to Sections 10.1(b) through to the expiry of such Letter of Credit, in each case, in the respective currency which the relevant Letter of Credit is denominated; such cash collateral deposited by the Borrower shall be held by the Agent in an interest bearing cash collateral account maintained by the Borrower with the Agent, with interest to be credited to the Borrower at rates prevailing at the time of deposit for similar accounts with the Agent. Such cash collateral accounts shall be assigned to the Agent as security for the obligations of the Borrower in relation to such Letters of Credit and the Borrower hereby grants to the Agent a fixed charge and specific security interest in such cash collateral and cash collateral accounts as security for such obligations; the Lien of the Agent thereby created in such cash collateral and cash collateral accounts shall rank in priority to all other Liens and adverse claims against such collateral. Such cash collateral shall be applied to satisfy the obligations of the Borrower for such Letters of Credit as payments are made thereunder and the Agent is hereby irrevocably directed by the Borrower to so apply any such cash collateral. Amounts held in such cash collateral accounts may not be withdrawn by the Borrower without the consent of the Operating Lender; however, interest on such deposited amounts shall be for the account of the Borrower and may be withdrawn by the Borrower so long as no Default or Event of Default is then continuing. If after expiry of the Letters of Credit for which such funds are held and application by the Agent

of the amounts in such cash collateral accounts to satisfy the obligations of the Borrower hereunder with respect to the Letters of Credit being repaid, any excess remains, such excess shall be promptly paid by the Agent to the Borrower so long as no Default or Event of Default is then continuing.

- (ii) With respect to the repayment of unmatured Bankers' Acceptances hereunder, it is agreed that the Borrower shall provide for the funding in full of the unmatured Bankers' Acceptances to be repaid by paying to and depositing with the Agent cash collateral for each such unmatured Bankers' Acceptances equal to the face amount payable at maturity thereof; such cash collateral deposited by the Borrower shall be held by the Agent in an interest bearing cash collateral account maintained by the Borrower with the Agent with interest to be credited to the Borrower at rates prevailing at the time of deposit for similar accounts with the Agent. Such cash collateral accounts shall be assigned to the Agent as security for the obligations of the Borrower in relation to such Bankers' Acceptances, and the Borrower hereby grants to the Agent a fixed charge and specific security interest in such cash collateral and cash collateral accounts as security for such obligations; the Liens of the Agent thereby created in such cash collateral and cash collateral accounts shall rank in priority to all other Liens and adverse claims against such collateral. Such cash collateral shall be applied to satisfy the obligations of the Borrower for such Bankers' Acceptances as they mature and the Agent is hereby irrevocably directed by the Borrower to apply any such cash collateral to such maturing Bankers' Acceptances. Amounts held in such cash collateral accounts may not be withdrawn by the Borrower without the consent of: (x) the Syndicated Lenders, in respect of cash collateral provided in respect of Bankers' Acceptances issued under the Extendible Revolving Loan; or (y) the Operating Lender, in respect of cash collateral provided in respect of Bankers' Acceptances issued under the Operating Loan; however, interest on such deposited amounts shall be for the account of the Borrower and may be withdrawn by the Borrower so long as no Default or Event of Default is then continuing. If, after maturity of the Bankers' Acceptances for which such cash collateral is held and application by the Agent of the amounts in such cash collateral accounts to satisfy the obligations of the Borrower hereunder with respect to the Bankers' Acceptances being repaid, any excess remains, such excess shall be promptly paid by the Agent to the Borrower so long as no Default or Event of Default is then continuing.

### 3.5 Borrowing Base Shortfall

- (a) Borrowing Base Shortfall: If at any time there occurs a Borrowing Base Shortfall, the Agent may, at the direction of the Lenders, deliver to the Borrower a notice setting out the amount of the Borrowing Base Shortfall (the "**Shortfall Notice**").

Upon receipt of the Shortfall Notice, the Borrower will do one of the following or a combination thereof:

- (i) reduce the Obligations under the Credit Facilities by the amount of the Borrowing Base Shortfall within thirty (30) days of receipt of the Shortfall Notice, with the proceeds of such reduction to be paid to the Lenders and the Operating Lender on a pro rata basis based on the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount of each Credit Facility;
- (ii) eliminate the Borrowing Base Shortfall by providing in favour of the Agent for and on behalf of the Lenders, the Swap Lenders and the Cash Manager additional security, such security to be in form and substance acceptable to the Lenders, to be delivered by the Borrower to the Agent for and on behalf of the Lenders within thirty (30) days of receipt of the Shortfall Notice; or
- (iii) eliminate the Borrowing Base Shortfall within thirty (30) days of receipt of the Shortfall Notice by such other means as are acceptable to the Lenders, including adding additional P&NG Rights acceptable to the Lenders to the Borrowing Base Properties or by making a prepayment.

Notwithstanding the foregoing provisions of this Section 3.5(a), nothing herein contained will effect or modify the rights of the Lenders under the Documents or the obligations of the Borrower thereunder.

- (b) Effect of Borrowing Base Shortfall: If a Shortfall Notice is given, then unless and until the Borrowing Base Shortfall is eliminated as required by Section 3.5(a), the Borrower will:
  - (i) not request Advances under the Credit Facilities, except for the Rollover or Conversion of a then maturing Advance, provided the Maturity Date of such maturing Advances following their Conversion or Rollover, as the case may be, does not exceed the earlier of one month and the 30<sup>th</sup> day after the date the Shortfall Notice is given; and
  - (ii) not dispose or permit the disposition of any Borrowing Base Property, except pursuant to paragraphs (a), (b) and (c) of the definition of Permitted Dispositions, or as otherwise agreed to by all of the Lenders.

If the Borrowing Base Shortfall is eliminated, then the Borrower will no longer be subject to the restrictions and obligations imposed in this Section 3.5(b).

### **3.6 Payment on Term Maturity Date**

The Aggregate Principal Amount of each Credit Facility, if any, remaining on the Term Maturity Date will be unconditionally and irrevocably paid by the Borrower in full, together with all accrued but unpaid interest thereon and all other Obligations owing to the Lenders, if any, on such date.

### **3.7 Payments to Agent**

All payments of the Indebtedness and other Obligations of the Borrower under the Extendible Revolving Loan will be made by the Borrower to the Agent for the account of the Syndicated Lenders in accordance with each such Syndicated Lender's Rateable Portions thereof. All payments of Indebtedness and other Obligations of the Borrower under the Operating Loan will be made by the Borrower to the Operating Lender.

### **3.8 General Right to Repay and Cancel**

- (a) Subject to Section 9.6 and with the same notice required when the type of Advance to be repaid was made, the Borrower may at any time repay (in the case of the Extendible Revolving Loan, in minimum amounts of Cdn. \$5,000,000 or U.S. \$5,000,000, as applicable, and in multiples of Cdn. \$1,000,000 or U.S. \$1,000,000, as applicable, for any amount in excess thereof) without premium, bonus or penalty, any or all of the Aggregate Principal Amount under the Credit Facilities, except that (i) a Bankers' Acceptance under the Credit Facilities will not be paid prior to its Maturity Date, (ii) a LIBOR Based Loan may not be paid prior to its Maturity Date except in accordance with Sections 8.2 and 11.2, and (iii) any Letter of Credit may only be prepaid if such Letter of Credit is returned to the Operating Lender for cancellation or if it collateralized in accordance with Section 5.8.
- (b) At any time during a Revolving Period, the Borrower may also, upon the Borrower giving the Agent not less than two (2) Banking Days prior written notice, cancel (in the case of the Extendible Revolving Loan, in minimum amounts of Cdn. \$5,000,000 or U.S. \$5,000,000, as applicable, and in multiples of Cdn. \$1,000,000 or U.S. \$1,000,000, as applicable, for any amount in excess thereof) any undrawn portion of the Operating Loan Commitment Amount or Revolving Loan Commitment Amount, as applicable, including any undrawn portion resulting from a prepayment.
- (c) Any repayment under a Credit Facility or cancellation of a Credit Facility pursuant to this Section 3.8 shall reduce the Individual Revolving Loan Commitment Amount or Operating Loan Commitment Amount, as applicable, of each of the Lenders under such Credit Facility *pro rata* in the same proportion that the amount of the reduction in such Credit Facility bears to the amount of such Credit Facility in effect immediately prior to such payment or cancellation.

### **3.9 Use of Proceeds**

The Borrower will be entitled to use the proceeds of:

- (a) the Extendible Revolving Loan for general corporate purposes; and
- (b) the Operating Loan for working capital purposes;

provided that the Borrower shall not be entitled to use the proceeds of any Advance to finance a Hostile Acquisition unless consented to by all of the Lenders in writing.

### **3.10 Types of Accommodation**

- (a) Subject to Section 6.1(h), the Borrower may from time to time obtain under the Extendible Revolving Loan all or one or more of the following types of Accommodation:
  - (i) Canadian Dollar Advances. For Advances in Canadian Dollars:
    - (A) Canadian Prime Rate Loans by way of direct Advances; and
    - (B) Bankers' Acceptances.
  - (ii) U.S. Dollar Advances. For Advances in U.S. Dollars:
    - (A) U.S. Base Rate Loans by way of direct Advances; and
    - (B) LIBOR Based Loans.
- (b) Subject to Section 6.1(h), the Borrower may from time to time obtain under the Operating Loan all or one or more of the following types of Accommodations:
  - (i) overdraft borrowing in Canadian Dollars or U.S. Dollars
  - (ii) Canadian Prime Rate Loans;
  - (iii) U.S. Base Rate Loans;
  - (iv) Bankers' Acceptances;
  - (v) LIBOR Based Loans; and
  - (vi) Letters of Credit with terms not exceeding one year.

### **3.11 Interest and Fees**

- (a) Interest and Fees: Interest and fees payable by the Borrower will be paid as follows:
  - (i) each Canadian Prime Rate Loan will bear interest at a variable rate of interest per annum equal to the Canadian Prime Rate plus the Applicable Margin;
  - (ii) each U.S. Base Rate Loan will bear interest at a variable rate of interest per annum equal to the U.S. Base Rate plus the Applicable Margin;
  - (iii) for each Bankers' Acceptance, the stamping fee payable by the Borrower on the acceptance thereof by the Lenders shall be equal to the Applicable

Margin calculated on the face amount of such Bankers' Acceptance and on the basis of the number of days in the term of such Bankers' Acceptance divided by three hundred sixty-five (365). All stamping fees payable pursuant to this Section 3.11(a)(iii) on any date in respect of any issuance of Bankers' Acceptances shall be calculated by the Agent and payable by the Borrower based on the Applicable Margin in effect on such date;

- (iv) each LIBOR Based Loan will bear interest at a rate per annum equal to LIBOR plus the Applicable Margin; and
  - (v) the Borrower will pay to the Operating Lender an issuance or renewal fee (the "**Letter of Credit Fee**") in respect of each Letter of Credit under the Operating Loan on the date of issuance or renewal thereof at a rate per annum equal to the Applicable Margin and on the amount of each such Letter of Credit for the number of days which such Letter of Credit will be outstanding, subject to this Section 3.11, together with all other customary administrative charges in respect thereof; provided that such fee will be a minimum amount of \$350 (in the currency of the Letter of Credit) on each issuance or renewal.
- (b) **Payment Default:** Upon a default in the payment of interest or principal the Borrower shall pay to the Agent on behalf of each Lender, on demand, interest on all overdue payments in connection with this Agreement, at a rate per annum which is two per cent (2%) per annum in excess of (i) the Canadian Prime Rate plus the Applicable Margin (if any) with respect to all Advances denominated in Canadian Dollars and (ii) the U.S. Base Rate plus the Applicable Margin (if any) with respect to all Advances denominated in U.S. Dollars.
- (c) **Event of Default or Borrowing Base Shortfall:** Without duplication of interest on overdue amounts as provided in paragraph (b) above, the Applicable Margin applicable to Advances shall increase by 2.00% per annum (for certainty, in addition to any increase during the Term Period as provided for in the definition of Applicable Margin) during the continuance of any Borrowing Base Shortfall or Event of Default (however, provided that if a Borrowing Base Shortfall or Event of Default no longer exists and the Borrower has paid in advance the increased acceptance fees for the term to maturity of a Bankers' Acceptance, the applicable Lender will apply the amount of such increase for the remaining term to maturity of such Bankers' Acceptance against future Obligations owing to such Lender).
- (d) **Changes in Rates due to Change in Ratio:** For the purposes of this Agreement, the effective date on which any change in interest rates, stamping fees, Letter of Credit Fees or standby fees occurs will be the first day of the third month following the end of each Fiscal Quarter in respect of which a Compliance Certificate is delivered pursuant to Section 14.3(a) which evidences a change in the Consolidated Debt to EBITDA Ratio; provided that the effective date shall be the first day of the fifth month following the end of each Fiscal Year in respect of which a Compliance Certificate is delivered pursuant to Section 14.3(a) which evidences a change in the

Consolidated Debt to EBITDA Ratio. If the Borrower fails to deliver a Compliance Certificate in accordance with Section 14.3(a), then the Applicable Margin shall be deemed to be at Level XI in the pricing table in the definition of Applicable Margin until such time as the applicable Compliance Certificate is delivered (and notwithstanding the Default which arises from such failure to so deliver such Compliance Certificate). Any increase or decrease in (i) the interest rates on LIBOR Based Loans outstanding on the effective date of a change in the Consolidated Debt to EBITDA Ratio will apply proportionately to each such LIBOR Based Loan outstanding on the basis of the number of days remaining in the term to maturity thereof, (ii) the stamping fees on Bankers' Acceptances outstanding on the effective date of a change in the Consolidated Debt to EBITDA Ratio will apply for new Bankers' Acceptances issued after such effective date or on any Rollover of an existing Bankers' Acceptance but otherwise the stamping fees on any Bankers' Acceptance existing at such effective date will not change until the Maturity Date thereof, and (iii) the Letter of Credit Fees on Letters of Credit outstanding on the effective date of a change in the aforesaid rates will apply for new Letters of Credit issued or renewed after such effective date such that the Letter of Credit Fees on any such existing Letter of Credit will not change until the maturity or renewal thereof.

- (e) Restatement of Ratio: If the Borrower has delivered a Compliance Certificate that is subsequently found to be inaccurate in any way as a result of the Borrower's financial results having to be restated or if the Borrower's financial results were inaccurately reflected in the original financial results on which such Compliance Certificate was based or for any other reason and the result thereof is that the Consolidated Debt to EBITDA Ratio was originally different (and the corresponding Level in the pricing table in the definition of Applicable Margin was different) than it otherwise would have been in the absence of such inaccuracy or prior to such restatement, then (i) if the corresponding Level in the pricing table in the definition of Applicable Margin would have been higher than it was as previously reported, the Borrower will, immediately upon the correction of such inaccuracy or upon such restatement, pay to the Agent for the benefit of the applicable Lenders an amount equal to the interest, stamping fees, Letter of Credit Fees and standby fees that the Lenders should have received, but did not receive, over the applicable period had the Consolidated Debt to EBITDA Ratio, and the underlying components thereof, been reported correctly in the first instance, or (ii) if the corresponding Level in the pricing table in the definition of Applicable Margin would have been lower than it was as previously reported, the Borrower will be entitled to a credit equal to the additional interest, stamping fees, Letter of Credit Fees and standby fees that the Borrower paid over the applicable period had the Consolidated Debt to EBITDA Ratio, and the underlying components thereof, been reported correctly in the first instance.

### **3.12 Borrowing Base**

- (a) Borrowing Base on Closing Date: The Borrowing Base as of the Closing Date is Cdn.\$220,000,000.

- (b) **Setting of Borrowing Base:** A determination of the Borrowing Base will occur by the Lenders semi-annually on or before May 31 and November 30 in each year the Credit Facilities remain available to the Borrower or any Indebtedness thereunder remains outstanding. At any time during the annual period between May 31 of each calendar year, at the option of any one Lender, the Agent will, upon notice to the Borrower, redetermine the Borrowing Base in accordance with Section 3.12(c), which upon notice thereof to the Borrower, shall be in effect until any subsequent determination or redetermination of the Borrowing Base pursuant to this Agreement. However, the Lenders reserve the right to cause a redetermination of the Borrowing Base at any time during the Term Period. In addition, the Agent, at the direction of the Majority Lenders, reserves the right to cause a redetermination of the Borrowing Base at any time if (i) it becomes aware that, or has reasonable grounds to believe that, an action, suit or other proceeding at law or before any court or administrative body is existing or pending or is threatened against the Borrower or any Material Subsidiary, or (ii) any material Lien which would reasonably be expected to rank in priority to the Security has been registered against one or more of the properties of the Borrower or any Material Subsidiary, which in each such case could reasonably be expected to have a Material Adverse Effect. The next determination of the Borrowing Base shall occur on May 31, 2022.
- (c) **Determination of Borrowing Base:** The Borrowing Base will be determined by the Agent in accordance with its usual and customary practices for revolving loans of this nature, provided that, subject to Section 3.12(d) any increase, decrease or confirmation of the Borrowing Base will require the approval of all of the Lenders; also provided that each Lender, in making any such decision to provide any such approval, will act in accordance with its usual and customary practices for revolving loans of this nature. The Borrower will cooperate in all respects in providing the Agent, in a timely manner and for the benefit of the Agent and the Lenders, with such information as may be reasonably required by the Agent and the Lenders to assist each of them in determining the Borrowing Base within the applicable time period required hereunder. To assist the Agent and the Lenders in a determination of the Borrowing Base, the Borrower will, while any Credit Facility remains available to the Borrower, provide the Agent, for the benefit of the Lenders, with the following:
- (i) (A) prior to April 30 of each calendar Year, an independent economic and reserve evaluation report covering the then applicable Borrowing Base Properties prepared by an engineering firm acceptable to the Lenders, acting reasonably, with an effective date no earlier than December 31 of the immediately preceding calendar Year and (B) prior to October 31 of each calendar Year, an internally prepared economic and reserve evaluation report with an effective date of not earlier than July 31 of such calendar Year covering all of the then current Borrowing Base Properties together with lease operating statements, net revenue statements and any other information reasonably required by the Lenders;

- (ii) prior to April 30 of each calendar Year, an operating and capital expenditure budget approved by the Borrower's Directors and by the Borrower's Directors for the then current Fiscal Year with respect to the Borrower, including any revisions thereto; and
  - (iii) such other information available to the Borrower as the Lenders may request from time to time, acting reasonably.
- (d)
- (i) **Notification of Borrowing Base:** If all of the Lenders agree to the amount of the Borrowing Base, on or prior to the applicable Borrowing Base Date, then the Agent shall deliver a Borrowing Base Certificate to the Borrower specifying the Borrowing Base.
  - (ii) **Lowest Borrowing Base Lender:** If all of the Lenders cannot agree on the amount of the Borrowing Base prior to the applicable Borrowing Base Date, then the Borrowing Base shall be deemed to have been determined by the Lenders as the lowest Borrowing Base amount proposed by a Lender or Lenders (each such Lender, a "**Lowest Borrowing Base Lender**") to the Agent and other Lenders by written notice prior to the applicable Borrowing Base Date, and, promptly after the applicable Borrowing Base Date, the Agent shall deliver a Borrowing Base Certificate to the Borrower specifying the Borrowing Base.
  - (iii) **Borrowing Base in Effect:** A Borrowing Base determination will remain in effect until the next redetermination is made as required or permitted herein.
  - (iv) **Removal of Lowest Borrowing Base Lender:** If the Borrowing Base has been determined pursuant to Section 3.12(d)(ii), the Borrower shall have the right to require any Lowest Borrowing Base Lender to assign its Individual Commitment Amount, its Rateable Portion of all Credit Facilities and other obligations and all of its rights, benefits and interests under the Documents to other Lenders which have agreed to increase their Individual Commitment Amounts or to other financial institutions acceptable to the Agent, acting reasonably.
- (e) **Independent Reserve Report:** The Lenders will have the right, not more than once per Year during a Revolving Period and provided that the Lenders believe there has been a material adverse change in the Borrowing Base Properties (other than by reason of a decline in commodity prices) or at any time during the Term Period, in each case acting reasonably, to request that an independent economic and reserve evaluation report covering the Borrowing Base Properties be provided by the Borrower at the Borrower's expense.
- (f) **Borrower May Request Redetermination:** The Borrower may at any time request a redetermination of the Borrowing Base. Upon such request, the Borrowing Base will be redetermined as soon as reasonably practicable, provided that the Borrower has made available to the Agent, for the benefit of the Lenders, the current information which, in the opinion of the Lenders, acting reasonably, is required to

perform such redetermination. The Borrowing Base will be adjusted effective on the date specified in the notice of same given by the Agent to the Borrower. In connection with such redetermination, the Agent on behalf of the Lenders will be entitled to charge the Borrower a reasonable "work fee" to be agreed upon between the Borrower and the Agent.

- (g) Meeting with Lenders: The Borrower will meet annually with the Lenders at a time and place mutually acceptable to the Borrower and the Lenders to review and discuss the production profile of the Borrowing Base Properties, and such other matters affecting the Borrower's business as the Lenders may request, acting reasonably.

#### **ARTICLE 4** **SECURITY**

##### **4.1 Security**

The Obligations, Swap Obligations and Cash Management Obligations will be secured by the following (collectively, the "**Security**"):

- (a) a demand debenture initially in the amount of Cdn. \$750,000,000 from the Borrower and each Material Subsidiary (the demand debentures to be substantially in the form of Schedule F), to be registered in all appropriate jurisdictions;
- (b) a general security agreement substantially in the form of Schedule G from the Borrower and each Material Subsidiary providing for a first priority security interest (subject only to Permitted Encumbrances) in all of such Person's present and after-acquired personal property, to be registered in all appropriate jurisdictions;
- (c) a guarantee, substantially in the form of Schedule H, from each Material Subsidiary in favour of the Agent for its own benefit and on behalf of the Lenders, the Swap Lenders and the Cash Manager with respect to the Borrower's and each Subsidiaries' obligations to the Agent, the Lenders, the Swap Lenders and the Cash Manager, under the Documents, the Swap Documents and the Cash Management Documents;
- (d) prior to, or concurrently with, any Subsidiary incurring Swap Obligations or Cash Management Obligations, a guarantee, substantially in the form of Schedule H, from the Borrower in favour of the Agent for its own benefit and on behalf of the Lenders, the Swap Lenders and the Cash Manager with respect to its Subsidiaries' obligations to the Agent, the Lenders, the Swap Lenders and the Cash Manager, under the Documents, the Swap Documents and the Cash Management Documents; and
- (e) when requested by the Agent in accordance with Section 4.6, such documents and instruments providing a fixed Lien in accordance with Section 4.6.

## **4.2 Sharing of Security**

The Borrower and the Lenders agree and acknowledge that the Security is being shared equally among the Lenders, the Swap Lenders and the Cash Manager to secure the Obligations, Swap Obligations and Cash Management Obligations on a *pari passu* basis; and that the Agent will hold the Security for the benefit of the Lenders with respect to all Obligations, the Swap Lenders with respect to all Swap Obligations and the Cash Manager with respect to all Cash Management Obligations. For purposes of the above sentence, "*pari passu*" basis means, at any date of determination, the proportion that the Exchange Equivalent in Canadian Dollars of the amount of the Obligations, Cash Management Obligations and Swap Obligations of any Lender (including, for certainty, as a Cash Manager) and Swap Lender bears to the aggregate of the Exchange Equivalent in Canadian Dollars of the Obligations, Cash Management Obligations and Swap Obligations of all Lenders and Swap Lenders.

If requested by the Lenders, any Swap Lender or the Cash Manager, the Lenders, the Swap Lenders and the Cash Manager will enter into such further agreements and assurances as may be reasonably requested to further evidence the provisions of this Section 4.2.

## **4.3 Exclusivity of Remedies**

Nothing herein contained or in the Security now held or hereafter acquired by the Agent and the Lenders, nor any act or omission of the Agent and the Lenders with respect to any such Security, will in any way prejudice or affect the rights, remedies or powers of the Agent and the Lenders with respect to any other security at any time held by the Agent and the Lenders.

## **4.4 Form of Security**

The Security will be in such form or forms as will be required by the Agent, acting reasonably, and will be registered in such offices in Canada or any province thereof or any other jurisdiction as the Agent may from time to time reasonably require to protect the Liens created thereby. Should the Agent determine at any time and from time to time that the form and nature of the then existing Security is deficient in any way or does not fully provide the Agent and the Lenders with the Liens and priority to which each is entitled hereunder, the Borrower will forthwith execute and deliver or cause to be executed and delivered to the Agent, at the Borrower's expense, such amendments to the Security or provide such new security as the Agent may reasonably request.

## **4.5 After-Acquired Property**

All property acquired by or on behalf of the Borrower or any Material Subsidiary after the date of execution of the Security which forms part of the property of the Borrower or such Material Subsidiary (hereafter collectively referred to as "**After-Acquired Property**"), will be subject to the Security without any further conveyance, mortgage, pledge, charge, assignment or other act on the part of the Parties. Without limiting the effect of the preceding sentence, the Borrower and each of the Material Subsidiaries will from time to time execute and deliver, and the Agent will register, all at the Borrower's expense, such

instruments supplemental to the Security, in form and substance satisfactory to the Agent, acting reasonably, as may be necessary or desirable to ensure that the Security, as amended and supplemented, constitutes in favour of the Agent, the Lenders, the Swap Lenders and the Cash Manager an effective Lien to the extent created by the Security over such After-Acquired Property as required hereunder, subject only to Permitted Encumbrances which under applicable Law rank in priority thereto.

#### **4.6 Undertaking to Grant Fixed Charge Security**

The Borrower or any Material Subsidiary, at the request of the Agent on the direction of any Lender, in its sole discretion, will forthwith grant or cause to be granted to the Agent for the benefit of the Agent, the Lenders, the Swap Lenders and the Cash Manager, a fixed Lien (subject only to Permitted Encumbrances) in such of the Borrower's or such Material Subsidiary's property as the Agent will, in its sole discretion, determine as security for all then present and future Obligations, Swap Obligations and Cash Management Obligations. In this regard, the Borrower and the Material Subsidiaries will:

- (a) provide the Agent with such information as is reasonably required by the Agent to identify the property to be charged pursuant to this Section 4.6 within 10 days of receipt of a request from the Agent to receive such information;
- (b) do all such things as are reasonably required to grant, or cause any such Material Subsidiary to grant, in favour of the Agent, the Lenders, the Swap Lenders and the Cash Manager, a fixed Lien (subject only to Permitted Encumbrances) in respect of such property to be so charged pursuant to this Section 4.6;
- (c) provide the Agent with all corporate, partnership or trust resolutions and other action, as reasonably required, for the Borrower or any Material Subsidiary to grant the fixed Lien (subject only to Permitted Encumbrances) in the property identified by the Agent to be so charged;
- (d) provide the Agent with such security instruments and other documents which the Agent, acting reasonably, deems are necessary to give full force and effect to the provisions of this Section 4.6;
- (e) assist the Agent in the registration or recording of such agreements and instruments in such public registry offices in Canada or any province thereof or any other jurisdiction as the Agent, acting reasonably, deems necessary to give full force and effect to the provisions of this Section 4.6; and
- (f) pay all reasonable costs and expenses incurred by the Agent in connection with the preparation, execution and registration of all agreements, documents and instruments, including any amendments to the Security, made in connection with this Section 4.6.

#### **4.7 Discharge of Security**

The Agent and the Lenders will discharge the Security at the Borrower's expense forthwith after all Obligations, Swap Obligations and Cash Management Obligations have been unconditionally and irrevocably paid or satisfied in full and the Lenders have no further obligations to make Advances to the Borrower hereunder, other than to the extent that such Security applies to a Permitted Disposition to a Person other than the Borrower or a Material Subsidiary (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).

#### **4.8 Lender Swaps**

- (a) Swaps: Subject to the terms and conditions hereof (and specifically Sections 14.2(c), (d), (e) and (f)), each of the Lenders (or an Affiliate of such Lender) may from time to time enter into Hedging Agreements with the Borrower during the term of this Agreement. Prior to engaging in any Hedging Agreements with a Swap Lender, the Borrower shall enter into an ISDA Master Agreement with the applicable Swap Lender, the terms of which will be not inconsistent with this Agreement and will provide for cross default hereto.
- (b) Secured Obligations: The parties agree that all Swap Obligations incurred by the Borrower shall be secured by the Security on a *pari passu* basis and shall rank *pari passu* with the Obligations and Cash Management Obligations.
- (c) Security for Former Lenders: If a Lender ceases to be a Lender under this Agreement (a "**Former Lender**"), all Swap Obligations owing to such Former Lender and its Affiliates under Swap Documents entered into while such Former Lender was a Lender shall remain secured by the Security (equally and rateably) to the extent that such Swap Obligations were secured by the Security prior to such Lender becoming a Former Lender and, subject to the provisions of this Section 4.8(c) and unless the context otherwise requires, all references herein or in any other Document to "Swap Obligations" shall include such obligations to a Former Lender and its Affiliates, all references herein or in any other Document to "Swap Lenders" shall include Former Lenders and their Affiliates for the purposes of such obligations, and all references herein or in any other Document to "Swap Documents" shall include such Swap Documents with a Former Lender and its Affiliates. For certainty, any Swap Obligations under Swap Documents entered into with a Former Lender or an Affiliate thereof after the Former Lender has ceased to be a Lender shall not be secured by the Security.

### **ARTICLE 5** **FUNDING AND OTHER MECHANICS**

#### **5.1 Funding of Accommodations**

Subject to Section 5.2 and Article 9, all Advances requested by the Borrower will be made available by deposit of the applicable funds (which in the case of Bankers' Acceptances will be the Net Proceeds) into the appropriate Borrower's Account for value on the Banking

Day, or the LIBOR Banking Day in the case of a LIBOR Based Loan, as the case may be, on which the Advance is to take place.

## **5.2 Notice Provisions**

Drawdowns under the Credit Facilities will be made available to the Borrower and the Borrower will be entitled to effect a Rollover or Conversion where permitted hereunder, provided a Notice of Borrowing or Notice of Rollover or Notice of Conversion, as applicable, is received from the Borrower by the Agent as follows:

- (a) with respect to Advances under the Operating Loan, other than by way of overdraft borrowings (where no notice is required), LIBOR Based Loans or Letters of Credit, provided notice is received by the Agent no later than 12:00 noon (Toronto time) on the same Banking Day as the requested Drawdown Date or the date of Rollover or Conversion, as applicable;
- (b) with respect to Advances under the Operating Loan by way of Letters of Credit, at least three (3) Banking Days prior to such Advance, provided notice is received by the Agent no later than 12:00 noon (Toronto time) on the third (3<sup>rd</sup>) Banking Day immediately preceding the Drawdown Date or the date of Rollover, as applicable;
- (c) with respect to Advances under the Extendible Revolving Loan, other than by way of LIBOR Based Loans, of up to and including \$10,000,000 in the applicable currency, at least one (1) Banking Day prior to such Advance, provided notice is received by the Agent no later than 12:00 noon (Toronto time) on the Banking Day immediately preceding the requested Drawdown Date or the date of Rollover or Conversion, as applicable;
- (d) with respect to Advances under the Extendible Revolving Loan, other than by way of LIBOR Based Loans, in excess of \$10,000,000 in the applicable currency, at least two (2) Banking Days prior to such Advance, provided notice is received by the Agent no later than 12:00 noon (Toronto time) on the second (2<sup>nd</sup>) Banking Day immediately preceding the Drawdown Date or the date of Rollover or Conversion, as applicable; and
- (e) with respect to a Drawdown, Rollover or Conversion of or into a LIBOR Based Loan under either Credit Facility, at least three (3) LIBOR Banking Days prior to such Advance, provided notice is received by the Agent no later than 12:00 noon (Toronto time) on the third (3<sup>rd</sup>) LIBOR Banking Day immediately preceding the Drawdown Date or the date of Rollover or Conversion, as applicable.

Any of the notices referred to in the foregoing paragraphs of this Section 5.2 may, subject to Section 20.2, be given by the Borrower, at its sole risk, to the Agent by telephone and in such case will be followed by the Borrower delivering to the Agent on the same day the written notice required hereunder confirming such instructions.

### **5.3 Irrevocability**

A Notice of Borrowing, Notice of Rollover or Notice of Conversion when given by the Borrower will be irrevocable and will oblige the Borrower, the Agent and the Lenders to take the action contemplated herein and therein on the date specified therein, provided that, any such notice will not be binding on the Lender who makes a determination under Section 11.2.

### **5.4 Rollover or Conversion of Accommodations**

- (a) Subject to Section 5.2, Article 8 and Article 9, the Borrower will be entitled to effect a Rollover of one type of Accommodation into the same type of Accommodation or to effect a Conversion of one type of Accommodation (other than Letters of Credit) into another type of Accommodation under the same Credit Facility on the terms herein provided.
- (b) If the Borrower fails to give the Agent a duly completed Notice of Rollover or Notice of Conversion if and as required by Section 5.2, or if in giving such notice the Borrower fails to provide for the Rollover or Conversion of all of the Advances then maturing, the Borrower will be deemed to have irrevocably elected for the Conversion of such maturing Advances, or that part of such maturing Advances which the Borrower has failed to provide for in such notice, as the case may be, into a Canadian Prime Rate Loan with respect to a Canadian Dollar Advance or a U.S. Base Rate Loan with respect to a U.S. Dollar Advance, in each case, under the same Credit Facility under which the maturing Advance was made.
- (c) No Conversion of a Bankers' Acceptance will be made prior to its Maturity Date.

### **5.5 Agent's Obligations**

Upon receipt of a Notice of Borrowing, Notice of Rollover or Notice of Conversion with respect to a proposed Advance (other than by way of Bankers' Acceptances), the Agent will forthwith notify the Lenders of the proposed date on which such Advance is to take place, of each Lender's Rateable Portion of such Advance and, if applicable, of the account of the Agent to which each Lender's Rateable Portion thereof is to be credited.

### **5.6 Lenders' Obligations**

Each Lender will, prior to 12:00 noon (Toronto time) on the proposed date on which an Advance is to take place (other than by way of Bankers' Acceptances), credit the account of the Agent specified in the Agent's notice given pursuant to Section 5.5 with such Lender's Rateable Portion of such Advance, and by 1:00 p.m. (Toronto time) on the same date, the Agent will make available to the Borrower the amount so credited.

### **5.7 Exchange Rate Fluctuations**

- (a) Subject to Sections 5.7(b) and 5.8, if as a result of currency fluctuations the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount owing

to the Lenders under a Credit Facility exceeds the Commitment Amount under such Credit Facility, (in each case, the "**Excess**"), the Borrower will forthwith pay the Excess to the Agent as a Principal Repayment for the benefit of the Lenders.

- (b) If the Excess represents an amount, which is less than 3% of the then current Revolving Loan Commitment Amount or Operating Loan Commitment Amount, as applicable, then the Borrower will only be required to repay the Excess within five (5) days of the Excess arising.

## **5.8 Excess Relating to LIBOR, Letters of Credit and Bankers' Acceptances**

If to pay an Excess it is necessary to repay an Advance made by way of Bankers' Acceptance, Letter of Credit or a LIBOR Based Loan, prior to the Maturity Date thereof, the Borrower will not be required to repay such Advances until the Maturity Date applicable thereto, provided, however, that at the request of the Agent, the Borrower will forthwith pay the Excess to the Agent, for deposit into a cash collateral account established by and in the name of the Borrower with the Agent for the benefit of the Agent and the Lenders and the Parties agree to enter into a cash collateral agreement reasonably requested by the Agent to evidence such arrangement. The Excess will be held by the Borrower in the foregoing cash collateral account for set-off against future Obligations owing by the Borrower to the Lenders in respect of such Excess, if any, and, pending such application, such amounts will bear interest for the Borrower's account at the rate payable by the Agent in respect of deposits of similar amounts and for similar periods of time. The Agent shall have exclusive control and a first priority security interest over all amounts at any time on deposit in such cash collateral account. The deposit of the Excess by the Borrower in the cash collateral account as herein provided, will not operate as a repayment of the Aggregate Principal Amount until such time as the Excess is actually paid to the Lenders as a Principal Repayment.

## **ARTICLE 6** **DRAWDOWN UNDER THE CREDIT FACILITIES**

### **6.1 Conditions Precedent to Drawdown**

The Lenders' obligation to provide Advances will be subject to the following conditions precedent being met, unless waived in writing by the Lenders:

- (a) upon or prior to the date hereof, the Borrower will have complied, or caused to be complied, with the deliveries required under Section 2.1;
- (b) on each Drawdown Date, date of Conversion and date of Rollover, no Default or Event of Default shall have occurred and be continuing as of the date of such Advance or would be expected to result therefrom;
- (c) on each Drawdown Date, the representations and warranties contained in Section 13.1 are true and correct;

- (d) the appropriate Notice of Borrowing, Notice of Rollover or Notice of Conversion will have been delivered in accordance with the notice provisions provided in Section 5.2;
- (e) in the case of any Advances by way of a Drawdown, no Default, Event of Default or Borrowing Base Shortfall will have occurred and be continuing as of the date of such Advance or would be expected to result therefrom;
- (f) after giving effect to such Advance and the application of proceeds thereof, the Borrower would not be required to repay any Advance pursuant to Section 14.1(z);
- (g) on each Drawdown Date, date of Conversion and date of Rollover, no default, event of default or other similar condition or event (however described) under any BDC Facility Document shall have occurred and be continuing as of the date of such Advance or would be expected to result therefrom; and
- (h) if such Advance is by way of U.S. Base Rate Loans or LIBOR Based Loans, in each case, all of the Lenders (or in the case of an Advance under the Operating Loan, only the Operating Lender) shall have consented, in writing, to such Advance.

## **ARTICLE 7**

### **CALCULATION OF INTEREST AND FEES**

#### **7.1 Records**

The Agent will maintain records, in written or electronic form, evidencing all Advances and all other Indebtedness owing by the Borrower to the Agent and each Lender under this Agreement. The Agent will enter in such records details of all amounts from time to time owing, paid or prepaid by the Borrower to it hereunder. In addition, each Lender will maintain records, in written or electronic form, evidencing all Advances and other Obligations owing by the Borrower to such Lender. The information entered in such records will constitute prima facie evidence of the Indebtedness of the Borrower to the Agent and each Lender under the Credit Facilities. In the event of a conflict between the records of the Agent and a Lender maintained pursuant to this Section 7.1, the records of the Agent shall prevail, absent manifest error.

#### **7.2 Payment of Interest and Fees**

- (a) Interest: Except as expressly stated otherwise herein, all Canadian Prime Rate Loans, U.S. Base Rate Loans and LIBOR Based Loans from time to time outstanding will bear interest, as well after as before maturity, default and judgment, with interest on overdue interest, at the applicable rates as prescribed under Section 3.11. Interest payable at a variable rate will be adjusted automatically without notice to the Borrower whenever there is a variation in such rate.
- (b) Calculation of Interest and Fees: Interest on Canadian Prime Rate Loans and U.S. Base Rate Loans will accrue and be calculated but not compounded daily and

be payable monthly in arrears on the first (1<sup>st</sup>) Banking Day of each month for the immediately preceding month, or, after notice to the Borrower, on such other Banking Day as is customary for the Agent having regard to its then existing practice. Interest on Canadian Prime Rate Loans, U.S. Base Rate Loans, stamping fees on Bankers' Acceptances and Letter of Credit Fees will be calculated on the basis of a 365-day Year.

- (c) *Interest Act (Canada)*: For the purposes of the *Interest Act (Canada)* and any other applicable Laws which may hereafter regulate the calculation or computation of interest on borrowed funds, the annual rates of interest and fees applicable to Canadian Prime Rate Loans, U.S. Base Rate Loans and Bankers' Acceptances, respectively, are the rates as determined hereunder multiplied by the actual number of days in a period of one Year commencing on the first day of the period for which such interest or stamping fee is payable and divided by 365.
- (d) **LIBOR Based Loans**: Interest on LIBOR Based Loans will accrue and be calculated but not compounded daily and be payable at the end of each applicable LIBOR Period. Interest on LIBOR Based Loans will be calculated on the basis of the actual number of days in each LIBOR Period divided by 360. A change in the Applicable Margin in respect of the LIBOR Based Loan will simultaneously cause a corresponding change in the interest payable for the portion of the LIBOR Period for such LIBOR Based Loan remaining at the time of the change in the Applicable Margin. For the purposes of the *Interest Act (Canada)* and any other applicable Laws, the annual rates of interest applicable to LIBOR Based Loans are the rates as determined hereunder multiplied by the actual number of days in a period of one Year commencing on the first day of the period for which such interest is payable and divided by 360.

### **7.3 Payment of Stamping Fee**

The Borrower will pay to the Agent for the account of the Lenders the applicable stamping fee under Section 3.11(a) with respect to Bankers' Acceptances on the date of acceptance thereof by the Lenders and when required as a result of a change in the Applicable Margin. Payment of the stamping fee may be made by way of set-off as provided in Section 9.5.

### **7.4 Calculation and Payment of Issuance Fees**

Letter of Credit Fees will be calculated on the basis of a 365 day year and for such period of time as the applicable Letter of Credit remains outstanding. The Letter of Credit Fees will be payable upon the issuance or renewal of the applicable Letter of Credit. Notwithstanding the foregoing, the minimum Letter of Credit Fee shall be not less than the minimum flat rate issuance fee set by the Operating Lender from time to time in accordance with its customary practice for letters of credit issued on behalf of comparable borrowers and, if the minimum issuance fee applies, the Letter of Credit Fee shall be payable in advance at the time of issuance of the applicable Letter of Credit.

## 7.5 Payments Clear of Taxes; FATCA

- (a) Subject to Section 7.5(b), any and all payments by the Borrower to the Agent or the Lenders on account of any obligation of the Borrower shall be made free and clear of, and without deduction or withholding for or on account of, any and all Indemnified Taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Administrative Body or under the laws of any international tax authority imposed on the Agent or the Lenders, or by or on behalf of the foregoing (and, for greater certainty, nothing in this Section 7.5(a) shall make the Borrower liable for any Excluded Taxes). In addition, the Borrower agrees to pay any Indemnified Taxes which arise from any payment made under this Agreement or the Advances or in respect of the execution, delivery or registration or the compliance with this Agreement or the other Documents contemplated hereunder. The Borrower shall indemnify and hold harmless the Agent and the Lenders for the full amount of all of the foregoing Taxes or other amounts paid or payable by the Agent or the Lenders and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto.
- (b) If the Borrower shall be required by law to deduct or withhold any Indemnified Taxes from any payment or other amount required to be paid to the Agent or the Lenders hereunder, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to the Agent or the Lenders hereunder shall be increased as may be necessary so that after making all required deductions, withholdings, and additional Indemnified Taxes payments attributable thereto (including deductions, withholdings or income tax payable for additional sums payable under this provision) the Agent or the Lenders, as the case may be, receive an amount equal to the amount they would have received had no such deductions or withholdings been made or if such additional taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such liabilities to the relevant taxation authority or other authority in accordance with applicable Law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Agent or the Lenders) on behalf of and in the name of the Agent or the Lenders, as the case may be. If the liability is imposed on the Agent or the Lenders, the Borrower shall deliver to the Agent or the relevant Lenders evidence satisfactory to the Agent or the Lenders, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.
- (c) If a payment made to a Lender under any Document would be subject to U.S. federal withholding Tax 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 the Code, as applicable, or the *Income Tax Act* (Canada)), such Lender shall deliver to the Borrower and/or the Agent (as applicable) 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 and the Agent to comply with their 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. Solely for purposes of this Section 7.5(c), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

- (d) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and/or the Agent (as applicable) in writing of its legal inability to do so.
- (e) Each party's obligations under this Section 7.5 shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Credit Facilities and the repayment, satisfaction or discharge of all Obligations.

## **7.6 Application of Payments**

Except as otherwise agreed in writing by all of the Lenders, if any Event of Default shall occur and be continuing, all payments made by the Borrower to the Agent and the Lenders shall be applied in the following order:

- (a) to amounts due hereunder as fees other than stamping fees for Bankers' Acceptances or Letter of Credit Fees;
- (b) to amounts due hereunder as costs and expenses;
- (c) to amounts due hereunder as default interest;
- (d) to amounts due hereunder as interest or stamping fees for Bankers' Acceptances or Letter of Credit Fees; and
- (e) to amounts due hereunder as principal (including reimbursement obligations in respect of Bankers' Acceptances and Letters of Credit).

## **7.7 Debit Authorization**

The Borrower authorizes and directs the Agent and the Operating Lender, in their discretion, to automatically debit, by mechanical, electronic or manual means, the bank accounts of the Borrower maintained by it for amounts that are due and payable under this Agreement.

## **7.8 Conversion to Another Currency**

If the Borrower wishes to convert any part of an outstanding Advance from one currency to another currency, the Borrower will, subject to Sections 3.8, 5.4(c) and 8.2, repay to the

Agent for the benefit of the Lenders the amount of such Advance in the initial currency and then re-borrow the applicable amount in the second currency provided that the Agent has received a Notice of Borrowing in accordance with Section 5.2.

## **7.9 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 applicable Lenders and the amount of such payment or collection will be refunded to the Borrower. 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 Facilities 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.

## **7.10 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.

## **7.11 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.

## **7.12 Interest Act (Canada)**

- (a) **THE BORROWER ACKNOWLEDGES AND CONFIRMS THAT: (A) THIS AGREEMENT, INCLUDING SECTION 3.11 AND ARTICLE 7 HEREOF AND THE CONSTITUENT DEFINITIONS HEREIN AND UNDER THE OTHER DOCUMENTS RELATING TO INTEREST AND OTHER AMOUNTS PAYABLE HEREUNDER AND THEREUNDER, SATISFIES THE REQUIREMENTS OF SECTION 4 OF THE INTEREST ACT (CANADA) TO THE EXTENT THAT SUCH SECTION 4 OF THE INTEREST ACT (CANADA) APPLIES TO THE EXPRESSION, STATEMENT OR CALCULATION OF ANY RATE OF INTEREST OR OTHER RATE PER ANNUM HEREUNDER OR UNDER ANY OTHER DOCUMENT; AND (B) THE BORROWER AND THE BORROWER'S SUBSIDIARIES ARE EACH ABLE TO CALCULATE THE YEARLY**

**RATE OR PERCENTAGE OF INTEREST PAYABLE UNDER ANY DOCUMENT BASED ON THE METHODOLOGY SET OUT HEREIN AND UNDER THE OTHER DOCUMENTS, INCLUDING SECTION 3.11 AND ARTICLE 7 HEREOF AND THE CONSTITUENT DEFINITIONS HEREIN AND UNDER THE OTHER DOCUMENTS RELATING TO INTEREST AND OTHER AMOUNTS PAYABLE HEREUNDER AND THEREUNDER.**

- (b) **THE BORROWER HEREBY IRREVOCABLY AGREES NOT TO, AND AGREES TO CAUSE EACH OF ITS SUBSIDIARIES NOT TO, PLEAD OR ASSERT, WHETHER BY WAY OF DEFENCE OR OTHERWISE, IN ANY PROCEEDING RELATING TO THE DOCUMENTS, THAT THE INTEREST PAYABLE UNDER THE DOCUMENTS AND THE CALCULATION THEREOF HAS NOT BEEN ADEQUATELY DISCLOSED TO THE BORROWER OR ANY SUBSIDIARY THEREOF, WHETHER PURSUANT TO SECTION 4 OF THE INTEREST ACT (CANADA) OR ANY OTHER APPLICABLE LAW OR LEGAL PRINCIPLE.**

**ARTICLE 8**  
**GENERAL PROVISIONS RELATING TO LIBOR BASED LOANS**

**8.1 General**

- (a) The aggregate amount of each Advance by way of a LIBOR Based Loan will be at least U.S. \$5,000,000 and in multiples of U.S. \$500,000 for any amount in excess thereof, and each LIBOR Based Loan will have a term to maturity of 1 month, or as otherwise agreed by the Lenders.
- (b) Any amounts owing by the Borrower in respect of any LIBOR Based Loan which is not paid at maturity in accordance with this Agreement will, as and from its Maturity Date, be deemed to be outstanding as a U.S. Base Rate Loan.

**8.2 Early Termination of LIBOR Periods**

If the early termination of any LIBOR Based Loan is required hereunder, the Borrower will pay to the Lenders all expenses and out-of-pocket costs incurred by the Lenders as a result of the early termination of the LIBOR Based Loan, including expenses and out-of-pocket costs incurred due to early redemption of offsetting deposits. If in the sole discretion of a Lender, acting reasonably, any such early termination cannot be effected, the LIBOR Based Loan will not be terminated and the Borrower will continue to pay interest to the applicable Lenders, at the rate per annum applicable to such LIBOR Based Loan for the remainder of the applicable LIBOR Period. A written statement of the Agent as to the aggregate amount of such expenses and out of pocket costs will be prima facie evidence of the amount thereof.

**8.3 Inability to Make LIBOR Based Loans**

If, on any date, the Agent (acting reasonably) determines in good faith (which determination will be conclusive as between the Parties) or is advised by Lenders holding

at least 25% of the Commitment Amount, in either case, that the Lenders' ability to make a requested LIBOR Based Loan has become impracticable, impossible or unlawful, or has otherwise been materially adversely affected, because:

- (a) of any change in applicable Law, or in the interpretation or administration thereof by authorities having jurisdiction in the matter, whether or not having the force of law;
- (b) of any material adverse change in, or the termination of, the London Interbank Eurodollar Market;
- (c) there exists no adequate or fair measure to ascertain LIBOR for any LIBOR Period for the LIBOR Based Loan; or
- (d) LIBOR does not adequately and fairly reflect the cost of the Lenders making or maintaining the LIBOR Based Loan;

then the Agent will give the Lenders and the Borrower notice thereof and thereupon the Lenders will have no further obligation with respect to such LIBOR Based Loan, provided that, the Borrower may elect to Drawdown, effect a Rollover or Conversion of the amount originally requested by way of such LIBOR Based Loan, into some other type of Accommodation upon compliance with the applicable notice requirements set out herein.

#### **8.4 Benchmark Replacement**

- (a) *Replacing LIBOR.* On March 5, 2021 the Financial Conduct Authority ("**FCA**"), the regulatory supervisor of LIBOR's administrator ("**IBA**"), announced in a public statement the future cessation or loss of representativeness of overnight/Spot Next, 1-month, 3-month, 6-month and 12-month LIBOR tenor settings. On the earlier of (i) the date that all Available Tenors of LIBOR have either permanently or indefinitely ceased to be provided by the IBA or have been announced by the FCA pursuant to public statement or publication of information to be no longer representative and (ii) the Early Opt-in Effective Date, if the then-current Benchmark is LIBOR, the Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Document in respect of any setting of such Benchmark on such day and all subsequent settings without any amendment to, or further action or consent of any other party to this Agreement or any other Document. If the Benchmark Replacement is Daily Simple SOFR, all interest payments will be payable on a monthly basis.
- (b) *Replacing Future Benchmarks.* Upon the occurrence of a Benchmark Transition Event, the Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder and under any Document in respect of any Benchmark setting at or after 5:00 p.m. on the fifth (5<sup>th</sup>) Banking Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Document so long as the Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Majority

Lenders. At any time that the administrator of the then-current Benchmark has permanently or indefinitely ceased to provide such Benchmark or such Benchmark has been announced by the regulatory supervisor for the administrator of such Benchmark pursuant to public statement or publication of information to be no longer representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored, the Borrower may revoke any request for a borrowing of, conversion to or continuation of Advances to be made, converted or continued that would bear interest by reference to such Benchmark until the Borrower's receipt of notice from the Agent that a Benchmark Replacement has replaced such Benchmark, and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to U.S. Base Rate Loans. During the period referenced in the foregoing sentence, the component of U.S. Base Rate based upon the Benchmark will not be used in any determination of U.S. Base Rate.

- (c) *Benchmark Replacement Conforming Changes.* In connection with the implementation and administration of a Benchmark Replacement, the Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.
- (d) *Notices; Standards for Decisions and Determinations.* The Agent will promptly notify the Borrower and the Lenders of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by the Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 8.4, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 8.4.
- (e) *Unavailability of Tenor of Benchmark.* At any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or LIBOR), then the Agent may remove any tenor of such Benchmark that is unavailable or non-representative for Benchmark (including Benchmark Replacement) settings and (ii) the Agent may reinstate any such previously removed tenor for Benchmark (including Benchmark Replacement) settings.
- (f) *Certain Defined Terms.* As used in this Section 8.4:

"**Available Tenor**" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if the then-current Benchmark is a term

rate, any tenor for such Benchmark that is or may be used for determining the length of a LIBOR Period or (y) otherwise, any payment period for interest calculated with reference to such Benchmark, as applicable, pursuant to this Agreement as of such date.

**"Benchmark"** means, initially, LIBOR; provided that if a replacement of the Benchmark has occurred pursuant to this Section 8.4, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate. Any reference to "Benchmark" shall include, as applicable, the published component used in the calculation thereof.

**"Benchmark Replacement"** means, for any Available Tenor:

- (a) For purposes of clause (a) of this Section 8.4, the first alternative set forth below that can be determined by the Agent:
  - (i) the sum of: (i) Term SOFR and (ii) 0.11448% (11.448 basis points) for an Available Tenor of one-month's duration, 0.26161% (26.161 basis points) for an Available Tenor of three-months' duration, and 0.42826% (42.826 basis points) for an Available Tenor of six-months' duration, or
  - (ii) the sum of: (i) Daily Simple SOFR and (ii) the spread adjustment selected or recommended by the Relevant Governmental Body for the replacement of the tenor of LIBOR with a SOFR-based rate having approximately the same length as the interest payment period specified in clause (a) of this Section 8.4; and
- (b) For purposes of clause (b) of this Section 8.4, the sum of (i) the alternate benchmark rate and (ii) an adjustment (which may be a positive or negative value or zero), in each case, that has been selected by the Agent and the Borrower as the replacement for such Available Tenor of such Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body, for U.S. Dollar-denominated syndicated credit facilities at such time;

provided that, if the Benchmark Replacement as determined pursuant to clause (a) or (b) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Documents.

**"Benchmark Replacement Conforming Changes"** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "U.S. Base Rate," the definition of "Banking Day," the definition of "LIBOR Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment,

conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Documents).

**"Benchmark Transition Event"** means, with respect to any then-current Benchmark other than LIBOR, the occurrence of a public statement or publication of information by or on behalf of the administrator of the then-current Benchmark, the regulatory supervisor for the administrator of such Benchmark, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that (a) such administrator has ceased or will cease on a specified date to provide all Available Tenors of such Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark or (b) all Available Tenors of such Benchmark are or will no longer be representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored.

**"Daily Simple SOFR"** means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Agent in accordance with the conventions for this rate recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans; provided, that if the Agent decides that any such convention is not administratively feasible for the Agent, then the Agent may establish another convention in its reasonable discretion.

**"Early Opt-in Effective Date"** means, with respect to any Early Opt-in Election, the sixth (6<sup>th</sup>) Banking Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5<sup>th</sup>) Banking Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Majority Lenders.

**"Early Opt-in Election"** means the occurrence of:

- (a) a notification by the Agent to (or the request by the Borrower to the Agent to notify) each of the other parties hereto that at least five currently

outstanding U.S. Dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

- (b) the joint election by the Agent and the Borrower to trigger a fallback from LIBOR and the provision by the Agent of written notice of such election to the Lenders.

**"Floor"** means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to LIBOR.

**"Relevant Governmental Body"** means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

**"SOFR"** means a rate per annum equal to the secured overnight financing rate for such Banking Day published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org> (or any successor source for the secured overnight financing rate identified as such by the administrator of the secured overnight financing rate from time to time).

**"Term SOFR"** means, for the applicable corresponding tenor, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

## **ARTICLE 9**

### **BANKERS' ACCEPTANCES**

#### **9.1 General**

Each bankers' acceptance draft tendered by the Borrower for acceptance by a Lender will be in a form acceptable to the accepting Lenders, acting reasonably, and the Advance in respect thereof under (a) the Extendible Revolving Loan will be in a principal amount of not less than Cdn.\$5,000,000 and in multiples of Cdn.\$500,000 for any amounts in excess thereof, and (b) under the Operating Loan will be in a principal amount of not less than Cdn.\$1,000,000 and in multiples of Cdn.\$100,000 for any amounts in excess thereof, and in any case will have a Standard Term, subject to availability, or as otherwise agreed to by the accepting Lenders.

#### **9.2 Conditions Applicable to Bankers' Acceptances**

- (a) Acceptance of Bankers' Acceptances: Subject to the terms and conditions of this Agreement, each Lender hereby agrees to accept its Rateable Portion of Bankers'

Acceptances issued by the Borrower and the Lenders agree to purchase such Bankers' Acceptances at the applicable Discount Rate and provide to the Agent for the account of the Borrower the Discount Proceeds less the applicable fees payable by the Borrower to such Lender pursuant to Section 3.11(a). Any Lender may at any time and from time to time hold, sell, rediscount or otherwise dispose of any or all Bankers Acceptances purchased by it.

- (b) **Payment to Borrower:** On the Drawdown Date, or date of Conversion or Rollover, as applicable, relating to any issue of Bankers' Acceptances, each Lender shall deliver the Discount Proceeds of Bankers' Acceptances purchased by it (less any fees payable to such Lender in respect thereof pursuant to Section 3.11(a)), for the account of the Borrower through the Agent.
- (c) **Waiver of Presentment and Other Conditions:** The Borrower waives presentment for payment and, except to the extent of the gross negligence or wilful misconduct of the Lenders referred to in Section 9.2(f), any other defence to payment of any amounts due to a Lender in respect of a Bankers' Acceptance accepted and, if applicable, purchased by it pursuant to this Agreement which might exist solely by reason of such Bankers' Acceptance being held, at the maturity thereof, by such Lender in its own right and the Borrower agrees not to claim any days of grace if such Lender as holder sues the Borrower on the Bankers' Acceptance for payment of the amount payable by the Borrower thereunder. On the specified maturity date of a Bankers' Acceptance, or such earlier date as may be required or permitted pursuant to the provisions of this Agreement, the Borrower shall pay the Agent on behalf of the Lender that has accepted such Bankers' Acceptance, the full face amount of such Bankers' Acceptance.
- (d) **Terms of Each Bankers' Acceptance:** Each Bankers' Acceptance shall, subject to the requirements of Section 9.2(i), be in the standard form of each Lender, provided, however, the Agent may require the Lender to use a generic form of Bankers' Acceptance which is satisfactory to each Lender and the Borrower, acting reasonably, provided by the Agent for such purpose in place of the Lender's own form.
- (e) **Power of Attorney:** Unless revoked with respect to a particular Lender in accordance with the provisions hereof, the Borrower hereby appoints each Lender, acting by any authorized signatory of such Lender, the attorney of the Borrower:
  - (i) to sign for and on behalf and in the name of the Borrower as drawer, drafts in such Lender's standard form which are either "depository bills" under and as defined in the DBNA drawn on such Lender payable to a "clearing house" under the DBNA or its nominee for deposit by such Lender with the "clearing house" after acceptance thereof by such Lender or which are non-interest bearing bills of exchange, as defined in the *Bills of Exchange Act* (Canada); and
  - (ii) to fill in the amount, date and maturity date of such Bankers' Acceptances;

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

Instructions to a Lender relating to the execution, completion, endorsement, discount and/or delivery by such Lender on behalf of the Borrower of Bankers' Acceptances which the Borrower wishes to submit to such Lender for acceptance by such Lender shall be communicated by the Agent and/or the Borrower to such Lender in writing following delivery by the Borrower of a notice requiring an Advance by way of Bankers' Acceptances pursuant to this Agreement and shall specify the following information:

- (i) reference to this power of attorney;
- (ii) a Canadian Dollar amount, which shall be the aggregate face amount of the Bankers' Acceptances to be accepted by such Lender in respect of a particular Advance;
- (iii) a specified period of time as provided in this Agreement which shall be the number of days after the date of such Bankers' Acceptances that such Bankers' Acceptances are to be payable, and the dates of issue and maturity of such Bankers' Acceptances; and
- (iv) payment instructions specifying the account number of the Borrower and the financial institution at which the proceeds from the sale of such Bankers' Acceptances are to be credited.

The communication in writing by the Borrower to a Lender of the instructions referred to above shall constitute the authorization and instruction of the Borrower to such Lender to complete and execute Bankers' Acceptances in accordance with such information as set out above and the request of the Borrower to such Lender to accept such Bankers' Acceptances and deposit the same with the "clearing house" against payment as set out in the instructions. The Borrower acknowledges that such Lender shall not be obligated to accept any such Bankers' Acceptances except in accordance with the provisions of this Agreement. Each Lender is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to such Lender as provided herein if such Lender reasonably believes them to be genuine.

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

This power of attorney may be revoked at any time upon not less than five (5) Banking Days' written notice served upon the relevant Lender, provided that (A) it may be replaced with another power of attorney forthwith in accordance with the requirements of this Agreement; and (B) no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any Bankers' Acceptance executed, completed, endorsed, discounted and/or delivered in accordance herewith prior to the time at which such revocation becomes effective. This power of attorney may be terminated by any Lender at any time upon not less than five (5) Banking Days' written notice to the Borrower in accordance with Section 20.1.

Any revocation or termination of this power of attorney shall not affect the rights of the relevant Lender and the obligations of the Borrower with respect to the indemnities of the Borrower as above stated with respect to all matters arising prior in time to any such revocation or termination.

- (f) Delivery of Blank Bankers' Acceptances: If the power of attorney provided for in Section 9.2(e) has been revoked, as a condition precedent to each Lender's obligation to accept and, if applicable, purchase Bankers' Acceptances hereunder, the Borrower shall have delivered directly to such Lender or through the Agent sufficient bankers' acceptances executed in blank in sufficient time for such Lender to forward to and hold same at such Lender's Toronto offices for issuance in accordance with a request from the Borrower. No Lender shall be liable for any damage, loss or other claim arising by reason of any loss or improper use of any such Bankers' Acceptance executed in blank except any loss arising by reason of the gross negligence or wilful misconduct of such Lender or its officers, employees, agents or representatives or any loss arising by reason of such Lender or its officers, employees, agents or representatives failing to use the same standard of care in the custody of such Bankers' Acceptances executed in blank as such Lender uses in the custody of its own property of a similar nature. The Agent shall maintain a record with respect to such Bankers' Acceptances executed in blank that are received from the Borrower and that are delivered by it to a Lender hereunder. Each Lender shall maintain a record with respect to such Bankers' Acceptances executed in blank that are:
- (i) received by such Lender from the Borrower or the Agent hereunder;
  - (ii) avoided by such Lender for any reason;
  - (iii) accepted by such Lender hereunder; or
  - (iv) cancelled by such Lender at the maturity thereof.

Each Lender agrees to provide such record to the Agent upon request therefor by the Agent concurrently with any request by such Lender to the Agent for any additional such Bankers' Acceptances executed in blank which are required from the Borrower. The Agent shall provide a report of such records received by the Agent to the Borrower upon request from the Borrower. Subject to Section 9.2(e),

Bankers' Acceptances of the Borrower shall be signed by a duly authorized signatory or duly authorized signatories of the Borrower, and may, at the option of the Borrower, be signed by way of affixing a reproduction of the signature or signatures of such duly authorized signatory or signatories. Notwithstanding that any Person whose signature appears on any Bankers' Acceptance as a signatory may no longer be an authorized signatory of the Borrower at the date of issuance of a Bankers' Acceptance, and notwithstanding that the signature affixed may be a reproduction only, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and as if such signature had been manually applied, and any such Bankers' Acceptance so signed shall be binding on the Borrower.

- (g) **Failure to Give Notice of Repayment:** If the Borrower fails to give notice to the Agent of the method of repayment of a Bankers' Acceptance prior to the date of maturity of such Bankers' Acceptance in accordance with the same period of notice required for the original acceptance of such Bankers' Acceptance as set forth in Section 5.2, the face amount of such Bankers' Acceptance shall be converted on its maturity to a Canadian Prime Rate Loan pursuant to Section 5.4(b).
- (h) **Lenders to Purchase:** Each Lender shall purchase all, but not less than all, of any Bankers' Acceptances issued by the Borrower and accepted by each such Lender and forming a part of the same issue of Bankers' Acceptances on any Drawdown Date, date of Conversion or Rollover, as applicable, by advising the Agent of such election in any written notice of Advance by way of Bankers' Acceptances in the form of Schedule I or notice of Conversion of an Advance to Bankers' Acceptances in the form of Schedule J.
- (i) **CDS Book-Based System:** Unless otherwise requested by any Lender, all Bankers' Acceptances accepted by Lenders under this Agreement shall be issued in the form of a "depository bill" (as defined in the DBNA) deposited with the Canadian Depository for Securities ("**CDS**") and will be made payable to CDS & Co. In order to give effect to the foregoing, the Agent may, acting reasonably, establish and notify the Borrower and the other Lenders of any additional procedures, consistent with the terms of this Agreement and the requirements of the DBNA, as are reasonably necessary to accomplish the parties' intention including:
  - (i) a phrase will be inserted in the drafts held by the Agent and the Lenders to the effect that the Bankers' Acceptance is issued pursuant to the DBNA;
  - (ii) any reference to authentication of a Bankers' Acceptance will be removed; and
  - (iii) any reference to bearer will be removed.

### **9.3 Agent's Duties re Bankers' Acceptances and BA Equivalent Loans**

- (a) **Advice to the Lenders:** The Agent, promptly following receipt of a notice of Advance by way of Bankers' Acceptance in the form of Schedule I, a notice of

Conversion of an Advance to a Bankers' Acceptance in the form of Schedule J, or a notice of Rollover of a Bankers' Acceptance in the form of Schedule J, shall:

- (i) advise the Borrower of the allocation of Bankers' Acceptances and, if applicable, BA Equivalent Loans of each Lender such that the aggregate amount of Bankers' Acceptances required to be accepted or BA Equivalent Loans required to be made by such Lender hereunder is in a whole multiple of Cdn.\$1,000; or
  - (ii) advise each Lender of the face amount of each Bankers' Acceptance to be purchased by it and the term thereof which term shall be identical for all Lenders. By no later than 8:30 a.m. (Calgary time) on the Drawdown Date, date of Conversion or Rollover, as applicable, on which the Lenders are required to purchase Bankers' Acceptances hereunder, each Lender (in the case of Bankers' Acceptances which do not have a Standard Term) shall notify the Agent of the applicable rate (as contemplated in the definition of Discount Rate) to be used by the Agent in the calculation of the Discount Rate in respect of the issuance and purchase of such Bankers' Acceptances by the Lenders.
- (b) **Bankers' Acceptances Being Purchased:** If the Borrower has issued the relevant notice in the form of Schedule I or J, as applicable, then on or prior to 9:00 a.m. (Calgary time) on the Drawdown Date, or date of Conversion or Rollover, as applicable, relating to all Bankers' Acceptances to be purchased by such Lenders on such date, the Agent shall provide written advice to the Borrower and each Lender confirming the particulars with respect to such Bankers' Acceptances and related BA Equivalent Loan.
- (c) **Completion of Bankers' Acceptance:** Upon receipt of the telephone advice pursuant to Section 9.3(b), each Lender is thereupon authorized to complete and deal with Bankers' Acceptances in accordance with the particulars so advised by the Agent.

#### **9.4 BA Equivalent Loans**

In lieu of accepting bankers' acceptance drafts on any Drawdown Date, or any date of Rollover or Conversion, as applicable, each Non-BA Lender will make a BA Equivalent Loan. Any BA Equivalent Loan will be made on the relevant Drawdown Date, or any date of Rollover or Conversion, as applicable, and its Maturity Date will be the Maturity Date of the corresponding Bankers' Acceptances. The amount of each BA Equivalent Loan will be equal to: (a) the aggregate face value of corresponding Bankers' Acceptances that, but for this Section 9.4, the Non-BA Lender would otherwise be required to accept; (b) multiplied by the Discount Rate; and (c) multiplied by the number of days in the term of such BA Equivalent Loan divided by 365. On the Maturity Date of a BA Equivalent Loan, the Borrower will pay to the Non-BA Lender an amount equal to the face amount of the Bankers' Acceptance which such Non-BA Lender would have accepted in lieu of making a BA Equivalent Loan if it were not a Non-BA Lender. All provisions of this Agreement with respect to Bankers' Acceptances will apply to BA Equivalent Loans, provided that stamping fees with respect to a BA Equivalent Loan will be calculated on the

basis of the amount with respect to such BA Equivalent Loan which the Borrower is required to pay on the Maturity Date, and the stamping fee will be paid in accordance with Section 3.11(a)(iii).

## 9.5 General Mechanics

- (a) Rollovers: In the case of a Rollover of maturing Bankers' Acceptances, each Lender, in order to satisfy the continuing liability of the Borrower to the Lender for the face amount of the maturing Bankers' Acceptances, will retain for its own account the Net Proceeds of each new Bankers' Acceptance accepted by it in connection with such Rollover and the Borrower will, on the Maturity Date of the maturing Bankers' Acceptances, pay to the Agent for the benefit of the Lenders an amount equal to the difference between the face amount of the maturing Bankers' Acceptances and the aggregate Net Proceeds of the new Bankers' Acceptances.
- (b) Conversion from Accommodation to BA's: In the case of a Conversion from a Canadian Prime Rate Loan into an Accommodation by way of Bankers' Acceptances, each Lender, in order to satisfy the continuing liability of the Borrower to each Lender for the amount of the Canadian Prime Rate Loan being converted, will retain for its own account the Net Proceeds of each new Bankers' Acceptance accepted by it in connection with such Conversion and the Borrower will, on the date of issuance of the Bankers' Acceptances pay to the Agent for the benefit of the Lenders an amount equal to the difference between the amount of the Canadian Prime Rate Loan, including any accrued interest thereon, owing to the Lenders and the Net Proceeds of such Bankers' Acceptances.
- (c) Conversion from BA's to Accommodation: In the case of a Conversion of an Accommodation by way of Bankers' Acceptances into a Canadian Prime Rate Loan, each Lender, in order to satisfy the liability of the Borrower to each Lender for the face amount of the maturing Bankers' Acceptances, will record the obligation of the Borrower to it as a Canadian Prime Rate Loan, unless the Borrower provides for payment to the Agent for the benefit of the Lenders of the face amount of the maturing Bankers' Acceptance in some other manner acceptable to the Lenders.

## 9.6 Escrowed Funds

Upon the request of the Agent after the occurrence and during the continuance of a Default or an Event of Default, the Borrower will forthwith pay to the Agent for deposit into a cash collateral account established by and in the name of the Borrower with the Agent for the benefit of the Lenders, an amount equal to the Lenders' maximum potential liability under then outstanding Bankers' Acceptances (the "**Escrow Funds**") and the Borrower agrees to enter into a cash collateral agreement reasonably requested by the Agent to evidence such arrangement. The Escrow Funds will be held in the foregoing cash collateral account for set-off against future Obligations owing by the Borrower to the applicable Lenders in respect of such Bankers' Acceptances and pending such application will bear interest for the Borrower's Account at the rate payable by the Agent in respect of deposits of similar amounts and for similar periods of time. If such Default or Event of Default is either

waived or cured in compliance with the terms of this Agreement, then the remaining Escrow Funds if any, together with any accrued interest to the date of release, will be released to the Borrower. The deposit of the Escrow Funds by the Borrower to the cash collateral account herein provided, will not operate as a repayment of the Aggregate Principal Amount until such time as the Escrow Funds are actually paid to the applicable Lenders as a Principal Repayment. The Agent will have exclusive control and a first priority security interest over all amounts at any time deposited in such cash collateral account.

## **9.7 Market Disruption**

If at any time and from time to time, the Agent determines (in its reasonable discretion) or is advised by Lenders holding at least 25% of the Commitment Amount, in either case, that there no longer exists an active market for Bankers' Acceptances accepted by the Lenders or the Discount Rate does not actually reflect the discount rate which would be applicable to a sale of Bankers' Acceptances in the market, then the Agent shall give notice thereof to the Lenders and the Borrower and the right of the Borrower to request further Bankers' Acceptances or BA Equivalent Loans, or any Rollover in respect thereof, shall be suspended until the Agent determines that the circumstances causing the suspension no longer exist, and so notifies the Borrower. Any outstanding Notice of Borrowing requesting a Drawdown by way of Bankers' Acceptances or BA Equivalent Loans shall be deemed to be a Notice of Borrowing requesting an Advance by way of Canadian Prime Rate Loans in the amount specified in the original Notice of Borrowing. Any outstanding Notice of Rollover requesting a Rollover of an Advance by way of Bankers' Acceptances or BA Equivalent Loans, shall be deemed to be a Notice of Conversion requesting a Conversion of such Advance into an Advance by way of Canadian Prime Rate Loans under the same Credit Facility.

## **9.8 CDOR Replacement**

- (a) If at any time the Agent determines (which determination shall be conclusive, absent manifest error) that:
  - (i) an interest rate or discount rate is not ascertainable pursuant to the provisions of paragraph (a) of the definition of "CDOR Rate"(for the purposes of this Section 9.8, "**CDOR**") and the inability to ascertain such rate is unlikely to be temporary;
  - (ii) the regulatory supervisor for the administrator of CDOR, the Bank of Canada, an insolvency official with jurisdiction over the administrator of CDOR, a resolution authority with jurisdiction over the administrator of CDOR, or a court or an entity with similar insolvency or resolution authority over the administrator of CDOR, has made a public statement, or published information, stating that the administrator of CDOR, has ceased or will cease to provide CDOR, permanently or indefinitely on a specific date; provided that, at that time, there is no successor administrator that will continue to provide CDOR; or

(iii) the administrator of CDOR or an Administrative Body having jurisdiction over the Agent or the administrator of CDOR has made a public statement identifying a specific date after which CDOR shall no longer be made available, or used for determining the interest rate of loans or the discount rates for bankers' acceptances; provided that, at that time, there is no successor administrator that will continue to provide CDOR,

(the date of determination or such specific date in the foregoing paragraphs (i) through (iii), the "**CDOR Discontinuation Date**"); or

(iv) a rate other than CDOR has become a widely recognized benchmark rate to determine the discount rate for bankers' acceptances in the Canadian market,

then the Agent and the Borrower shall negotiate in good faith to select a replacement index rate for CDOR and make such spread adjustments thereto and other related amendments to this Agreement that shall give due consideration to the prevailing market practice for: (x) determining a rate of interest applicable to newly originated Canadian Dollar loans made in Canada at such time and for determining the discount rate for Canadian Dollar bankers' acceptances issued and accepted in Canada at such time, and (y) transitioning existing loans and bankers' acceptances from CDOR-based rates to loans bearing interest and bankers' acceptances with discount rates calculated with reference to the new reference index rate; provided that, to the extent reasonably practicable, the all-in rate paid by the Borrower under this Agreement based on such replacement index rate will be substantially equivalent to the all-in rate applicable to Bankers' Acceptances and BA Equivalent Loans made hereunder prior to the replacement of CDOR (excluding, for certainty, any differences resulting from changes to the Applicable Pricing Rate as a result of the fluctuation of the Consolidated Debt to EBITDA Ratio).

(b) Upon an agreement being reached between the Agent and the Borrower pursuant to the immediately preceding paragraph, the Agent and the Borrower shall enter into an amendment to this Agreement that gives effect to the replacement index rate, spread adjustments and such other related amendments as may be appropriate in the discretion of the Agent for the implementation and administration of Canadian Dollar loans bearing interest or bankers' acceptances with discount rates calculated with reference to the replacement index rate. Notwithstanding anything to the contrary in this Agreement (including Section 19.16) or any other Document, such amendment shall become effective at 5:00 p.m. (Calgary time) on the fifth (5<sup>th</sup>) Banking Day after a copy of the amendment is provided to the Lenders and without any further action or consent of any other party to this Agreement, unless the Agent receives, on or before such date and time, a written notice from the Majority Lenders stating that such Lenders object to such amendment. If at any time the replacement index rate agreed upon to replace CDOR shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

- (c) Until an amendment reflecting the transition to a new reference index rate becomes effective as contemplated by this Section 9.8, the discount rate applicable to each Drawdown, Conversion or Rollover of a Bankers' Acceptance or a BA Equivalent Loan shall continue to be calculated with reference to CDOR Rate; provided that if the Agent determines (which determination shall be conclusive, absent manifest error) that a CDOR Discontinuation Date has occurred, then following the CDOR Discontinuation Date, until such time as an amending agreement adopting such a new reference index rate becomes effective as contemplated by this Section 9.8:
  - (i) any requested Drawdown by way of, Conversion into, or Rollover of, a Bankers' Acceptance or a BA Equivalent Loan under a Credit Facility shall be deemed to be a request for a Canadian Prime Rate Loan in the same principal amount under the same Credit Facility; and
  - (ii) in respect of a maturing Bankers' Acceptance or a BA Equivalent Loan under a Credit Facility, in the event the Borrower fails to give, if applicable, a Notice of Conversion with respect thereto specifying the Conversion of such Bankers' Acceptance or BA Equivalent Loan on the maturity date thereof into an Advance other than a Bankers' Acceptance or a BA Equivalent Loan, such maturing Bankers' Acceptance or BA Equivalent Loan shall be converted on the maturity date thereof into a Canadian Prime Rate Loan under the same Credit Facility as if a valid Notice of Conversion had been given to the Agent by the Borrower pursuant to the provisions hereof.
- (d) For certainty, upon the occurrence of a CDOR Discontinuation Date, the Canadian Prime Rate shall be determined without regard to paragraph (b) of the definition thereof.

**ARTICLE 10**  
**LETTERS OF CREDIT**

**10.1 General**

- (a) Each Letter of Credit will be made available by the Operating Lender and each Letter of Credit (including all documents and instruments required to be presented thereunder) will be satisfactory in form and substance to the Operating Lender, acting reasonably. No Letter of Credit will be issued (or will be renewable at the option of the beneficiary thereunder) for a term in excess of one year, or will require payment in any currency other than Canadian Dollars or U.S. Dollars.
- (b) As a condition of the issuance or renewal of any Letter of Credit, the Borrower will pay to the Operating Lender the issuance or renewal fee specified in Section 3.11(a)(v) on the day of issue or renewal. The Borrower will also pay to the Operating Lender its customary administrative charges in respect of the issue, amendment, renewal or transfer of such Letter of Credit, and each drawing made under such Letter of Credit.

- (c) The Operating Lender shall only issue a Letter of Credit if the following conditions have been satisfied:
- (i) the Operating Lender shall have received an originally executed LC Application, satisfactory to the Operating Lender, acting reasonably, specifying:
    - (A) the proposed date of issuance (which shall be a Banking Day at least three (3) Banking Days following the date of such request);
    - (B) the expiry date thereof;
    - (C) the name and address of the beneficiary thereof;
    - (D) whether the Letter of Credit is a Financial LC or a Performance LC; provided that in the case of any dispute, the Operating Lender shall determine whether a Letter of Credit is a Financial LC or a Performance LC in accordance with its usual and customary practices;
    - (E) the face amount and currency thereof; and
    - (F) the terms and conditions of the requested Letter of Credit and other relevant details; and
  - (ii) the Operating Lender shall have received such other customary administrative documents as it shall have reasonably requested as a condition to the issuance of such Letter of Credit.

In the event of any conflict or inconsistency between the terms of an LC Application and such other documents and this Agreement, the terms of this Agreement shall prevail and any liability of the Borrower in respect of Letters of Credit shall be governed by this Agreement irrespective of the provisions of any LC Application or such other documents.

- (d) If the Operating Lender makes any payment pursuant to a Letter of Credit and the Borrower does not reimburse the Operating Lender for any such payment on or before the next Banking Day from the proceeds of an Accommodation obtained under this Agreement or otherwise, the Operating Lender shall, without receipt of a Notice of Borrowing and irrespective of whether any other applicable conditions precedent specified herein have been satisfied, make a Canadian Prime Rate Loan or a U.S. Base Rate Loan, as applicable depending on the currency of the Letter of Credit, to the Borrower under the Operating Loan in the amount of such required payment. The Borrower agrees to accept each such Canadian Prime Rate Loan or U.S. Base Rate Loan, as applicable, and hereby irrevocably authorizes and directs the Operating Lender to apply the proceeds thereof in payment of the liability of the Borrower with respect to such required payment.

- (e) If any Letter of Credit is outstanding at any time that an Event of Default occurs, a demand for repayment is made hereunder or a domestic or foreign court issues any judgment or order restricting or prohibiting payment by the Operating Lender under such Letter of Credit or extending the liability of the Operating Lender to make payment under such Letter of Credit beyond the expiry date specified therein, the Borrower will forthwith upon demand by the Operating Lender pay to the Operating Lender funds in the applicable currency in the undrawn amount of the Letter of Credit and such funds (together with interest thereon) will be held by the Operating Lender for payment of any liability under such Letter of Credit so long as the Operating Lender has or may in any circumstances have any liability under such Letter of Credit, and shall bear interest at the Operating Lender's then prevailing rate payable by it in respect of deposits of similar amounts and of similar periods of time. Any balance of such funds and interest remaining at such time as the Operating Lender does not have and may never have any liability under such Letter of Credit will nevertheless continue to be held by the Operating Lender, if and so long as any Default or Event of Default is continuing, as security for the remaining liabilities of the Borrower hereunder.
  
- (f) The Borrower agrees that neither the Operating Lender nor its officers, directors, employees or agents will assume liability for, or be responsible for, and the Borrower hereby indemnifies and holds harmless any such Person from any losses or claims resulting from, the following: the use which may be made of any Letter of Credit; any acts or omissions of the beneficiary of any Letter of Credit including the application of any payment made to such beneficiary; the form, validity, sufficiency, correctness, genuineness or legal effect of any document or instrument relating to any Letter of Credit which on its face complies with requirements of the Letter of Credit, even if such document or instrument should in fact prove to be in any respect invalid, insufficient, inaccurate, fraudulent or forged; the failure of any document or instrument to bear any reference or adequate reference to any Letter of Credit; any failure to note the amount of any draft on any Letter of Credit or on any related document or instrument; any failure of the beneficiary of any Letter of Credit to meet the obligations of such beneficiary to the Borrower or any other Person other than the Operating Lender; any errors, inaccuracies, omissions, interruptions or delays in transmission or delivery of any messages, directions or correspondence by mail, facsimile or otherwise, whether or not they are in cipher; any inaccuracies in the translation of any messages, directions or correspondence or for errors in the interpretation of any technical terms; or any failure by the Operating Lender to make payment under any Letter of Credit as a result of any Law, control or restriction rightfully or wrongfully exercised or imposed by any domestic or foreign court or Administrative Body or as a result of any other cause beyond the control of the Operating Lender or its officers, directors or employees or agents. This Section 10.1(f) will survive the termination of this Agreement; provided that nothing in this Agreement shall exonerate or require the Borrower to indemnify the Operating Lender for its gross negligence or wilful misconduct.
  
- (g) The obligations of the Borrower under this Article 10 with respect to any Letter of Credit will be absolute, unconditional and irrevocable, and will be performed

strictly in accordance with the terms hereof under all circumstances including: any matter referred to in Section 10.1(f), any invalidity of any obligation secured by any Letter of Credit; any incapacity, disability or lack or limitation of status or of power of the Borrower or the beneficiary of any Letter of Credit; any lack of validity or enforceability of any Letter of Credit; the existence of any claim, set-off, defence or other right which the Borrower may have at any time against the Operating Lender, the beneficiary of any Letter of Credit or any other Person; or any breach of contract or other dispute between the Borrower and the Operating Lender, the beneficiary of any Letter of Credit or any other Person.

- (h) The Operating Lender may accept as complying with the terms of any Letter of Credit any document or instrument required by such Letter of Credit to be completed, signed, presented or delivered by or on behalf of any beneficiary thereunder which has been completed, signed, presented or delivered by a receiver, trustee in bankruptcy, assignee for the benefit of creditors, secured party or other like Person believed in good faith by the Operating Lender to be lawfully entitled to the property of such beneficiary, and the Operating Lender may make payments under such Letter of Credit to such Person. The provisions of this Article 10 are for the sole benefit of the Operating Lender and the Persons indemnified under Section 10.1(f) and may not be relied on by any other Person.
- (i) The Operating Lender shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement or other writing (which may be a bank wire, telex, facsimile or similar writing) appearing on its face to be in compliance with the terms and conditions of the Letter of Credit.
- (j) Each Letter of Credit, except as specifically provided therein, and subject to any provision hereof to the contrary, will be subject to the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce current at the time of issuance of such Letter of Credit.
- (k) For the purpose of calculating the Aggregate Principal Amount in respect of a Letter of Credit and for any other relevant provision of this Agreement, the amount of Accommodation constituted by any Letter of Credit at any time will be the maximum amount which the Operating Lender may in all circumstances be required to pay pursuant to the terms thereof at such time.

## **ARTICLE 11**

### **INCREASED COSTS**

#### **11.1 Changes in Law**

- (a) If, after the date hereof, due to either:
  - (i) the introduction of, or any change in, or in the interpretation of any Law, whether having the force of law or not, resulting in the imposition or increase of reserves, deposits or similar requirements by any central bank or Administrative Body charged with the administration thereof; or

- (ii) the compliance with any guideline or request from any central bank or other Administrative Body which a Lender, acting reasonably, determines that it or its Lender Parent is required to comply with,

there will be any increase in the cost to such Lender or its Lender Parent for such Lender agreeing to make or making, funding or maintaining an Accommodation, or there will be any reduction in the effective return to such Lender or its Lender Parent thereunder, then, subject to Section 11.1(b), the Borrower will, within five (5) Banking Days after being notified by such Lender of such event, pay to such Lender, quarterly in arrears, that amount (the "**Additional Compensation**") which such Lender, acting reasonably, determines will compensate it, after taking into account all applicable Taxes, and all interest and other amounts received, for any such increased costs or reduced returns incurred or suffered by such Lender or its Lender Parent.

- (b) If Additional Compensation is payable pursuant to Section 11.1(a), the Borrower will have the option to convert the Accommodation to another type of Accommodation in accordance with the terms of this Agreement, in respect of which no further Additional Compensation will be payable or prepay any amount the applicable Credit Facilities owed to the Lender entitled to receive the Additional Compensation, subject always to Section 8.2 without obligation to make a corresponding prepayment to any other Lender. If the Additional Compensation relates to outstanding Bankers' Acceptances under the applicable Credit Facility, such Lender may require the Borrower to deposit in an interest bearing cash collateral account with such Lender such amount as may be necessary to fully satisfy the contingent obligations of such Lender for all outstanding Bankers' Acceptances in accordance with arrangements similar to those set out in Section 9.6.

## 11.2 Changes in Circumstances

Notwithstanding anything to the contrary herein or in any of the other Documents, if on any date a Lender determines in good faith, which determination will be conclusive and binding on the Parties, and provided notice is given to the Agent and the other Lenders and to the Borrower that its or its Lender Parent's ability to maintain, or continue to offer any Accommodation has become unlawful or impossible due to:

- (a) any change in applicable Law, or in the interpretation or administration thereof by authorities having jurisdiction in the matter;
- (b) the imposition of any condition, restriction or limitation upon such Lender or its Lender Parent which is outside of its control; or
- (c) any change in the status of the Borrower or any Material Subsidiary or the addition to the Security of any new collateral located outside of Canada, in any case, after November 13, 2020,

then in any such case, any such Accommodation from such Lender shall no longer be available and the Borrower will forthwith repay to such Lender all principal amounts affected thereby, together with all unpaid interest accrued thereon to the date of repayment and all other expenses incurred in connection with the termination of any such Accommodation, including any expenses resulting from the early termination of any LIBOR Period relating thereto in accordance with Section 8.2, without any obligation to make a corresponding prepayment to any other Lender. The Borrower may utilize other forms of Accommodations not so affected in order to make any required repayment and after any such repayment, the Borrower may elect to re-borrow the amount repaid by way of some other Accommodation upon complying with applicable requirements thereof.

### **11.3 Application of Sections 11.1 and 11.2**

If a Lender exercises its discretion under Sections 11.1 or 11.2, then concurrently with a notice from such Lender to the Agent and the other Lenders and the Borrower requiring compliance with the applicable Section, such Lender will provide the Borrower (with a copy to the Agent and the other Lenders) with a certificate in reasonable detail outlining the particulars giving rise to such notice, confirming that its actions are consistent with actions concurrently taken by such Lender with respect to similar type provisions affecting other borrowers of such Lender or its Lender Parent in comparable circumstances and certifying (with reasonable supporting detail) the increased costs, if any, payable by the Borrower thereunder, which will be *prima facie* proof thereof and binding on the Parties.

### **11.4 Limitations on Additional Compensation**

Sections 11.1 and 11.2 will not apply to a Lender or its Lender Parent with respect to any event, circumstance or change of the nature and kind of which such Lender had actual knowledge on the Closing Date. A Lender will not be entitled to Additional Compensation to the extent such increase in costs or reduction in return is reflected in or recovered by an increase in the interest or other amounts payable hereunder (other than pursuant to Section 11.1). The Borrower will not be obligated to pay any portion of Additional Compensation accruing under Section 11.1 for any period prior to the date which is 120 days prior to the date on which the affected Lender gives notice to the Borrower that such Additional Compensation is so accruing.

### **11.5 New Rules**

Notwithstanding anything herein to the contrary, (a) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States, Canadian or foreign regulatory authorities, in each case pursuant to Basel III and (b) the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (United States) and all regulations, requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof ((a) and (b), collectively, the "**New Rules**") shall, in each case, be deemed to be a change in applicable Law for purposes of this Article 11 regardless of the date enacted, adopted, issued or implemented, in each case (x) to the extent such New Rules are materially different from the applicable Law in effect on the date hereof and (y) to the extent that such New Rules

have general application to substantially all banks or their Affiliates which are subject to the New Rules in question.

## **ARTICLE 12**

### **FEES AND EXPENSES**

#### **12.1 Agency Fee**

The Borrower will pay to the Agent, on an annual basis, an annual administration fee agreed upon between the Borrower and the Agent, the amount thereof to be kept confidential by the Borrower.

#### **12.2 Standby Fee**

The Borrower shall pay standby fees to the Agent, on behalf of each Revolving Lender, calculated quarterly in arrears on the last Banking Day of each Fiscal Quarter commencing with the last Banking Day of the Fiscal Quarter in which the Closing Date occurs, and payable quarterly in arrears on the first (1<sup>st</sup>) Banking Day of each Fiscal Quarter in respect of the previous Fiscal Quarter and, for Non-Agreeing Lenders, on the Term Date of each such Lender. Each payment of fees shall be calculated for the period commencing on and including the date of execution of this Agreement or the last date on which such standby fees were payable hereunder, as the case may be, up to and including the last day of the Calendar Quarter for which such stand-by fees are to be paid or the Term Date applicable to such Lender (whichever is earlier) and shall be in an amount equal to the rate for standby fees noted in the definition of Applicable Margin applicable to such Lender, multiplied by (a) in the case of the Extendible Revolving Loan, the then current Individual Revolving Loan Commitment Amount for such Lender less the average of the Advances outstanding from such Lender under the Extendible Revolving Loan for each day in the period of the calculation, and (b) in the case of the Operating Loan, the Operating Loan Commitment Amount less the average of the Advances outstanding under the Operating Loan for each day in the period of the calculation. For purposes of calculating stand-by fees payable pursuant to this Section 12.2, the amount of Advances outstanding from time to time in U.S. Dollars on each day during the period for which such standby fees are payable shall for the purposes of determining an Exchange Equivalent on such day be notionally converted to the Exchange Equivalent in Canadian Dollars on a daily basis.

#### **12.3 Expenses**

The Borrower will pay or reimburse the Agent and the Lenders, as applicable, for the reasonable out-of-pocket expenses, reasonable legal fees (on a solicitor and his own client full indemnity basis) and enforcement costs, incurred by the Agent and the Lenders, as applicable, in connection with the negotiation, preparation, execution and maintenance of the Documents and the enforcement of their rights and remedies under the Documents.

**ARTICLE 13**  
**REPRESENTATIONS AND WARRANTIES OF THE BORROWER**

**13.1 Representations and Warranties**

The Borrower hereby represents and warrants to the Lenders as follows:

- (a) **Incorporation, Organization and Power:** Each of the Borrower and each Material Subsidiary has been duly incorporated, amalgamated or formed, as applicable, and is validly existing under the Laws of its jurisdiction of incorporation, continuation or amalgamation, or formation, as the case may be, and is duly registered to carry on business in each jurisdiction in which the nature of any business carried on by it or the character of any property owned or leased by it makes such registration necessary, and each of the Borrower and each Material Subsidiary has full corporate, partnership or trust, as applicable, power and capacity to enter into and perform its obligations under the Documents to which it is a party, and to carry on its business as currently conducted.
- (b) **Authorization and Status of Agreements:** Each Document to which the Borrower or any Material Subsidiary is a party, has been duly authorized, executed and delivered by it and does not conflict with or contravene or constitute a default or create a Lien, other than a Permitted Encumbrance, under:
  - (i) its articles, by-laws or other constating documents or any resolutions of its Directors or shareholders, the provisions of its partnership agreement or declaration of trust or trust indenture (as applicable) or any shareholders' or unitholders' agreement applicable to it;
  - (ii) any agreement or document to which it is a party or by which any of its property is bound, the conflict with, contravention of, default under or creation of a Lien under, which could reasonably be expected to have a Material Adverse Effect; or
  - (iii) any applicable Law.
- (c) **Enforceability:** Each of the Documents to which the Borrower or any Material Subsidiary is a party constitutes a valid and binding obligation of the Borrower or such Material Subsidiary, as applicable, and is enforceable against it in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar statutes affecting the enforcement of creditors' rights generally and by general principles of equity.
- (d) **Litigation:** There are no actions, suits or proceedings at Law or before or by any Administrative Body existing or, to the Borrower's knowledge pending or threatened, to which the Borrower or any Material Subsidiary is, or to the Borrower's knowledge, is threatened to be made, a party and the result of which, if successful against it, could reasonably be expected to have claimed amounts that are in the aggregate greater than Cdn.\$5,000,000.

- (e) Environmental Law: The Borrower and each Material Subsidiary, has in all material respects (i) obtained all permits, licenses and other authorizations which are required under Environmental Law; and (ii) is in compliance with Environmental Law and with the terms and conditions of all such permits, licenses and authorizations.
- (f) Environmental Condition of Property: The property or any part thereof owned, operated or controlled by the Borrower or any Material Subsidiary, either directly or through a Subsidiary:
  - (i) is not, to the knowledge of the Borrower the subject of any material outstanding claim, charge or order from an Administrative Body alleging violation of Environmental Law or, if subject to any such claim, charge or order, the Borrower and each applicable Material Subsidiary, either directly or through a Subsidiary, is taking all such remedial, corrective or other action required under the claim, charge or order or is diligently and in good faith contesting the validity thereof; and
  - (ii) complies, with respect to each of its use and operation, in all material respects with Environmental Law and with the terms and conditions of all permits, licenses and other authorizations which are required to be obtained under applicable Environmental Law.
- (g) Title to Properties: The Borrower and each Material Subsidiary, has good and valid title to its assets, property and undertakings, subject only to Permitted Encumbrances and to non-material defects in title. The Borrower and each Material Subsidiary is entitled to charge its interests in such properties in favour of the Agent and the Lenders as provided in this Agreement without the need to obtain the consent of or release from any other Person and its interest in such properties are not held in trust by the Borrower or any Material Subsidiary for any other Person.
- (h) Operation of Properties: All of the oil, gas and other wells of the Borrower and each Material Subsidiary have, in all material respects, been drilled, completed, shut-in and abandoned (and it has abandoned such wells if they were required by Law to have been abandoned), and the facilities, plants and equipment in respect thereof have been and will continue to be operated and maintained, as the case may be, in a good and workmanlike manner in accordance with sound industry practice and in accordance in all material respects with all applicable Law.
- (i) Financial Condition: The audited and unaudited consolidated financial statements of the Borrower most recently delivered to the Agent and the Lenders were prepared in accordance with GAAP and such consolidated financial statements present fairly in all material respects the Borrower's consolidated financial position as at the date thereof and since that date there has been no event or change thereto which could reasonably be expected to have a Material Adverse Effect.
- (j) Information: All factual information furnished by or on behalf of the Borrower to the Agent or the Lenders in connection with the Credit Facilities is true and accurate

in all material respects and the Borrower is not aware of any omission of any material fact which renders such factual information incomplete or misleading in any material way.

- (k) No Breach of Orders, Licences or Statutes: None of the Borrower or any Material Subsidiary is in breach of:
  - (i) any order, approval or mandatory requirement or directive of any Administrative Body;
  - (ii) any governmental licence or permit; or
  - (iii) any applicable Law in any material respect.
- (l) Pension: The Borrower and each Material Subsidiary have in all material respects, complied with the contractual provisions and applicable Laws relating to each Pension Plan to which the Borrower or any Material Subsidiary is a party or is otherwise bound. All amounts due and owing under any such Pension Plan have been paid in full, and to the knowledge of the Borrower no deficiency exists (whether or not waived) under any such Pension Plan.
- (m) No Default: No Default or Event of Default has occurred and is continuing.
- (n) Insurance: The Borrower and each Material Subsidiary have in full force and effect such policies of insurance in such amounts issued by such insurers of recognized standing covering the property of the Borrower and each Material Subsidiary in accordance with prudent oil and gas industry standards.
- (o) Approvals: All material regulatory approvals, consents, permits and licenses necessary for the Borrower and each Material Subsidiary to carry on its business, as currently carried on, and all approvals and consents necessary for it to enter into the Documents and perform its obligations thereunder have, in each case, been obtained and are in good standing.
- (p) Payment of Taxes: The Borrower and each Material Subsidiary have filed all tax returns which are required to be filed and has paid all Taxes (including interest and penalties) which are due and payable, unless such payment is in good faith disputed, and has made all appropriate provision in respect thereof in accordance with GAAP.
- (q) Remittances: All of the material remittances required to be made by the Borrower and each Material Subsidiary to the applicable federal, provincial, municipal or state governments have been made, are currently up to date and there are no outstanding arrears.
- (r) Subsidiaries: As at the date hereof, the Borrower has no Subsidiaries other than as set out in Schedule K and Schedule K is a complete and accurate list of: (i) the jurisdictions of formation of the Borrower and each Subsidiary, (ii) the location of the chief executive office of the Borrower and its Subsidiaries, (iii) the location of

the Borrower's and its Subsidiaries' respective businesses and assets and (iv) the trade names, if any, used by the Borrower and its Subsidiaries in the locations referred to in clause (iii) above. The legal and beneficial owners of all of the issued and outstanding Voting Securities of the Borrower are as set out in Schedule K.

- (s) Books and Records: All books and records of the Borrower and each Material Subsidiary have been fully, properly and accurately kept and completed and there are no material inaccuracies or discrepancies of any kind contained or reflected therein.
- (t) Indebtedness and Liens: None of the Borrower or any Material Subsidiary has any Indebtedness for Borrowed Money, other than Permitted Indebtedness, or Liens on its property, other than Permitted Encumbrances.
- (u) Use of Proceeds: The proceeds of any Advances are being used in accordance with Section 3.9.
- (v) Full Disclosure: There is no fact known as of the date hereof to the Borrower, after reasonable investigation, which has not been fully disclosed to the Agent which has, or would reasonably be expected to have, a Material Adverse Effect.
- (w) Sanctions; Anti-Corruption Laws; Anti-Money Laundering/ Anti-Terrorist Financing Laws:
  - (i) No part of the proceeds of any Advance nor drawings under any Letter of Credit 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 Administrative Body 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 Advance or any drawings under any Letter of Credit 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 13.1(w) are true and correct at all times.
- (viii) None of the Borrower, its Subsidiaries nor any of their Affiliates (in the case of Affiliates, as it pertains to the business and operations of the Borrower or any Subsidiary only): (A) is, to the Borrower's knowledge, under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist related activities or other money laundering predicate crimes under any Applicable Law; (B) has been assessed civil penalties under any Anti-Money Laundering/ Anti-Terrorist Financing Laws; or (C) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering/ Anti-Terrorist Financing Laws.
- (x) *Interest Act (Canada)*:
  - (i) This Agreement, including Section 3.11 and Article 7 hereof and the constituent definitions herein and under the other Documents relating to interest and other amounts payable hereunder and thereunder, satisfies the requirements of section 4 of the *Interest Act (Canada)* to the extent that such section 4 of the *Interest Act (Canada)* applies to the expression, statement or calculation of any rate of interest or other rate per annum hereunder or under any other Document.
  - (ii) The Borrower and its Subsidiaries are each able to calculate the yearly rate or percentage of interest payable under any Document based on the methodology set out herein and under the other Documents, including Section 3.11 and Article 7 hereof and the constituent definitions herein and

under the other Documents relating to interest and other amounts payable hereunder and thereunder.

- (y) Abandonment and Reclamation Compliance: The Borrower and each Material Subsidiary is in compliance in all material respects with applicable Law relating to any abandonment and reclamation obligations, liabilities or activities including, without limitation, any outstanding Abandonment/Reclamation Orders.

### **13.2 Acknowledgement**

The Borrower acknowledges that the Agent and the Lenders are relying upon the representations and warranties in this Article 13 in making the Credit Facilities available to the Borrower and that the representations and warranties contained in Section 13.1, will be deemed to be restated in every respect effective on the date each and every Advance is made except for Advances which are Rollovers or Conversions in which case only Section 13.1(m) will be deemed to be restated; and effective on the date of any Swap Document the representation and warranty contained in Section 13.1(m) will be deemed to be restated.

### **13.3 Survival and Inclusion**

The representations and warranties in this Article 13 shall survive until this Agreement has been terminated. All statements, representations and warranties contained in any Compliance Certificate, Environmental Certificate, Closing Certificate, the Security, any Document or in any other instrument delivered by or on behalf of the Borrower or any Material Subsidiary pursuant to this Agreement or any other Document will be deemed to constitute statements, representations and warranties made by the Borrower and the Material Subsidiaries to the Agent and the Lenders under this Agreement.

## **ARTICLE 14**

### **COVENANTS OF THE BORROWER AND ANY MATERIAL SUBSIDIARIES**

#### **14.1 Affirmative Covenants**

While any Obligations are outstanding or any Accommodation is available under the Credit Facilities and except with the written consent of the Lenders:

- (a) Punctual Payment: The Borrower will pay or cause to be paid all Indebtedness and other amounts and Obligations payable under the Documents punctually when due.
- (b) Corporate Existence: The Borrower will, and will cause each Material Subsidiary to, do or will cause to be done all things necessary to preserve and keep in full force and effect its corporate, partnership or trust existence (as the case may be) as a corporation, partnership or trust in good standing as under the Laws of its jurisdiction of formation.
- (c) Notice of Event of Default or Material Adverse Effect: The Borrower will notify the Agent of the occurrence of any Default or Event of Default, or any material adverse change in its financial condition or any matter that has had, or could

reasonably be expected to have, a Material Adverse Effect, forthwith upon becoming aware thereof and specify in such notice the nature of the event and the steps taken or proposed to be taken to remedy the same.

- (d) Notice of Legal Proceedings: The Borrower will, and will cause each Material Subsidiary to, forthwith upon becoming aware thereof, notify the Agent of the commencement of any legal or administrative proceedings against the Borrower or any Material Subsidiary which, if adversely determined against the Borrower or any Material Subsidiary could reasonably be expected to have a Material Adverse Effect and in any event where the claim exceeds Cdn.\$5,000,000.
- (e) Notice of Change of Control: The Borrower will, and will cause each Material Subsidiary to, forthwith upon becoming aware thereof, notify the Agent of any Change of Control.
- (f) Notice of Environmental Damage: The Borrower will, and will cause each Material Subsidiary to, forthwith upon acquiring knowledge thereof, notify the Agent of the discovery of any Contaminant or of any Release of a Contaminant into the Environment from or upon the land or property owned (either individually or jointly), operated or controlled by the Borrower or any Material Subsidiary which could reasonably be expected to have a Material Adverse Effect.
- (g) Environmental Certificates: The Borrower will provide an Environmental Certificate to the Agent with sufficient copies for each of the Lenders at the same time as the delivery of the annual financial statements referred to in Section 14.3(b).
- (h) Additional Environmental Information: The Borrower will upon the request of the Agent make available for discussion with the Agent or its nominee upon reasonable notice and at all reasonable times during regular business hours the individuals who were involved in the preparation of any Environmental Certificate.
- (i) Performance: The Borrower will, and will cause each Material Subsidiary to, observe the terms of and perform its obligations under each of the Documents to which it is a party.
- (j) Operation of Business and Properties: The Borrower will, and will cause each Material Subsidiary to, conduct its business in a proper and prudent manner and maintain and preserve its assets and property so as not to materially and adversely impair its ability to perform its obligations under this Agreement, and operate its property, or, if it is not the operator, use reasonable efforts to ensure that such property is operated, in accordance with sound oil and gas industry practice and in accordance in all respects with applicable Law, except to the extent failure to do so could not reasonably be expected to have a Material Adverse Effect.
- (k) Performance of Agreements: The Borrower will, and will cause each Material Subsidiary to, perform its obligations under all agreements relating to its property, assets and undertaking, including payment of rentals, royalties, Taxes or other charges in respect thereof which are necessary to maintain all such agreements in

good standing, except to the extent failure to do so could not reasonably be expected to have a Material Adverse Effect.

- (l) Insurance: The Borrower will, and will cause each Material Subsidiary to, maintain adequate insurance in respect of its material property, including all wellhead equipment and other plant and equipment according to prudent oil and gas industry standards, and will provide the Agent with copies of all insurance policies relating thereto if so requested.
- (m) Material Adverse Claims: The Borrower will, and will cause each Material Subsidiary to, except for Permitted Encumbrances, defend its property, assets and undertaking from all material adverse claims where the failure to do so in the opinion of the Lenders, acting reasonably, threatens the intended priority or validity of the Security as herein provided, or could reasonably be expected to have a Material Adverse Effect.
- (n) Protection of Security: The Borrower will, and will cause each Material Subsidiary to, do all things reasonably requested by the Agent to protect and maintain the Security and the priority thereof in relation to other Persons.
- (o) Environmental Audit: If the Agent, acting reasonably, determines that the Borrower's or any Material Subsidiaries' obligations or other liabilities in respect of matters dealing with the protection or contamination of the Environment or the maintenance of health and safety standards, whether contingent or actual, could reasonably be expected to have a Material Adverse Effect then, at the request of the Agent, the Borrower will, and will cause each applicable Material Subsidiary to, assist the Agent in conducting an environmental audit of the property which is the subject matter of such contingent or actual obligations or liabilities, by an independent consultant selected by the Agent. The reasonable costs of such audit will be for the account of the Borrower provided that the Agent will carry out such audit in consultation with the Borrower to expedite its completion in a cost effective manner. Should the result of such audit indicate that the Borrower or any Material Subsidiary is in breach, or with the passage of time will be in breach, of any Environmental Law and such breach or potential breach has or could reasonably be expected to have, in the opinion of the Lenders, acting reasonably, a Material Adverse Effect, and without in any way prejudicing or suspending any of the rights and remedies of the Agent and the Lenders under the Documents, the Borrower will, and will cause each applicable Material Subsidiary to, forthwith commence and diligently proceed to rectify or cause to be rectified such breach or potential breach, as the case may be, and will keep the Agent fully advised of the actions it intends to take and has taken to rectify such breach or potential breach and the progress it is making in rectifying same. The Agent will be permitted to retain, for the account of the Borrower (to the extent such account is reasonable), the services of a consultant to monitor the Borrower's compliance with this Section 14.1(o).
- (p) Payment of Taxes: The Borrower will, and will cause each Material Subsidiary to, duly file on a timely basis all Tax returns required to be filed by it, and duly and

punctually pay all Taxes and other governmental charges levied or assessed against it or its property, unless such payment is in good faith disputed, and the Borrower or such Material Subsidiary has made all appropriate provision in respect thereof in accordance with GAAP.

- (q) **Remittances:** The Borrower will, and will cause each Material Subsidiary to, make all of the material remittances and source deductions required to be made by any of them to the applicable federal, provincial or municipal governments and keep such remittances up to date.
- (r) **Notices and Filings:** The Borrower will, and will cause each Material Subsidiary to, on a timely basis, furnish to the Agent (by electronic means satisfactory to the Agent, together with one hard copy thereof or in sufficient hard copies for each of the Lenders) all prospectuses, material change reports (except those filed on a confidential basis, but only for so long as such confidentiality remains in effect) and press releases filed by the Borrower or any Material Subsidiary with securities commissions having jurisdiction and other documents distributed by the Borrower or any Material Subsidiary to its shareholders.
- (s) **Inspection of Property; Books and Records; Discussions:** The Borrower will, and will cause each Material Subsidiary to, maintain books and records of account in accordance with GAAP and all applicable Law; and permit representatives of the Agent from time to time upon reasonable notice and with minimal disruption to the business of the Borrower or any Material Subsidiary (after a Default or Event of Default that is continuing, at the Borrower's expense), to visit and inspect any of its property and to examine and make abstracts from any of its books and records at any reasonable time during normal business hours and upon reasonable request and notice, and subject to the Borrower's health and safety requirements, and to discuss its business, property, condition (financial or otherwise) and prospects with its senior officers and (in the presence of such representatives, if any, as it may designate) with its independent chartered accountants.
- (t) **Comply with Law and Maintain Permits:** The Borrower will, and will cause each Material Subsidiary to, comply with applicable Laws in all material respects and obtain and maintain all material permits, licenses, consents and approvals necessary to the ownership of its property and to the conduct of its business in each jurisdiction where it carries on business or owns property, including those issued or granted by Administrative Bodies.
- (u) **Other Information:** The Borrower will, and will cause each Material Subsidiary to, provide to the Agent such other documentation and information concerning the Borrower as may be requested by the Lenders, acting reasonably, including any internally or independently prepared environmental assessment reports in the possession of the Borrower.
- (v) **Subsidiary Security:** The Borrower will cause each Material Subsidiary to provide the Agent with the Security listed in Section 4.1, in each case, in form and substance satisfactory to the Agent, acting reasonably, within 10 days of any such Subsidiary

becoming a Material Subsidiary, together with such supporting documentation and legal opinions as the Agent may reasonably require.

- (w) Use of Proceeds: The Borrower will use the proceeds of the Credit Facilities solely for the purposes contemplated by Section 3.9.
- (x) Default to Third Parties: If the Borrower is in default under any term or provision of any agreement between itself and any lender which provides for recourse against it of an amount in excess of Cdn.\$5,000,000 and as a result of such default such lender shall have accelerated or shall have the right to accelerate any of its indebtedness in excess of Cdn.\$5,000,000 or if such lender shall demand payment of any indebtedness in excess of Cdn.\$5,000,000 it owes to the lender as a result thereof, the Borrower shall promptly provide notice thereof to the Agent together with full particulars thereof.
- (y) Property in Subsidiaries: The Borrower and each of the Material Subsidiaries that have provided the Security listed in Section 4.1 will at all times own, in aggregate, not less than 100% of the Borrower's Consolidated Net Tangible Assets.
- (z) Excess Cash Balances: If on any day the Borrower and its Subsidiaries have Excess Cash, then, within five (5) Banking Days, the Borrower shall repay or cause to be repaid Advances under the Credit Facilities in an amount equal to the lesser of (i) the amount of such Excess Cash on the date of such repayment; and (ii) the Aggregate Principal Amount under the Credit Facilities (excluding, for the avoidance of doubt, Letters of Credit, other than Letters of Credit that have been drawn and not reimbursed in accordance with Section 10.1) outstanding on the date of such repayment.
- (aa) 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, and have policies and procedures in place which are designed to ensure that, that the representations and warranties in Section 13.1(w) 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).
- (bb) Abandonment and Reclamation Compliance: The Borrower shall, and shall cause each of its Material Subsidiaries to, comply in all material respects with applicable Law relating to abandonment and reclamation obligations, liabilities or activities including, without limitation, any outstanding Abandonment/Reclamation Orders.
- (cc) Minimum LMR: The Borrower will, and will cause each Material Subsidiary to, at all times maintain an LMR greater than 1.5.
- (dd) Wholly-Owned Status: The Borrower will ensure that each Subsidiary is a Wholly-Owned Subsidiary of the Borrower.

- (ee) **Mandatory Hedging:**
  - (i) As at the end of each Fiscal Quarter, the Borrower shall have entered into and be maintaining Commodity Swap Contracts hedging not less than: (A) thirty percent (30%) of Projected Production (Oil); and (B) thirty percent (30%) of Projected Production (Gas), in each case, for the period commencing as at the end of each such Fiscal Quarter and ending 12 months thereafter.
  - (ii) The Borrower shall not enter into any three-way collar for the purposes of satisfying the covenants set forth in this Section 14.1(ee).

## 14.2 Negative Covenants

While any Obligations are outstanding or any Accommodation under any Credit Facility remains available and except with the written consent of the Lenders:

- (a) **Limitation on Borrowings and Liens:** The Borrower will not, and will not permit any Material Subsidiary to:
  - (i) incur Indebtedness for Borrowed Money, except for Permitted Indebtedness; or
  - (ii) provide or permit to exist a Lien over any of its assets, property or undertakings, except for Permitted Encumbrances.
- (b) **Limitation on Distributions:** The Borrower will not, and will not permit any Material Subsidiary to, make or give effect to any Distribution without the prior written consent of all of the Lenders, other than:
  - (i) (A) regularly scheduled interest payments on account of the Unsecured Debentures and (B) repayment of the principal of the Unsecured Debentures on the maturity thereof, provided that, in each case, at the time of making any such Distribution, no Default, Event of Default or Borrowing Base Shortfall has occurred and is continuing or would result therefrom; and
  - (ii) Distributions to the Borrower or a Material Subsidiary that has executed and delivered to the Agent the Security contemplated hereby.
- (c) **Limitation on Commodity Swap Contracts:** The Borrower will not, and will not permit any Material Subsidiary to, enter into any contract for a commodity swap or other hedging or protection agreement or option designed to protect against fluctuations in commodity prices (which, for greater certainty, includes both physically and financially settled hedges but excludes sales of the current month's and next following month's production) (collectively, the "**Commodity Swap Contracts**") if the term of any such Commodity Swap Contract at the time entered into exceeds two years; provided that with respect to any Commodity Swap Contract permitted hereunder the aggregate amounts or volumes hedged under all

such Commodity Swap Contracts at the time any such Commodity Swap Contract is entered into, and after giving effect to the Commodity Swap Contract proposed to be entered into, shall not exceed (i) fifty percent (50%) of Projected Production (Oil); or (ii) fifty percent (50%) of Projected Production (Gas), in each case, for the period commencing at the end of the most recently completed Fiscal Quarter and ending 12 months thereafter.

- (d) **Limitation on Interest Rate Swap Contracts:** The Borrower will not, and will not permit any Material Subsidiary to, enter into any contract for a rate swap, rate cap, rate floor, rate collar, forward rate agreement, futures or other rate protection agreement or option with respect to any such transaction, designed to hedge against fluctuations in interest rates (collectively, the "**Interest Rate Swap Contracts**") if the term of any such Interest Rate Swap Contract exceeds two years or if the aggregate amounts hedged under all Interest Rate Swap Contracts at the time the Interest Rate Swap Contract is entered into and after giving effect thereto exceeds 70% of the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount of the Credit Facilities at the time such contract is entered into.
- (e) **Limitation on Exchange Rate Swap Contracts:** The Borrower will not, and will not permit any Material Subsidiary to, enter into any contract for the sale, purchase, exchange or future delivery of foreign currency (whether or not the subject currency is to be delivered or exchanged) or any hedging contract, forward contract, swap agreement, futures contract, or other foreign exchange protection agreement or option with respect to any such transaction, in each case designed to hedge against fluctuations in foreign exchange rates (collectively, the "**Exchange Rate Swap Contracts**") if the term of any such Exchange Rate Swap Contract exceeds two years or if the aggregate amount hedged under all Exchange Rate Swap Contracts at the time such Exchange Rate Swap Contract is entered into and after giving effect thereto exceeds 70% of the aggregate of the Borrower's and the Material Subsidiaries' aggregate U.S. Dollar revenues over their most recently ended Fiscal Quarter, as adjusted for acquisitions and divestitures in a manner satisfactory to the Agent, acting reasonably.
- (f) **Limitation on Hedging Agreements:** The Borrower will not, and will not permit any Material Subsidiary to, enter into or maintain any Commodity Swap Contract, Interest Rate Swap Contract, Exchange Rate Swap Contract and any other derivative agreement or other similar agreement or arrangements (including, any ISDA Master Agreement and any schedules thereto or confirmation issued thereunder) relating to any transaction which is a rate swap transaction, basis swap, forward rate transaction, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions), (collectively, the "**Hedging Agreements**"), unless such Hedging Agreement is entered into solely for hedging purposes only in the ordinary course of business and not for speculative purposes.

- (g) Mergers, Amalgamation and Consolidations: The Borrower will not, and will not permit any Material Subsidiary to, merge, amalgamate or consolidate with another Person other than the Borrower or a Material Subsidiary.
- (h) Change in Constatng Documents: The Borrower will not, and will not permit any Material Subsidiary to, amend any of its constating documents, by-laws, partnership agreement, trust declaration or trust indenture, as applicable, in a manner that would materially prejudice the rights and interests of the Lenders under the Documents.
- (i) Limitation on Sale and Lease-Back Transactions: The Borrower will not, and will not permit any Material Subsidiary to, enter into any arrangement with any Person providing for the leasing of property from such Person which property has been or is to be sold or transferred by the Borrower or any Material Subsidiary to such Person (a "**Sale and Lease-Back Transaction**"), unless the proceeds to the Borrower or such Material Subsidiary of such sale are at least equal to the fair market value of such property and provided that the Canadian Dollar Exchange Equivalent of the Indebtedness of the Borrower and the Material Subsidiaries under all Sale and Lease-Back Transactions does not exceed Cdn.\$250,000 in the aggregate, except for Sale and Lease-Back Transactions where the Borrower or any Material Subsidiary, as the case may be, utilizes the net proceeds arising therefrom to acquire, within 120 days, an interest in property substantially similar in nature to the property sold or transferred.
- (j) Purchase Money Liens: The Borrower will not, and will not permit any Material Subsidiary to, permit the Canadian Dollar Exchange Equivalent of its Indebtedness arising under Purchase Money Liens to exceed Cdn.\$250,000 in the aggregate.
- (k) Change in Business, Name, Location or Fiscal Year: The Borrower will not, and will not permit any Material Subsidiary to (i) on a consolidated basis, change in any material respect the nature of its business or operations from the nature of its business and operations carried on as of the Closing Date, or (ii) change its corporate, partnership or trust name, as applicable, trade name, jurisdiction of formation or organization, location of its chief executive office or locations of its business or assets from those set forth in Schedule K without giving the Agent 15 days prior written notice thereof, or (iii) change its fiscal year.
- (l) Asset Dispositions: Except for Permitted Dispositions, the Borrower will not, and will not permit any Material Subsidiary to, directly or indirectly, make any sale, exchange, lease, transfer or other disposition of any of their respective property or assets. Notwithstanding the foregoing, during the continuance of (i) a Default or an Event of Default or (ii) a default, event of default or other similar condition or event (however described) under any BDC Facility Document, the Borrower will not be entitled to make Permitted Dispositions except for those described in paragraphs (a), (b) and (c) of the definition thereof set forth in Schedule A.
- (m) Financial Assistance: The Borrower will not, and will not permit any Material Subsidiary to, provide any guarantee, loans or other financial assistance to any

Person, other than to the Agent, the Borrower, a Material Subsidiary (provided that such Material Subsidiary has executed and delivered to the Agent the Security contemplated hereby) or a Swap Lender.

- (n) Other Ventures: The Borrower will not, and will not permit any Material Subsidiary to, enter into ventures of a material nature which are outside the scope of their normal course of business.
- (o) Transactions with Affiliates: The Borrower will not, and will not permit any Material Subsidiary to, except as specifically permitted hereunder, enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any of its shareholders or with any Affiliate, or with any of its or their directors or officers, or enter into, assume or suffer to exist any employment, consulting or analogous agreement or arrangement with any such shareholder or Affiliate or with any of its directors or officers, except a transaction or agreement or arrangement which is in the ordinary course of business of the Borrower or such Material Subsidiary and which is upon fair and reasonable terms not less favourable to the Borrower or such Material Subsidiary than it would obtain in comparable arm's-length transaction; provided that such restriction will not apply to any transaction between the Borrower or any Material Subsidiary.
- (p) No Accounts other than with the Agent: The Borrower will not, and will not 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 Agent. The Borrower and its Subsidiaries shall conduct all of their banking and securities, as the case may be, activities through such aforementioned accounts.
- (q) Limit on Investments: The Borrower will not, and will not permit any Subsidiary to, have or make any Investment other than: (i) Investments in or to the Borrower or a Material Subsidiary that has executed and delivered to the Agent the Security contemplated hereby; or (ii) other Investments which, in the aggregate, shall not at any time exceed Cdn.\$250,000 (or the Exchange Equivalent in U.S. Dollars or the equivalent thereof in any other currency).
- (r) Limit on Hedge Monetization: The Borrower will not, and will not permit any Material Subsidiary to, perform, realize or otherwise effect any Hedge Monetization without the prior written consent of all of the Lenders.
- (s) Maximum Expenditures Forecast Variance:
  - (i) (A) The aggregate of the ARO Expenditures in any Fiscal Year, less any ARO Expenditure Deficit in the immediately preceding Fiscal Year, shall not exceed 110% of the Forecasted ARO Expenditures for such Fiscal Year and (B) the aggregate of the ARO Expenditures and SRP Funded ARO Expenditures in any Fiscal Year, plus any ARO Expenditure Surplus in the

immediately preceding Fiscal Year, shall not be less than 90% of the Forecasted ARO Expenditures for such Fiscal Year.

- (ii) The aggregate of the Capital Expenditures made or incurred by the Borrower and its Subsidiaries in any Fiscal Year shall not, without the prior written consent of all of the Lenders, exceed 110% of the Forecasted Capital Expenditures for such Fiscal Year.
- (t) **New BDC Security or Guarantees:** The Borrower will not, and will not permit any Subsidiary to: (i) grant any Lien in favour of the BDC Agent or any BDC Lender, or any person on their behalf, over any of their property or assets to secure any BDC Facility Obligation unless a substantially identical Lien over such property or assets has been granted, or will be granted concurrently, to the Agent, for and on behalf of the Lenders; or (ii) grant any guarantee of any BDC Facility Obligation in favour of the BDC Agent or any BDC Lender, or any person on their behalf, unless a substantially identical guarantee has been granted, or will be granted concurrently, to the Agent, for and on behalf of the Lenders.
- (u) **Payments of BDC Facility Obligations:** The Borrower will not, and will not permit any of its Subsidiaries to, make any payment of any BDC Facility Obligation, other than Permitted Payments. For certainty, the Borrower will not, and will not permit any of its Subsidiaries to, make any voluntary prepayment of any BDC Facility Obligation.
- (v) **Amendments to BDC Facility Documents:** The Borrower will not amend, restate, supplement or otherwise modify any BDC Facility Document if such amendment, restatement, supplement or modification would contravene Section 7.1 of the Intercreditor Agreement.
- (w) **Limitation on Management Compensation:** The Borrower will not, and will not permit, the cash compensation paid to any director or officer of the Borrower to be increased from the amounts disclosed by the Borrower to the Agent in writing by letter dated October 22, 2020.
- (x) **Unsecured Debentures:** The Borrower will not, and will not permit any Material Subsidiary to, amend, supplement or modify (as applicable) any provision of the Unsecured Debentures or the Unsecured Debenture Indenture, except minor amendments which are not material and are intended to cure mistakes or errors.

### **14.3 Reporting Covenants**

During the Revolving Period, the Term Period or while the Borrower or any Material Subsidiary has any Obligations outstanding, the Borrower covenants to deliver to the Agent copies of each of the following in a sufficient number for the Agent and each Lender:

- (a) **Compliance Certificate:** At the same time as the Borrower provides the quarterly and annual financial statements under Section 14.3(b), the Borrower will furnish to the Agent (in sufficient copies for each of the Lenders) a Compliance Certificate.

- (b) **Financial Statements:** Within 45 days after the end of each of the first three Fiscal Quarters of the Borrower and within 90 days after the end of each Fiscal Year of the Borrower, the Borrower will furnish to the Agent (by electronic means satisfactory to the Agent, together with one hard copy thereof or in sufficient hard copies for each of the Lenders) a copy of the Borrower's quarterly unaudited consolidated financial statements and the Borrower's annual audited consolidated financial statements, respectively.
- (c) **Quarterly Lease Operating Statements:** Upon the Agent's request, within 45 days of the end of each of the first three Fiscal Quarters, and within 90 days after the end of each Fiscal Year the Borrower will provide to the Agent, for the benefit of the Lenders, the most recent consolidated quarterly production revenue statements for the immediately preceding Fiscal Quarter of the Borrower, covering the Proved Producing Reserves and indicating the gross oil and gas production, net production, total revenues, royalties and other burdens, operating expenses and net revenues of the Borrower, in a format acceptable to the Agent, acting reasonably.
- (d) **Annual Budget:** Forthwith following approval thereof by the Borrower's Directors and, in any event, within 90 days after the end of each Fiscal Year of the Borrower, the Borrower will furnish to the Agent (in sufficient copies for each of the Lenders) a copy of the Borrower's consolidated annual budget, including forecasted annual production, balance sheet and income and cash flow projections and the estimated annual provision for site restoration and abandonment costs associated with its and oil and gas properties.
- (e) **Decommissioning Budget:** Within 90 days after the end of each Fiscal Year of the Borrower, the Borrower will furnish to the Agent (i) a decommissioning budget for the following Fiscal Year period, which budget shall include a breakdown of the Borrower's and each Material Subsidiary's expected abandonment and reclamation costs for such period related to their current and expected active and inactive wells, pipelines and facilities, together with details of the calculation of the abandonment and reclamation obligations set out on the Borrower's balance sheet in its annual audited consolidated financial statements; and (ii) a decommissioning schedule for each of its active and inactive wells, pipelines and facilities, together with any supporting information that may be reasonably requested by the Agent on behalf of the Lenders related thereto.
- (f) **Abandonment/Reclamation Orders:** Any Abandonment/Reclamation Orders or other material notices related to any directives, rules, regulations or other orders issued by any applicable Energy Regulator to any of the Borrower or any Material Subsidiary or otherwise affecting any of the Proved Producing Properties, Proved Non-Producing Properties, other P&NG Rights or related facilities of the Borrower or any Material Subsidiary, in each case, together with a calculation of the estimate of expenditures required in order to comply with such Abandonment/Reclamation Order.

- (g) **Abandonment and Reclamation Consultant:** If the Borrower or any Material Subsidiary has engaged a consultant or other expert to evaluate, analyze or otherwise assist with the determination or impact of Borrower's or any Material Subsidiary's abandonment and reclamation obligations in any applicable jurisdiction, the Borrower will provide a copy of such report or any other material work product related thereto promptly following receipt thereof by the Borrower or such Material Subsidiary, as applicable.
- (h) **Variance Reports:** At the same time as the Borrower provides the quarterly and annual financial statements under Section 14.3(b), the Borrower will furnish to the Agent (in sufficient copies for each of the Lenders) a CapEx Variance Report and an ARO Variance Report.
- (i) **Other Information:** Such other information available to the Borrower as the Lenders may request from time to time, acting reasonably, including, without limitation, annual budgets, production information, abandonment and reclamation liability information (including details related to the calculation thereof and the assumptions used in such calculations), reserve reports and environmental audits.
- (j) **BDC Credit Agreement Reporting:** Concurrently with the delivery thereof to the BDC Agent, copies of all information and documents delivered by the Borrower and its Subsidiaries to the BDC Agent pursuant to Section 8.3(b) of the BDC Credit Agreement.
- (k) **Notices in Respect of the BDC Facility:** The Borrower shall provide to the Agent:
  - (i) as soon as reasonably practicable, and in any event no later than three (3) Banking Days after becoming aware of a default, event of default or other similar condition or event (however described) under the BDC Credit Agreement or any other BDC Facility Document, a certificate of an officer of the Borrower describing in detail such default, event of default or other similar condition or event and specifying the steps, if any, being taken to cure or remedy the same;
  - (ii) (A) concurrently with the delivery thereof to the BDC Agent, a copy of any request sent to the BDC Agent or the BDC Lender of any proposed alteration, amendment, modification or supplement to, or restatement of, the BDC Credit Agreement or any other BDC Facility Document (or any waiver or consent to like effect), and (B) promptly upon execution thereof, a copy of each such alteration, amendment, modification, supplement, restatement of, or waiver or consent with respect to, the BDC Credit Agreement or any other BDC Facility Document;
  - (iii) substantially concurrently with the delivery thereof by the Borrower to the BDC Agent, (A) a copy of any notice of borrowing delivered by the Borrower to the BDC Agent pursuant to Section 6.2(a) of the BDC Credit Agreement; and (B) copies of all documentation delivered by the Borrower

to the BDC Agent pursuant to Section 6.2(c) of the BDC Credit Agreement;  
and

- (iv) as soon as reasonably practicable, and in any event no later than one (1) Banking Day after becoming aware of the same, notice that any borrowing requested by the Borrower under the BDC Credit Agreement has been denied by the BDC Agent or the BDC Lenders.
- (l) **Unsecured Debenture Reporting:** Concurrently with the delivery thereof to the Unsecured Debenture Trustee, copies of all information and documents delivered by the Borrower and its Subsidiaries to the Unsecured Debenture Trustee pursuant to Section 6.6 of the Unsecured Debenture Indenture.
- (m) **Notices in Respect of the Unsecured Debentures:** The Borrower shall provide to the Agent:
  - (i) as soon as reasonably practicable, and in any event no later than three (3) Banking Days after becoming aware of a default, event of default or other similar condition or event (however described) under any Unsecured Debenture or the Unsecured Debenture Indenture, a certificate of an officer of the Borrower describing in detail such default, event of default or other similar condition or event and specifying the steps, if any, being taken to cure or remedy the same; and
  - (ii) (A) a copy of any material amendment, modification or restatement of (for certainty, including any renewal or extension), or any material waiver or consent under, any Unsecured Debenture or the Unsecured Debenture Indenture within two (2) Banking Days of becoming so aware, and (B) promptly upon execution thereof, a copy of each such material amendment, modification or restatement of, or any material waiver or consent under, any Unsecured Debenture or the Unsecured Debenture Indenture.

#### **14.4 Most Favoured Nations**

The Borrower acknowledges that it is the intention of the Lenders that the affirmative, negative, reporting and financial covenants and the events of default under this Agreement are at all times materially similar to such covenants and events of default under the BDC Credit Agreement (to the extent applicable) and agrees that it will not agree to any amendments or additions to such covenants or events of default under the BDC Credit Agreement without also offering to amend or add to the similar covenants or events of default under this Agreement in the same manner.

#### **ARTICLE 15** **RESERVED**

**ARTICLE 16**  
**EVENTS OF DEFAULT**

**16.1 Event of Default**

Each of the following events will constitute an Event of Default:

- (a) **Failure to Pay Principal Amount:** If the Borrower makes default in the due and punctual payment of any principal amount owing under the Documents, as and when the same becomes due and payable, whether at maturity or otherwise.
- (b) **Failure to Pay Non-Principal Amount:** If the Borrower makes default in the due and punctual payment of interest, fees or other non-principal amounts owing under the Documents, as and when the same become due and payable, whether at maturity or otherwise and such default continues for a period of two (2) Banking Days.
- (c) **Incorrect Representations:** If any representation or warranty made by the Borrower or any Material Subsidiary in any Document proves to have been incorrect when so made or deemed to have been repeated and the circumstances resulting in such default continue for a period of 30 days after notice is given to the Borrower by the Agent.
- (d) **Breach of Covenants:** Except for an Event of Default set out in this Section 16.1, if the Borrower or any Material Subsidiary defaults in the performance or observance of any covenant, obligation or condition to be observed or performed by it pursuant to any of the Documents, and such default continues for a period of 30 days after notice thereof is given to the Borrower by the Agent.
- (e) **Breach of Certain Covenants:** if the Borrower fails to observe or perform the covenant in Sections 14.1(w), 14.1(y), 14.1(z), 14.1(cc), 14.1(dd) or 14.2.
- (f) **Insolvency:** If a judgment, decree or order of a court of competent jurisdiction is entered against the Borrower or any Material Subsidiary (i) adjudging the Borrower or any Material Subsidiary bankrupt or insolvent, or approving a petition seeking its reorganization or winding-up under 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 Law (including any applicable corporations legislation to the extent the relief sought under such corporations legislation relates to or involves the compromise, settlement, adjustment or arrangement of debt), or (ii) appointing a receiver, trustee, liquidator, or other Person with like powers, over all, or substantially all, of the property of the Borrower or any Material Subsidiary, or (iii) ordering the involuntary winding up or liquidation of the affairs of the Borrower or any Material Subsidiary, or (iv) if any receiver or other Person with like powers is appointed over all, or substantially all, of the property of the Borrower or any Material Subsidiary, unless, in any such case, such judgment, petition, order or appointment is stayed and of no effect against the rights of the Lenders within 30 days of its entry.

- (g) **Winding-Up:** If, (i) an order or a resolution is passed for the dissolution, winding-up, reorganization or liquidation of the Borrower or any Material Subsidiary, pursuant to applicable Law, including the *Business Corporations Act* (Alberta), or (ii) if the Borrower or any Material Subsidiary institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under 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 Law (including any applicable corporations legislation to the extent the relief sought under such corporations legislation relates to or involves the compromise, settlement, adjustment or arrangement of debt), or (iii) the Borrower or any Material Subsidiary consents to the filing of any petition under any such Law or to the appointment of a receiver, or other Person with like powers, over all, or substantially all, of the Borrower's or any Material Subsidiary's property, or (iv) the Borrower or any Material Subsidiary makes a general assignment for the benefit of creditors, or becomes unable to pay its debts generally as they become due, or (v) the Borrower or any Material Subsidiary takes or consents to any action in furtherance of any of the aforesaid purposes.
- (h) **Other Indebtedness:** The Borrower or any Material Subsidiary fails to make any payment of principal or interest in regard to any Indebtedness for Borrowed Money (other than the BDC Facility Obligations and Indebtedness represented by the Unsecured Debentures) whatsoever owed by it after the expiry of any applicable grace period and demand therefor, to any Person, other than the Agent and any Lender under the Documents, where the outstanding principal amount of such Indebtedness for Borrowed Money, in the aggregate, is more than Cdn.\$5,000,000 at the time of such determination.
- (i) **Adverse Proceedings:** The occurrence of any action, suit or proceeding against or affecting the Borrower or any Material Subsidiary before any court or before any Administrative Body which, if successful, could reasonably be expected to have a Material Adverse Effect, unless the action, suit, or proceedings is being contested diligently and in good faith and, in circumstances where a lower court or tribunal has rendered a decision adverse to the Borrower or any Material Subsidiaries the Borrower or any Material Subsidiary is appealing such decision, and has provided a reserve in respect thereof, adequate in the opinion of the Lenders.
- (j) **Judgment:** A judgment is obtained against the Borrower or any Material Subsidiary for an amount in excess of Cdn.\$5,000,000 in the aggregate which remains unsatisfied and undischarged for a period of 30 days during which such judgment shall not be on appeal or execution thereof shall not be effectively stayed.
- (k) **Material Lien:** The property of the Borrower or any Material Subsidiary having a fair market value in excess of Cdn.\$5,000,000 in the aggregate shall be seized (including by way of execution, attachment, garnishment or distraint) or any Lien thereon shall be enforced, or such property shall become subject to any charging order or equitable execution of a court, or any writ of enforcement, writ of

execution or distress warrant with respect to obligations in excess of Cdn.\$5,000,000 shall exist in respect of the Borrower or any Material Subsidiary, or such property, or any sheriff, civil enforcement agent or other Person shall become lawfully entitled to seize or distrain upon any such property under the *Civil Enforcement Act* (Alberta), the *Workers' Compensation Act* (Alberta), the *Personal Property Security Act* (Alberta) or any other applicable Laws whereunder similar remedies are provided, and in any case such seizure, execution, attachment, garnishment, distraint, charging order or equitable execution, or other seizure or right, shall continue in effect and not released or discharged for more than 30 days.

- (l) **Qualified Auditor Report:** If the audited financial statements that are required to be delivered to the Agent pursuant to Section 14.3(b) contain a qualification that is not acceptable to the Majority Lenders, acting reasonably, and, if unacceptable, such qualification is not rectified or otherwise dealt with to the satisfaction of the Majority Lenders within a period of 30 days after notice thereof is delivered by the Agent to the Borrower.
- (m) **Hedging Agreements:** The occurrence of an event of default under any Hedging Agreement to which the Borrower or any Material Subsidiary is a party after the expiry of any applicable grace period thereunder.
- (n) **Cessation of Business:** The Borrower or any Material Subsidiary ceases or proposes to cease carrying on business, or a substantial part thereof, or makes or threatens to make a bulk sale of its property.
- (o) **Enforceability of Documents:** If any material provision of any Document shall at any time cease to be in full force and effect, be declared to be void or voidable or shall be repudiated, or the validity or enforceability thereof shall at any time be contested by the Borrower or any Material Subsidiary or if any Lien constituted pursuant to the Security ceases to have the priority contemplated in the Documents.
- (p) **Administrative Order:** If an order is issued by an Administrative Body against the Borrower or any Material Subsidiary;
  - (i) such order would be binding on a receiver or receiver/manager of the Borrower or any Material Subsidiary;
  - (ii) the Borrower or any Material Subsidiary has not complied with such order for a period of 60 days from the date on which such order was issued or for such greater period of time as may be permitted by the terms of such order (unless the Borrower or any Material Subsidiary has obtained a stay of such order and is appealing same); and
  - (iii) the costs of complying with all such orders would be in excess of Cdn.\$5,000,000.
- (q) **Change of Control:** If a Change of Control occurs and the Lenders have not provided their prior written consent, in their sole discretion, to the same.

- (r) **Borrowing Base Shortfall:** If at any time there exists a Borrowing Base Shortfall that has not been eliminated in accordance with Section 3.5(a).
- (s) **Approvals:** If any approvals, consents, permits or licenses necessary for the Borrower or any Material Subsidiary to carry on business, as currently carried on and to perform its obligations under the Documents are not obtained, or are withdrawn or cease to be in full force and effect, except to the extent that the foregoing could not reasonably be expected to have a Material Adverse Effect.
- (t) **Creditor Action:** If any secured creditor of the Borrower or any Material Subsidiary takes any action to realize on its security, except to the extent that such action could not reasonably be expected to have a Material Adverse Effect.
- (u) **Material Adverse Effect:** If any event shall occur which has a Material Adverse Effect.
- (v) **LMR:** If the Borrower and/or any Material Subsidiary, or any of the Proved Producing Properties, Proved Non-Producing Properties, other P&NG Rights or related facilities of the Borrower or any Material Subsidiary, in any case, become subject to one or more Abandonment/Reclamation Orders where the aggregate estimated current cost to the Borrower and/or such Material Subsidiaries to comply with such Abandonment/Reclamation Orders exceeds 10% of the then-current Borrowing Base, and the Borrower or any Material Subsidiary fails to comply with any such Abandonment/Reclamation Order within any period specific therein or as required by any applicable Law.
- (w) **Acceleration of BDC Facility Obligations:** If: (i) a default, event of default or other similar condition or event (however described) occurs or exists under any BDC Facility Document and such default, event or condition has resulted in all or any part of the BDC Facility Obligations becoming or being declared, due and payable before such BDC Facility Obligations would otherwise have been due and payable; or (ii) the Borrower defaults in the payment of the principal amount of any Indebtedness under the BDC Credit Agreement at the final maturity date thereof.
- (x) **Cross Default to Unsecured Debentures:** If (i) the Borrower and/or any Material Subsidiary shall fail to make any payment whether of principal or interest, and regardless of amount, in respect of any Indebtedness represented by the Unsecured Debentures, when and as the same shall become due and payable; or (ii) any default, event of default or other event or condition occurs that results in any Indebtedness represented by the Unsecured Debentures becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the Unsecured Debenture Trustee or the holders of the Unsecured Debentures to cause any Indebtedness represented by the Unsecured Debentures to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity.

## **16.2 Remedies**

Upon the occurrence of an Event of Default which has not been waived, the Agent (on the direction of the Majority Lenders or in the case of an Event of Default under Sections 16.1(f), (g) or (n), automatically without notice) shall forthwith terminate any further obligation to make Advances and declare all Obligations and any other amounts owing under the Documents, contingent or otherwise, to be immediately due and payable, whereupon the Borrower will be obligated without any further grace period to forthwith pay such amounts and the Agent and the Lenders may exercise any and all rights, remedies, powers and privileges afforded by applicable Law or under any and all other instruments, documents and agreements made to assure payment and performance of the obligations of the Borrower under the Documents.

## **16.3 Waivers**

An Event of Default may only be waived in writing by all of the Lenders.

## **16.4 Waiver of Default**

Any single or partial exercise by any Lender, the Agent or by the Agent on behalf of any Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in the Documents shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy to which the Agent or such Lender may be lawfully entitled for the same default or breach, and any waiver by any Lender, the Agent or by the Agent on behalf of any Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement contained in the Documents, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. To the extent permitted by applicable Law, the Borrower hereby waives any rights now or hereafter conferred by statute or otherwise which may limit or modify any of the Agent's or Lenders' rights or remedies under the Documents.

## **16.5 Remedies Cumulative**

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Agent and the Lenders under the Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by Law; any single or partial exercise by the Agent or any Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement therein 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 such Lender or any of the other Lenders may be lawfully entitled for the same default or breach, and any waiver by the Agent or any Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement therein contained, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. The Agent may on behalf of the Lenders, and shall if so required by the Majority Lenders, to the extent permitted by applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:

- (a) the specific performance of any covenant or agreement contained in the Documents;
- (b) enjoining a violation of any of the terms of the Documents;
- (c) aiding in the exercise of any power granted by the Documents or by Law; or
- (d) obtaining and recovering judgment for any and all amounts due in respect of the Advances or amounts otherwise due under the Documents.

## **16.6 Attorney in Fact**

The Borrower hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Borrower, and in the name of the Borrower, or in its own name, from time to time in the Agent's discretion, for the purpose of carrying out the terms of the Documents, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of the Documents and which the Borrower, being required to take or execute has failed to take or execute; provided that this power of attorney will not be effective until the occurrence and during the continuance of any Event of Default and only if the Borrower fails to do something it is required to do on a timely basis. The Borrower hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable until all of the Obligations have been unconditionally and irrevocably paid and performed in full. The Borrower also authorizes the Agent, at any time and from time to time, to execute any endorsements, assignments or other instruments of conveyance or transfer pursuant to the Security after an Event of Default and only if the Borrower fails to do so on a timely basis. If requested by the Agent, the Borrower will cause each Material Subsidiary to constitute and appoint the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact in accordance with the foregoing provisions of this Section 16.6.

## **16.7 Set-Off**

In addition to any rights now or hereafter granted under applicable Law and not by way of limitation of any such rights, the Agent and the Lenders are authorized at any time after the occurrence of an Event of Default which is continuing and which has not theretofore been waived by the Lenders and from time to time thereafter without notice to the Borrower or to any other Person, any such notice being expressly waived by the Borrower, to set-off and to appropriate and to apply any and all deposits (general and special) and any other Indebtedness at any time held by or owing by the Agent or such Lender to or for the credit of or the account of the Borrower against and on account of the obligations and liabilities of the Borrower to the Agent or such Lender under this Agreement, including, without limitation, all claims of any nature or description arising out of the Documents, irrespective of whether or not the Agent or such Lender has made any demand under this Agreement and although these obligations, liabilities or claims of the Borrower are contingent or unmatured.

## 16.8 Acceleration of All Lender Obligations

- (a) If a Swap Lender has delivered a demand for payment of its Swap Obligations to the Borrower or a Subsidiary, then it shall promptly notify the Agent and other Lenders thereof.
- (b) If a notice of an Acceleration has been delivered to the Borrower, then, to the extent that it is not already the case, all Obligations, all Cash Management Obligations and all Swap Obligations shall be immediately due and payable and each Lender, each Swap Lender, the Cash Manager and the Agent shall (and shall be entitled to) promptly, and in any event within three (3) Banking Days of receipt of notice of the foregoing, deliver such other demands for payment and notices as may be necessary to ensure that all Obligations, Cash Management Obligations and Swap Obligations are thereafter due and payable under this Agreement, the Documents, the Cash Management Documents and the applicable Swap Documents, as applicable.
- (c) Each agreement, indenture, instrument or other document evidencing or relating to Cash Management Obligations or Swap Obligations shall, notwithstanding any provision thereof to the contrary, be deemed to be hereby amended to allow and permit the Swap Lender or Cash Manager, as the case may be, which is a party thereto to comply with or enforce the provisions of this Section 16.8.

## 16.9 Application and Sharing of Payments Following Acceleration

Except as otherwise agreed to by all of the Lenders in their sole discretion, all monies and property received by the Lenders for application in respect of the Obligations, Cash Management Obligations and Swap Obligations subsequent to an Acceleration and all monies received as a result of a realization upon the Security (collectively, the "**Realization Proceeds**") shall be applied and distributed to the Lenders and the Agent in the order and manner set forth below:

- (a) firstly, distributed proportionately to the Lenders and the Agent in accordance with amounts owing to each Lender and the Agent on account of the costs and expenses of enforcement and realization upon the Security; and
- (b) secondly, distributed rateably to the Lenders, the Cash Manager and Swap Lenders on account of the Obligations, Cash Management Obligations and Swap Obligations,

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

## 16.10 Adjustments Among Lenders

Notwithstanding anything herein or in any other Document to the contrary, if all Obligations become due and payable pursuant to Section 16.2 (an "**Acceleration**") or if an Insolvency Event shall occur and be continuing each Lender agrees that:

- (a) it shall, at any time or from time to time thereafter or at the request of the Agent as required by any Lender, purchase at par on a non-recourse basis a participation in the Aggregate Principal Amount owing to each of the other Lenders under the Credit Facilities and make such other adjustments as are necessary or appropriate, in order that the Aggregate Principal Amount owing to each of the Lenders under the Credit Facilities, as adjusted pursuant to this Section 16.10, shall be in the same proportion as each Lender's Individual Commitment Amount was to the Commitment Amount immediately prior to the Acceleration or Insolvency Event, as the case may be; and
- (b) any payment made by or on behalf of the Borrower or any Material Subsidiary under or pursuant to the Documents, any proceeds from the exercise of any rights and remedies of the Agent and the Lenders under the Documents and any distribution or payment received by the Agent or the Lenders with respect to the Borrower and the Material Subsidiaries in the event of any bankruptcy, insolvency, winding-up, liquidation, arrangement, compromise or composition, shall be applied against the Aggregate Principal Amount in a manner so that, to the extent possible, the Aggregate Principal Amount owing to each of the Lenders under the Credit Facilities will be in the same proportion as each Lender's Individual Commitment Amount was to the Commitment Amount immediately prior to the Acceleration or Insolvency Event, as the case may be.

For certainty, from and after the Term Date applicable to a Lender under a Credit Facility:

- (a) the unutilized portion of such Lender's Individual Commitment Amount shall be cancelled pursuant to Section 3.2(b); and
- (b) the amount of such Lender's Individual Commitment Amount for all purposes hereof, including this Section 16.10, shall be the Aggregate Principal Amount owing to such Lender under such Credit Facilities as at any date of determination.

Each Lender shall, at any time and from time to time at the request of the Agent as required by any Lender, execute and deliver such agreements, instruments and other documents and take such other steps and actions as may be required to confirm, evidence or give effect to the foregoing.

For certainty, subject only to an Acceleration or the occurrence of an Insolvency Event, the provisions of this Section 16.10 are unconditional and irrevocable and (a) the Lenders shall be obligated to purchase participations and to effect the transactions and adjustments contemplated by this Section 16.10 and (b) the other provisions hereof shall operate and apply, in each case, in all events and circumstances and irrespective of whether any condition precedent in Section 6.1 is met.

**ARTICLE 17**  
**CONFIDENTIALITY**

**17.1 Non-Disclosure**

All information, including any information relating to a Hostile Acquisition, other than information that is required by Law to be disclosed by the Party receiving the information to any Administrative Body, will be held by the Parties in the strictest confidence and will not be disclosed to any Person, except as provided in Sections 17.2 and 17.3.

**17.2 Exceptions**

Section 17.1 does not apply to information:

- (a) of a Party where that Party consents in writing to its disclosure;
- (b) which becomes part of the public domain;
- (c) received from a third party without restriction on further disclosure and without breach of Section 17.1;
- (d) developed independently without breach of Section 17.1; or
- (e) to the extent required to be disclosed by order or direction of a court or Administrative Body of competent jurisdiction.

**17.3 Permitted Disclosures by the Agent or the Lenders**

Information received by the Agent or a Lender may be disclosed to the Agent or any other Lender, including any financial institution which desires to become a Lender hereunder and to their respective employees, auditors, accountants, legal counsel, geologists, engineers and other consultants and financial advisors retained by the Agent, such Lender or such financial institution on a need to know basis.

**17.4 Survival**

The obligations of the Parties under this Article 17 will survive the termination of this Agreement.

**ARTICLE 18**  
**ASSIGNMENT**

**18.1 Assignment of interests**

Except as expressly permitted under Section 14.2(g) and this Article 18, this Agreement and the rights and obligations hereunder will not be assignable, in whole or in part, by the Borrower without the prior written consent of all of the Lenders, such consent not to be unreasonably withheld.

## 18.2 Assignment by the Lenders

Each Lender will have the right to sell or assign, (x) in the case of the Extendible Revolving Loan, in minimum portions of Cdn. \$5,000,000 such Lender's Individual Revolving Loan Commitment Amount, or (y) in the case of the Operating Loan, the Operating Loan Commitment Amount, in each case, to one or more Persons acceptable to the Borrower and the Agent, acting reasonably, provided that (a) any assignment of the Operating Loan Commitment Amount must be an assignment of no less than 100% of the Operating Loan Commitment Amount; and (b) at and after the time of the assignment, the Borrower will not be under any obligation to pay by way of withholding tax or otherwise any greater amount than it would have been obliged to pay if the Lender had not made an assignment (other than an increase in rates due solely to an increase in the applicable Discount Rates). An assignment fee of Cdn. \$5,000 for each such assignment (other than to an Affiliate of a Lender) will be payable to the Agent by the assignee Lender. In the event of such sale or assignment, the Borrower, the Agent and the other Lenders will execute and deliver all such agreements, documents and instruments as the Agent or Lender may reasonably request to effect and recognize such sale or assignment, including a Lender Assignment Agreement. Notwithstanding the foregoing, no consent of the Borrower will be required, but the consent of the Agent will continue to be required, if (a) an assignment occurs during a Default or Event of Default which is continuing, (b) is made between financial institutions, who at the time of the assignment, are already Lenders (other than a Defaulting Lender), or (c) is made by a Lender to an Approved Fund.

## 18.3 Effect of Assignment

To the extent that any Lender sells or assigns any portion of its Individual Revolving Loan Commitment Amount or Operating Loan Commitment Amount pursuant to Section 18.2 and such new Lender or new Lenders, as the case may be, has executed and delivered to the Borrower and the Agent a Lender Assignment Agreement, such Lender will be relieved and forever discharged of any and all of its covenants and obligations under the Documents in respect of that portion of its Individual Revolving Loan Commitment Amount or Operating Loan Commitment Amount, as the case may be, so sold or assigned from and after the date of such Lender Assignment Agreement and the Borrower's recourse under the Documents in respect of such portion so sold or assigned from and after the date of the Lender Assignment Agreement will be to such new Lender or new Lenders only, as the case may be, and their successors and permitted assigns.

## 18.4 Participations

Any Lender may at any time sell to one or more financial institutions or other Persons (each of such financial institutions and other Persons being herein called a "**Participant**") participating interests in any of the Advances, commitments, or other interests of such Lender hereunder, provided, however, that:

- (a) no participation contemplated in this Section 18.4 will relieve such Lender from its commitments or its other obligations hereunder or under any other Document;

- (b) such Lender will remain solely responsible for the performance of its commitments and such other obligations as if such participation had not taken place;
- (c) the Agent will continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each of the other Documents;
- (d) no Participant will have any rights (through a right of consent or approval or otherwise) to require such Lender to take or refrain from taking any action hereunder or under any other Document; and
- (e) the Borrower will not be required to pay any amount hereunder that is greater than the amount which it would have been required to pay had no participating interest been sold.

The Borrower agrees that each Participant shall be entitled to the benefits of Section 7.5 and Article 11 with respect to its interest in the Commitment Amount and the Advances outstanding from time to time as if such Participant were such Lender; provided that no Participant shall be entitled to receive any amount which the transferor Lender would not have been entitled to receive in such circumstances nor any greater amount pursuant to either Section 7.5 or Article 11 than the transferor Lender would have been entitled to receive in respect of such amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred. For the purposes of this Section 18.4, each Lender from which a Participant purchased the related participation shall act as agent on behalf of such Participant to the extent required so that such Participant shall receive the benefit of this Section 18.4.

## **18.5 Swap Lenders**

Where any Lender assigns all of its interest in the Credit Facilities and in the Documents pursuant to this Article 18, such assigning Lender shall retain its rights to be indemnified under Section 20.5 and where such assigning Lender or its Affiliate is a party to one or more Swap Documents as of the date of such assignment which are not assigned, such assigning Lender shall continue to be a Lender for the following purposes:

- (a) the Security shall continue to secure the Swap Obligations; and
- (b) the assigning Lender's consent shall be required for any amendment contemplated by Sections 19.16(a)(ii) and 19.16(a)(vii) (as such Section relates to Section 19.16(a)(ii)).

Any Affiliate of a Lender that is party to a Swap Document shall appoint its Affiliate Lender as its attorney and representative for the purposes of dealing with the Agent, any other Lender and the Borrower and exercising or enforcing any rights or remedies hereunder or under the Security, and such Affiliate shall not be entitled to do so except through such Lender as its attorney.

Notwithstanding the foregoing, if any such Affiliate assigns all or any part of its interest under a Swap Document, the Swap Obligations thereunder shall cease to be secured by the Security unless such assignment is to a Lender or Swap Lender.

**ARTICLE 19**  
**ADMINISTRATION OF THE CREDIT FACILITIES**

**19.1 Authorization and Action**

- (a) **Authorization and Action:** Each Lender hereby irrevocably appoints and authorizes the Agent to be its agent in its name and on its behalf and to exercise such rights or powers granted to the Agent or the Lenders under the Documents to the extent specifically provided therein and on the terms thereof, together with such powers and authority as are reasonably incidental thereto. As to any matters not expressly provided for by the Documents, the Agent will not be required to exercise any discretion or take any action, but will be required to act or to refrain from acting (and will be fully indemnified and protected by the Lenders to the greatest extent permitted by Law in so acting or refraining from acting) upon the instructions of the Lenders, and such instructions will be binding upon all Lenders, provided however that the Agent will not be required to take any action which, in the opinion of the Agent, might expose the Agent to liability in such capacity, which could result in the Agent incurring any costs and expenses, or which is contrary to the spirit and intent of this Agreement.
- (b) **Lenders' Determinations:** Where the provisions of this Agreement provide that any waiver of or any amendment to any provision of the Documents may be made or any action, consent or other determination in connection with the Documents may be taken or given, with the consent or agreement of the Majority Lenders or "the Lenders" and not "all the Lenders", then any such waiver, amendment, action, consent or determination so made, so taken or so given with the consent or agreement of the Majority Lenders shall be binding on all of the Lenders and all of the Lenders shall cooperate in all ways necessary or desirable to implement and effect such waiver, amendment, action, consent or determination.
- (c) **Deemed Non-Consent:** If the Agent delivers a written notice to a Lender requesting advice from such Lender as to whether it consents or objects to any matter in connection with the Documents, then, except as otherwise expressly provided herein, if such Lender does not deliver to the Agent its written consent or objection to such matter within ten (10) Banking Days of the delivery of such written notice by the Agent to such Lender, such Lender shall be deemed not to have consented thereto upon the expiry of such ten (10) Banking Day period.
- (d) **Specific Authorizations:** The Lenders hereby authorize and direct the Agent to enter into the termination agreements described in Section 2.1(j)(iii) and the Confirmation of Subordination.

## 19.2 Procedure for Making Advances

- (a) *Pro Rata* Advances: All Advances under a Credit Facility made by the Lenders under such Credit Facility will be made in accordance with each Participating Lender's Rateable Portion of such Advance.
- (b) Instructions from Borrower: Other than with respect to overdraft borrowings under the Operating Loan, the Lenders, through the Agent, will make Advances under a Credit Facility available to the Borrower as required hereunder by debiting the account of the Agent to which each Lender's Rateable Portion in respect of such Credit Facility of such Advances have been credited in accordance with Section 5.6 (or causing such account to be debited) and, in the absence of other arrangements agreed to by the Agent and the Borrower in writing, by transferring (or causing to be transferred) like funds in accordance with the instructions of the Borrower as set forth in the Notice of Borrowing, Notice of Rollover or Notice of Conversion, as the case may be, in respect of each Advance under a Credit Facility, provided that the obligation of the Agent hereunder will be limited to taking such steps as are in keeping with its normal banking practice and which are commercially reasonable in the circumstances to implement such instructions, and the Agent will not be liable for any damages, claims or costs which may be suffered by the Borrower or any of the Lenders and occasioned by the failure of such funds to reach their designated destination, unless such failure is due to the gross negligence or wilful misconduct of the Agent.
- (c) Assumption Respecting Availability: Unless the Agent has been notified by a Lender within one (1) Banking Day prior to an anticipated Advance under a Credit Facility that such Lender will not make available to the Agent its Rateable Portion of such Advance, the Agent may assume, without any enquiry required on its part, that such Lender has made or will make such portion of the Advance available to the Agent on the date such Advance is to take place, in accordance with the provisions hereof and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent such Lender will not have so made its Rateable Portion of an Advance under the applicable Credit Facility available to the Agent, such Lender agrees to pay to the Agent, forthwith on demand, such Lender's Rateable Portion of the Advance and all reasonable costs and expenses incurred by the Agent in connection therewith together with interest thereon (at the rate payable thereunder by the Borrower in respect of such Advance) for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Agent, provided however, that if such Lender fails to so pay, the Borrower covenants and agrees that without prejudice to any rights the Borrower may have against such Lender, it will repay the amount of such Lender's Rateable Portion of the Advance (without duplication) to the Agent for the account of the Agent after receipt of the certificate referred to below and forthwith after demand therefor by the Agent. The amount payable to the Agent pursuant hereto will be as set forth in a certificate delivered by the Agent to such non-paying Lender and the Borrower (which certificate will contain reasonable details of how the amount payable is calculated) and will be conclusive

and binding, for all purposes, in the absence of manifest error. If such Lender makes the payment to the Agent as required herein, the amount so paid will constitute such Lender's Rateable Portion of the Advance under the applicable Credit Facility for purposes of this Agreement. The failure of any Lender to make its Rateable Portion of the Advance will not relieve any other Lender of its obligation, if any, hereunder to make its Rateable Portion of the Advance on the date that such Advance is to take place, but no Lender will be responsible for the failure of any other Lender to provide its Rateable Portion of any Advance under the applicable Credit Facility.

### **19.3 Remittance of Payments**

Forthwith after receipt of any payment by the Borrower hereunder, the Agent, if and to the extent a Lender is entitled thereto, will remit to such Lender its Rateable Portion of such payment, provided that, if the Agent, on the assumption that it will receive on any particular date a payment of principal, interest or fees hereunder, remits to a Lender its Rateable Portion of such payment and the Borrower fails to make such payment, each such Lender agrees to repay to the Agent forthwith on demand such Lender's Rateable Portion of any such payment, together with all reasonable costs and expenses incurred by the Agent in connection therewith and interest thereon at the rate and calculated in the manner customarily applicable to interbank payments for each day from the date such amount is remitted to such Lender. The exact amount of the repayment required to be made by a Lender pursuant hereto will be set forth in a certificate delivered by the Agent to such Lender, which certificate will be conclusive and binding for all purposes in the absence of manifest error.

### **19.4 Redistribution of Payment**

Each Lender agrees that:

- (a) if it exercises any right of counter-claim, set off, bankers' lien or similar right with respect to any property of the Borrower or if under applicable Law it receives a secured claim, the security for which is a debt owed by it to the Borrower, it will apportion the amount thereof proportionately between:
  - (i) amounts outstanding at such time owed by the Borrower to such Lender under this Agreement, which amounts will be applied in accordance with this Section 19.4; and
  - (ii) amounts otherwise owed to it by the Borrower, provided that any cash collateral account held by such Lender as collateral for a letter of credit or bankers' acceptance (including a Bankers' Acceptance) issued or accepted by such Lender on behalf of the Borrower may be applied by such Lender to such amounts owed by the Borrower to such Lender pursuant to such letter of credit or in respect of any such bankers' acceptance without apportionment; and

- (b) if it receives, through the exercise of a right or the receipt of a secured claim described in Section 19.4(a) or otherwise, payment of a proportion of the aggregate amount of principal, interest and fees due to it hereunder which is greater than the proportion received by any other Lender in respect of the aggregate amount of principal, interest and fees due in respect of a Credit Facility (having regard to the respective proportionate amounts advanced as Advances by each of the Lenders under such Credit Facility), the Lender receiving such proportionately greater payment will purchase a participation (which will be deemed to have been done simultaneously with receipt of such payment) in that portion of the applicable Credit Facility of the other Lenders so that their respective receipts will be *pro rata* to their respective Rateable Portions, provided however that, if all or part of such proportionately greater payment received by such purchasing Lender will be recovered, such purchase will be rescinded and the purchase price for such participation will be returned to the extent of such recovery, but without interest. Such Lender will exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section 19.4 to share in the benefits of any recovery on such secured claims.
- (c) If it does any act or thing permitted by Sections 19.4(a) or (b), it will promptly provide full particulars thereof to the Agent.
- (d) Except as permitted under Sections 19.4(a) or (b), no Lender will be entitled to exercise any right of counter-claim, set off, bankers' lien or similar right without the prior written consent of the other Lenders.

## **19.5 Duties and Obligations**

The Agent or any of its directors, officers, agents or employees (and, for purposes hereof, the Agent will be deemed to be contracting as agent for and on behalf of such Persons) will not be liable to any Lender for any action taken or omitted to be taken by it under or in connection with the Documents, except for its own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, the Agent:

- (a) may assume that there has been no assignment or transfer by the Lenders of their rights under the Documents, unless and until the Agent receives a duly executed Lender Assignment Agreement from such Lender;
- (b) may consult with counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and will not be liable for any action taken or omitted to be taken in good faith by it in accordance with or reliance upon the advice of such counsel, accountants or experts;
- (c) will incur no liability under or in respect of the Documents by acting upon any notice, consent, certificate or other instrument or writing believed by it to be genuine and signed or sent by the apparently proper Person or by acting upon any representation or warranty of the Borrower made or deemed to be made hereunder;

- (d) may assume that no Default or Event of Default has occurred and is continuing unless it has actual knowledge to the contrary; and
- (e) may rely, as to any matter of fact which might reasonably be expected to be within the knowledge of any Person, upon a certificate signed by or on behalf of such Person.

Further, the Agent (i) does not make any warranty or representation to any Lender nor will it be responsible to any Lender for the accuracy or completeness of the data made available to any of the Lenders in connection with a Credit Facility, or for any statements, warranties or representations (whether written or oral) made in connection with a Credit Facility, (ii) will not have any duty to ascertain or to enquire as to the performance or observance of any of the terms, covenants or conditions of the Documents on the part of the Borrower or to inspect the property (including books and records) of the Borrower, and (iii) will not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of the Documents or any other instrument or document furnished pursuant hereto or thereto.

#### **19.6 Prompt Notice to the Lenders**

Notwithstanding any other provision herein, the Agent agrees to provide to the Lenders, with copies where appropriate, all information, notices and reports required to be given to the Agent by the Borrower hereunder, promptly upon receipt of same, excepting therefrom information and notices relating solely to the role of the Agent hereunder.

#### **19.7 Agent and Agent Authority**

With respect to its Rateable Portion of a Credit Facility and the Advances made by it as a Lender thereunder as applicable, the Agent will have the same rights and powers under the Documents as any other Lender and may exercise the same as though it were not the Agent. The Agent may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiaries, their respective shareholders or any Person owned or controlled by any of them and any Person which may do business with any of them, all as if the Agent was not serving as Agent, and without any duty or obligation to account therefor to the Lenders.

#### **19.8 Lenders' Credit Decisions**

It is understood 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, condition, affairs, status and nature of the Borrower and any Material Subsidiaries. Accordingly, each Lender confirms with the Agent that it has not relied, and will not hereafter rely, on the Agent (a) to check or inquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Borrower or any other Person under or in connection with the Credit Facilities (whether or not such information has been or is hereafter distributed to such Lender 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 or any Material Subsidiaries. Each Lender

acknowledges that copies of the Documents have been made available to it for review and each Lender acknowledges that it is satisfied with the form and substance of the Documents. A Lender will not make any independent arrangement with the Borrower for the satisfaction of any Obligations owing to it under the Documents without the written consent of the other Lenders.

## **19.9 Indemnification**

The Lenders hereby agree to indemnify the Agent and its directors, officers, agents and employees (to the extent not reimbursed by the Borrower) in accordance with their respective Rateable Portions, from and against any and all liabilities, obligations, 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 or its directors, officers, agents and employees in any way relating to or arising out of the Documents or any action taken or omitted by the Agent under or in respect of the Documents in its capacity as Agent, provided that no Lender will 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 for its Rateable Portion of any reasonable out-of-pocket expenses (including legal fees, on a solicitor and his own client basis) incurred by the Agent in connection with the preservation of any right of the Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under, the Documents, to the extent that the Agent is not reimbursed for such expenses by the Borrower. This indemnity will survive the termination of the other provisions of this Agreement as a separate and continuing covenant of the Lenders.

## **19.10 Successor Agent**

The Agent may, as hereinafter provided, resign at any time by giving 30 days' notice (the "**Resignation Notice**") thereof to the Lenders and the Borrower. The remaining Lenders will forthwith upon receipt of the Resignation Notice unanimously appoint a successor administrative agent (the "**Successor Agent**") to assume the duties hereunder of the resigning Agent. Upon the acceptance of any appointment as administrative agent hereunder by a Successor Agent, such Successor Agent will thereupon succeed to and become vested with all the rights, powers, privileges and duties as administrative agent under the Documents of the resigning Agent. Upon such acceptance, the resigning Agent will be discharged from its further duties and obligations as agent under the Documents, but any such resignation will not affect such resigning Agent's obligations hereunder as a Lender, including for its Rateable Portion of the Commitment Amount. After the resignation of the Agent as administrative agent hereunder, the provisions of this Article 19 will continue to enure to its benefit as to any actions taken or omitted to be taken by it while it was the administrative agent of the Lenders hereunder. Notwithstanding the foregoing, if the remaining Lenders fail to appoint a Successor Agent within 30 days of receipt of the Resignation Notice, the resigning Agent may and with the approval of the Borrower prior to an Event of Default, such approval not to be unreasonably withheld, appoint a Successor Agent from among the Lenders.

### **19.11 Taking and Enforcement of Remedies**

Except as otherwise provided herein, each Lender hereby acknowledges that, to the extent permitted by applicable Law, rights and remedies provided under the Documents to the Lenders are for the benefit of the Lenders collectively and not severally and further acknowledges that its rights and remedies thereunder are to be exercised not severally but collectively through the Agent upon the decision of the Lenders (with the required majority or unanimity as herein provided), regardless of whether acceleration of the Obligations was made, and accordingly, notwithstanding any of the provisions contained herein, each of the Lenders hereby covenants and agrees that it will not be entitled to take any action with respect to the Credit Facilities, including any acceleration of any Obligations, but that any such action will be taken only by the Agent with the prior written direction of the Lenders (with the required unanimity as herein provided). Notwithstanding the foregoing, in the absence of written instructions from the Lenders, and where in the sole opinion of the Agent 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 circumstances. Each of the Lenders hereby covenants and agrees that it has not heretofore and will not seek, take, accept or receive any security for any of the Obligations and will not enter into any agreement with any of the Parties relating in any manner whatsoever to the Credit Facilities, unless all of the Lenders will at the same time obtain the benefit of any such security or agreement, as the case may be.

### **19.12 Reliance Upon Agent**

The Borrower will be entitled to rely upon any certificate, notice or other document or other advice, statement or instruction provided to it by the Agent pursuant to the Documents, and the Borrower will be entitled to deal with the Agent with respect to matters under the Documents which the Agent is authorized hereunder to deal with, without any obligation whatsoever to satisfy itself as to the authority of the Agent to act on behalf of the Lenders and without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document or other advice, statement or instruction provided to them by the Agent, notwithstanding any lack of authority of the Agent to provide the same.

### **19.13 Agent May Perform Covenants**

If the Borrower fails to perform any covenant on its part herein contained, the Agent may give notice to the Borrower of such failure and if, within 30 days of such notice (or after the expiry of such other time or cure period as may be required in this Agreement), such covenant remains unperformed, the Agent on behalf of the Lenders may, in its sole discretion but need not, perform any such covenant capable of being performed by it and, if the covenant requires the payment or expenditure of money, the Agent may make such payment or expenditure and all sums so expended will be forthwith payable by the Borrower to the Agent on behalf of the Lenders and will bear interest at the Canadian Prime Rate plus 2%.

#### **19.14 No Liability of Agent**

The Agent, in its capacity as agent of the Lenders under the Documents, will have no responsibility or liability to the Borrower or the Lenders on account of the failure of any Lender to perform its obligations hereunder, or to any Lender on account of the failure of the Borrower to perform its obligations under the Documents.

#### **19.15 Nature of Obligations under this Agreement; Defaulting Lenders**

- (a) **Obligations Separate:** The obligations of each Lender and the Agent under this Agreement are separate. The failure of any Lender to carry out its obligations hereunder will not relieve the other Lenders, the Agent or the Borrower of any of their respective obligations hereunder.
- (b) **No Liability for Failure by other Lenders:** Subject to and without derogating from the operation of Section 19.18 and this Section 19.15, neither the Agent nor any Lender will be liable or otherwise responsible for the obligations of any other Lender hereunder.
- (c) **Defaulting Lenders:**
  - (i) Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:
    - (A) the standby fees payable pursuant to Section 12.2 shall cease to accrue on the unused portion of the Individual Commitment Amount of such Defaulting Lender;
    - (B) a Defaulting Lender shall not be included in determining whether, and the Individual Commitment Amount and the Rateable Portion of the Aggregate Principal Amount of such Defaulting Lender shall not be included in determining whether, all Lenders or the Majority Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 19.16), provided that any waiver, amendment or modification requiring the consent of all Lenders, all of the Lenders or each affected Lender that (I) materially and adversely affects such Defaulting Lender differently than other affected Lenders, (II) increases the Individual Commitment Amount or extends the Revolving Period or Term Maturity Date of such Defaulting Lender, or (III) relates to the matters set forth in Sections 19.16(a)(i), (vi) and (vii), shall require the consent of such Defaulting Lender; and
    - (C) for the avoidance of doubt, the Borrower shall retain and reserve its other rights and remedies respecting each Defaulting Lender.

- (ii) If the Agent has actual knowledge that a Lender is a Defaulting Lender at the time that the Agent receives (A) a Notice of Borrowing or (B) a Notice of Conversion that will result in a currency conversion, then each other Lender shall fund its Rateable Portion of such affected Advance (and, in calculating such Rateable Portion, the Agent shall ignore the Individual Commitment Amounts of each such Defaulting Lender); provided that, for certainty, no Lender shall be obligated by this Section to make or provide Advances in excess of its Individual Commitment Amount.
- (iii) If the Agent acquires actual knowledge that a Lender is a Defaulting Lender at any time after the Agent received (A) a Notice of Borrowing or (B) a Notice of Conversion that will result in a currency conversion, then the Agent shall promptly notify the Borrower that such Lender is a Defaulting Lender (and such Lender shall be deemed to have consented to such disclosure).
- (iv) Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender under Section 19.15(c)(ii) and which would otherwise have been paid by the Defaulting Lender if its Individual Commitment Amount had been included in determining the Rateable Portions of such affected Advances.
- (v) If any Lender shall cease to be a Defaulting Lender, then, upon becoming aware of the same, the Agent shall notify the other Lenders and (in accordance with the written direction of the Agent) such Lender (which has ceased to be a Defaulting Lender) shall purchase, and the other Lenders shall on a rateable basis sell and assign to such Lender, portions of such Advances equal in total to such Lender's Rateable Portion thereof without regard to Section 19.15(c)(ii).

#### **19.16 Lenders' Consents to Waivers, Amendments, etc.**

- (a) Unanimous Consent: Notwithstanding anything herein to the contrary and without in any way limiting the context of any provision in this Agreement requiring the consent, approval or action of all Lenders, the following matters shall require written approval, consent or agreement, as the context requires, of all Lenders:
  - (i) a change in the types of Advances, a reduction of the interest rates, the Bankers' Acceptance stamping fees, standby fees or the amount of any payments payable by the Borrower to the Lenders under this Agreement and any waiver of the time of payment of any amounts payable to the Lenders under this Agreement or any reduction in the notice periods provided for hereunder;
  - (ii) a release or discharge of or a material amendment to the Security, unless otherwise expressly permitted in the Documents;

- (iii) an increase or decrease in the Individual Commitment Amount of any Lender;
- (iv) an assignment or transfer by the Borrower of any of its rights and obligations under this Agreement other than as expressly contemplated or provided for hereunder;
- (v) a change in the definition of "Majority Lenders";
- (vi) a waiver of or change to any matter which, pursuant to the Documents, specifically requires the consent or agreement of all of the Lenders;
- (vii) a change to the provisions of Section 16.10 or this Section 19.16(a);
- (viii) an amendment or waiver which changes or relates to Sections 3.2, 3.4, 3.5, 3.6, 3.9, 3.12, 6.1, 14.1(cc), or 19.4, the definition of "Event of Default", or any waiver of an Event of Default;
- (ix) except as contemplated by Section 3.2, a change to the Term Date or the Term Maturity Date,

except in any such case to the extent related solely to the Operating Loan where only the consent, approval or action of the Operating Lender is required.

Notwithstanding anything herein contained to the contrary, the Lenders hereby authorize the Agent to provide releases on behalf of all of the Lenders from time to time and at any time of any Lien created pursuant to the Security with respect to any Permitted Disposition and, for greater certainty, to also provide from time to time and at any time upon request from the Borrower, acting reasonably, confirmations to third parties to the effect that neither the Agent nor the Lenders has a continuing Lien in any such property which has been disposed of or encumbered as permitted pursuant to the Documents. Unless an Event of Default has occurred and is continuing, the Lenders shall, or cause the Agent to, provide such releases or postponements as the Borrower requests to facilitate the creation of Permitted Encumbrances and the effecting of Permitted Dispositions.

- (b) Agent's Consent: Any waiver of or any amendment to any provision of the Documents which relates to the rights or obligations of the Agent shall require the agreement of the Agent thereto.

#### **19.17 Amendment of this Article 19**

Save and except for the provisions of Section 19.10, the provisions of this Article 19 may be amended or added to, from time to time, without the agreement of the Borrower provided such amendment or addition does not adversely affect the rights of the Borrower hereunder or increase, in aggregate, the liabilities of the Borrower hereunder. A copy of the instrument evidencing any such amendment or addition shall be forwarded by the Agent to the Borrower as soon as practicable following the execution thereof.

## 19.18 Defaulting Lenders

- (a) Except in the case of Business Development Bank of Canada or Export Development Canada, each Defaulting Lender shall be required to provide to the Agent cash in an amount, as shall be determined from time to time by the Agent, in its discretion, equal to all obligations of such Defaulting Lender to the Agent that are owing or may become owing pursuant to this Agreement, including such Defaulting Lender's obligation to pay its Rateable Portion of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrower. Such cash shall be held by the Agent in one or more cash collateral accounts, which accounts shall be in the name of the Agent and shall not be required to be interest bearing. The Agent shall and shall be entitled to apply the foregoing cash in accordance with Section 19.18(c).
- (b) In addition to the indemnity and reimbursement obligations noted in Section 19.9, the Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower and without limiting the obligations of the Borrower hereunder) rateably according to their respective Rateable Portions (and in calculating the Rateable Portion of a Lender, ignoring the Individual Commitment Amounts of Defaulting Lenders) any amount that a Defaulting Lender fails to pay the Agent and which is due and owing to the Agent pursuant to Section 19.9. Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender and which would otherwise be payable by the Defaulting Lender.
- (c) The Agent shall be entitled to set-off and/or withhold from any Defaulting Lender's Rateable Portion of all payments received from the Borrower against such Defaulting Lender's obligations to make payments and fund Advances required to be made by it and to purchase participations required to be purchased by it in each case under this Agreement and the other Documents. To the extent permitted by law, the Agent shall be entitled to withhold and deposit in one or more non-interest bearing cash collateral accounts in the name of the Agent all amounts (whether principal, interest, fees or otherwise) received by the Agent and due to a Defaulting Lender pursuant to this Agreement, for so long as such Lender is a Defaulting Lender, which amounts shall be used by the Agent:
  - (i) first, to reimburse the Agent for any amounts owing to it, in its capacity as Agent, by such Defaulting Lender pursuant to any Document;
  - (ii) second, to the reimbursement, on a *pro rata* basis, of any indemnity amounts owing by such Defaulting Lender pursuant to Section 19.18(b);
  - (iii) third, to repay on a *pro rata* basis the incremental portion of any Advance made by a Lender pursuant to Section 19.15(c)(ii) in order to fund a shortfall created by a Defaulting Lender and, upon receipt of such repayment, each such Lender shall be deemed to have assigned to the Defaulting Lender such incremental portion of such Advance;

- (iv) fourth, to cash collateralize all other obligations of such Defaulting Lender to the Agent owing pursuant to this Agreement in such amount as shall be determined from time to time by the Agent, in its discretion, including such Defaulting Lender's obligation to pay its Rateable Portion of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrower; and
- (v) fifth, to fund from time to time the Defaulting Lender's Rateable Portion of Advances,

provided that any such funds in excess of such Defaulting Lender's defaulted obligations shall be paid to the Defaulting Lender.

- (d) For greater certainty and in addition to the foregoing, neither the Agent nor any of its Affiliates nor any of their respective shareholders, officers, directors, employees, agents or representatives shall be liable to any Lender (including a Defaulting Lender ) for any action taken or omitted to be taken by it in connection with amounts payable by the Borrower to a Defaulting Lender and received and deposited by the Agent in a cash collateral account and applied in accordance with the provisions of this Agreement, save and except for the gross negligence or wilful misconduct of the Agent as determined by a final non-appealable judgment of a court of competent jurisdiction.

#### **19.19 Erroneous Payments by the Agent**

- (a) **Clawback.** If the Agent notifies a Lender or other Secured Party, or any Person who has received funds on behalf of a Lender or other Secured Party under or pursuant to any of the Documents (any such Lender, other Secured Party or other recipient, a "**Payment Recipient**") that the Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding clause (b)) that any funds received by such Payment Recipient from the Agent or any of its Affiliates were erroneously or mistakenly transmitted or paid to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender, other Secured Party or other Payment Recipient on its behalf) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "**Erroneous Payment**") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Agent, and such Lender or other Secured Party shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than three (3) Banking Days thereafter, return to the Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid

to the Agent in same day funds at the greater of (x) in respect of an Erroneous Payment in U.S. Dollars, the Federal Funds Rate, and in respect of an Erroneous Payment in Canadian Dollars, at a fluctuating rate per annum equal to the overnight rate at which Canadian Dollars or funds in the currency of such Erroneous Payment, as the case may be, may be borrowed by the Agent in the interbank market in an amount comparable to such Erroneous Payment (as determined by the Agent), and (y) a rate determined by the Agent in accordance with banking industry rules or prevailing market practice for interbank compensation from time to time in effect. A notice of the Agent to any Payment Recipient under this Section 19.19(a) shall be conclusive, absent manifest error.

- (b) Error Designation. Without limiting the immediately preceding Section 19.19(a), each Lender or other Secured Party, or any Person who has received funds on behalf of a Lender or other Secured Party under or pursuant to any of the Documents, hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Agent (or any of its Affiliates), or (z) that such Lender or other Secured Party, or other such recipient, otherwise becomes aware was transmitted, paid, or received, in error or by mistake (in whole or in part) in each case:
  - (i) (A) in the case of immediately preceding clauses (x) or (y), an error shall be presumed to have been made (absent express written confirmation from the Agent to the contrary), or (B) an error has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and
  - (ii) such Lender or other Secured Party shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one (1) Banking Day of its knowledge of such error) notify the Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Agent pursuant to this Section 19.19(b).
- (c) Set-off. Each Lender or other Secured Party hereby authorizes the Agent to set-off, net and apply any and all amounts at any time owing to such Lender or other Secured Party under any Document, or otherwise payable or distributable by the Agent to such Lender or other Secured Party from any source, against any amount due to the Agent under immediately preceding Section 19.19(a) or under the indemnification provisions of this Agreement.
- (d) Assignment. In the event that an Erroneous Payment (or portion thereof) is not recovered by the Agent for any reason, after demand therefor by the Agent in

accordance with the immediately preceding Section 19.19(a), from any Lender that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its behalf) (such unrecovered amount, an "**Erroneous Payment Return Deficiency**"), upon the Agent's notice to such Lender at any time:

- (i) such Lender shall be deemed to have assigned its outstanding Advances (but not any of its Individual Commitment Amount) under any of the applicable Credit Facilities with respect to which such Erroneous Payment was made (the "**Erroneous Payment Impacted Facilities**") in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Agent may specify) (such assignment of the outstanding Advances (but not any of its Individual Commitment Amount) of the Erroneous Payment Impacted Facilities, the "**Erroneous Payment Deficiency Assignment**") at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Agent in such instance), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Assumption with respect to such Erroneous Payment Deficiency Assignment;
- (ii) the Agent as the assignee Lender shall be deemed to acquire the Erroneous Payment Deficiency Assignment;
- (iii) upon such deemed acquisition, the Agent as the assignee Lender shall become a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender shall cease to be a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and any of its Individual Commitment Amount which shall survive as to such assigning Lender; and
- (iv) the Agent may reflect in its records its ownership interest in the outstanding Advances subject to the Erroneous Payment Deficiency Assignment.

Subject to Section 18.2, the Agent may, in its discretion, sell any outstanding Advances acquired pursuant to an Erroneous Payment Deficiency Assignment and, upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender shall be reduced by the net proceeds of the sale of such outstanding Advances (or portion thereof), and the Agent shall retain all other rights, remedies and claims against such Lender (and/or against any recipient that receives funds on its respective behalf). For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Individual Commitment Amount of any Lender under any of the Credit Facilities and such Individual Commitment Amount under such Credit Facilities shall remain available in accordance with the terms of this Agreement. In addition, each party hereto agrees that, except to the extent that the Agent has sold an outstanding Advance (or portion thereof) acquired pursuant to an Erroneous Payment Deficiency Assignment, and irrespective of whether the Agent may be equitably subrogated, the Agent shall be contractually

subrogated to all the rights and interests of the applicable Lender or other Secured Party under the applicable Documents with respect to each Erroneous Payment Return Deficiency (the "**Erroneous Payment Subrogation Rights**").

- (e) *Indebtedness Satisfaction.* The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Indebtedness owed by the Borrower or any Material Subsidiary, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Agent from (i) the Borrower or any Material Subsidiary or (ii) the proceeds of realization from the enforcement of one or more of the Documents against or in respect of the Borrower one or more of the Material Subsidiaries; provided that, in each case, such funds were received by the Agent for the purpose of discharging such Indebtedness.
- (f) *Waiver of Defences.* To the extent permitted by applicable law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Agent for the return of any Erroneous Payment received, including waiver of any defense based on "discharge for value", "good consideration" for the Erroneous Payment or change of position by such Payment Recipient, any defense that the intent of the Agent was that such Payment Recipient retain the Erroneous Payment in all events, or any doctrine or defense similar to any of the foregoing.
- (g) *Survival.* Each party's obligations, agreements and waivers under this Section 19.19 shall survive the resignation or replacement of the Agent, or any assignment or transfer of rights or obligations by, or the replacement of, a Lender or an Affiliate thereof the termination of the Credit Facilities and/or the repayment, satisfaction or discharge of all Indebtedness (or any portion thereof) under any Document.
- (h) *Affiliates.* For purposes of this Section 19.19, each Lender:
  - (i) agrees it is executing and delivering this Agreement with respect to this Section 19.19 both on its own behalf and as agent for and on behalf of its Affiliates referred to in this Section 19.19 and any Person receiving funds under or pursuant to any of the Documents on behalf of such Lender or any of such Affiliates;
  - (ii) represents, warrants, covenants and agrees that its Affiliates referred to in this Section 19.19 and any Person receiving funds under or pursuant to any of the Documents on behalf of such Lender or any of such Affiliates are bound by the provisions of this Section ; and
  - (iii) agrees that any matter or thing done or omitted to be done by such Lender, its Affiliates, or any Person receiving funds under or pursuant to any of the Documents on behalf of such Lender or any of such Affiliates which are the subject of this Section 19.19 will be binding upon such Lender and such Lender does hereby indemnify and save the Agent and its Affiliates

harmless from any and all losses, expenses, claims, demands or other liabilities of the Agent and its Affiliates resulting from the failure of such Lender, its Affiliates or such Persons to comply with their obligations under and in respect of this Section 19.19.

- (i) *No Borrower Liability.* Except pursuant to an Erroneous Payment Deficiency Assignment or the exercise of any Erroneous Payment Subrogation Rights (or any equivalent equitable subrogation rights), the Borrower shall not have any liability to the Agent for any Erroneous Payment or any interest, loss, cost or damages related thereto arising therefrom under any provision of this Agreement or any other Document or under any legal principle or theory, whether arising by law or in equity.

**ARTICLE 20**  
**MISCELLANEOUS**

**20.1 Notices**

- (a) Unless otherwise provided in the Documents, any notice, consent, determination, demand or other communication required or permitted to be given or made thereunder, will be in writing and will be sufficiently given or made if:
- (i) left at the relevant address set forth below; or
  - (ii) sent by facsimile or sent by other means of recorded electronic communication (including e-mail and internet or intranet websites), provided that any notice of a Default or Event of Default from the Agent to the Borrower must be sent by facsimile or delivery to the address set forth below; and

if to the Agent, addressed to the Agent at:

[redacted]

Facsimile: [redacted]

Attention: [redacted]

Email: [redacted]

if to the Borrower or to any Material Subsidiary, addressed to the Borrower at:

[redacted]

Facsimile: [redacted]

Attention: [redacted]

- (b) The Parties each covenant to accept service of judicial proceedings arising under the Documents at its respective address set forth herein.
- (c) Any notice or other communication given or made in accordance with this Section 20.1 will be deemed to have been received on the day of delivery if delivered as aforesaid or on the day of receipt of same by telecopy or other recorded means of electronic communication, as the case may be, provided such day is a Banking Day and that such notice is received prior to 12:00 noon local time and, if such day is not a Banking Day or if notice is received after 12:00 noon local time, on the first (1<sup>st</sup>) Banking Day thereafter.
- (d) Each Party may change its address and facsimile number for purposes of this Section 20.1 by notice given in the manner provided in this Section 20.1 to the other Parties.
- (e) Any notice given under any of the Documents to the Agent will be deemed to also be given to and received by the Agent in its capacity as Lender.

## **20.2 Telephone Instructions**

Any verbal instructions given by the Borrower in relation to this Agreement will be at the risk of the Borrower and neither the Agent nor the Lenders will have any liability for any error or omission in such verbal instructions or in the interpretation or execution thereof by the Agent or a Lender, as the case may be, provided that the Agent or Lender, as the case may be, acted without gross negligence in the circumstances. The Agent will notify the Borrower of any conflict or inconsistency between any written confirmation of such verbal instructions received from the Borrower and the said verbal advice as soon as practicable after the conflict or inconsistency becomes apparent to the Agent.

## **20.3 No Partnership, Joint Venture or Agency**

Except as expressly provided for herein, the Parties agree that nothing contained in this Agreement nor the conduct of any Party will in any manner whatsoever constitute or be intended to constitute any Party as the agent or representative or fiduciary of any other Party nor constitute or be intended to constitute a partnership or joint venture among the Parties or any of them, but rather each Party will be separately responsible, liable and accountable for its own obligations under the Documents, or any conduct arising therefrom and for all claims, demands, actions and causes of action arising therefrom. The Parties agree that no Party will have the authority or represent that it has, or hold itself out as having, the authority to act for or assume any obligation or responsibility on behalf of any other Party, save and except as may be expressly provided for in this Agreement.

## 20.4 Judgment Currency

- (a) **Deficiency:** If, for the purposes of obtaining judgment in any court or any other related purpose hereunder, it is necessary to convert an amount due hereunder in the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applicable will be the daily noon day rate quoted by the Bank of Canada on the relevant date to purchase in Calgary, Alberta the Original Currency with the Second Currency and includes any premium and costs of exchange payable by the purchaser in connection with such purchase. Each Party (the "**First Party**") agrees that its obligation in respect of any Original Currency due from it to another Party hereunder will, notwithstanding any judgment or payment in the Second Currency, be discharged only to the extent that on the Banking Day following the receipt of any sum so paid in the Second Currency, the other Parties may, in accordance with normal banking procedures, purchase in the Toronto, Ontario foreign exchange market the Original Currency with the amount of the Second Currency so paid; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the First Party agrees that the deficiency will be a separate and continuing obligation of it, independent from its obligations under this Agreement, and will constitute in favour of the other Parties a cause of action which will continue in full force and effect notwithstanding any such judgment, or order to the contrary, and the First Party agrees, notwithstanding any such payment or judgment, to indemnify the other Parties against any such loss or deficiency. The Borrower acknowledges and agrees that any Obligations it may incur or suffer under this Section 20.4(a) will be secured by the Security unless earlier discharged as provided herein.
- (b) **Excess:** The Lenders through the Agent will pay to the Borrower the amount, if any, after netting out all amounts due by the Borrower under Section 20.4(a), which the Lenders may realize in excess of what is owed to them by virtue of the conversion of the Original Currency into the Second Currency.

## 20.5 Indemnities

- (a) **General Indemnity:** In addition to any liability or Obligation of the Borrower and each Material Subsidiary to the Lenders under any other provision hereof, each of the Borrower and each Material Subsidiary will and does hereby indemnify each of the Agent and the Lenders, including their respective directors, officers, employees and agents (collectively, the "**Indemnified Parties**") and hold each Indemnified Party harmless against any losses, claims, costs, damages or liabilities (including reasonable out-of-pocket expenses and reasonable legal fees on a solicitor and his own client full indemnity basis) incurred by the same as a result of or in connection with:
- (i) any cost or expense incurred by reason of the liquidation or re-deployment in whole or in part of deposits or other funds required by any Lender to fund any Bankers' Acceptance or to fund or maintain any Advance as a result of the Borrower's failure to complete a Drawdown or to make any payment,

repayment or prepayment on the date required hereunder or specified by it in any notice given hereunder;

- (ii) subject to permitted or deemed Rollovers and Conversions, the Borrower's failure to provide for the payment to the Agent for the account of the Lenders of the full principal amount of each Bankers' Acceptance on its maturity date;
- (iii) the Borrower's failure to pay any other amount, including any interest or fees, due hereunder on its due date after the expiration of any applicable grace or notice periods;
- (iv) the prepayment of any outstanding Bankers' Acceptance before the maturity date of such Bankers' Acceptance;
- (v) the Borrower's repayment or prepayment of a LIBOR Based Loan otherwise than on the last day of its LIBOR Period;
- (vi) the Borrower's failure to give any notice required to be given by it to the Agent or the Lenders hereunder;
- (vii) the failure of a Borrower to make any other payment due hereunder or under any of the other Documents;
- (viii) any inaccuracy of the Borrower's or any Material Subsidiaries' representations and warranties contained in any Document;
- (ix) any failure of the Borrower or any Material Subsidiary to observe or fulfill its covenants in any Document;
- (x) without limiting the foregoing, any inaccuracy or incompleteness of the Borrower's representation and warranty contained in Section 13.1(x) hereof;
- (xi) any failure of the Borrower to observe or fulfill its obligations under Section 7.12(b) hereof;
- (xii) the occurrence of any Default or Event of Default; and
- (xiii) the use of the proceeds of the Credit Facilities,

provided that this Section 20.5(a) will not apply to any losses, claims, costs, damages or liabilities that arise by reason of the gross negligence or wilful misconduct of the Indemnified Party claiming indemnity hereunder. The provisions of this Section 20.5(a) shall survive repayment of the Obligations.

- (b) Environmental Indemnity: The Borrower hereby indemnifies and holds harmless each of the Indemnified Parties, for any costs, losses, damages, expenses, judgments, suits, claims, awards, fines, sanctions and liabilities whatsoever

(including any reasonable costs or expenses of defending or denying the same and the reasonable costs or expenses of preparing any environmental assessment report or other such reports) suffered or incurred by an Indemnified Party, arising out of, or in respect of:

- (i) the Release of any Contaminant into the Environment from or into any property, owned, operated or controlled, directly or indirectly, by the Borrower or any Material Subsidiary or otherwise in which the Borrower or any Material Subsidiary has an interest; and
- (ii) the remedial action, if any, required to be taken by the Agent or the Lenders in respect of any such Release,

except in such cases where and to the extent that such costs, losses, damages, expenses, judgments, suits, claims, awards, fines, sanctions or liabilities arise from the gross negligence or wilful misconduct of the Agent or the Lenders, or any of their directors, officers, employees and agents (in this Section 20.5(b) collectively a "**claim**"). This indemnity will survive repayment or cancellation of the Credit Facilities or any part thereof, including any termination of the other provisions of this Agreement. Other than for costs and expenses incurred by the Indemnified Parties for investigating, defending or denying a claim or preparing any necessary environmental assessment report or other reports in connection with any claim (the reasonable costs thereof to be paid forthwith by the Borrower on demand therefor), the Indemnified Parties will not request indemnification from the Borrower unless an Indemnified Party is required by Law, based on the advice of such Indemnified Party's counsel, to honour a claim or any part thereof. During the continuation of an Event of Default, the Indemnified Parties will be entitled, but not obligated, to negotiate any settlement of a claim in consultation with the Borrower and any such settlement will be binding on the Parties, provided that the Borrower will not be liable for any settlement of any action without its written consent, such consent not to be unreasonably withheld. Notwithstanding the foregoing, the Borrower, at its option by notice to the Lenders, may assume carriage at any time of any proceedings giving rise to a claim, including choice of counsel.

## **20.6 Further Assurances**

The Borrower will, from time to time forthwith at the Agent's request and at the Borrower's own cost and expense (to the extent reasonable), do, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, financing change statements, assignments, acts, matters and things which may be reasonably required by the Agent with respect to the Credit Facilities, the Security or any part thereof and to give effect to any provision of the Documents.

## **20.7 Waiver of Law**

To the extent legally permitted, the Borrower hereby irrevocably and absolutely waives the provisions of any applicable Law which may be inconsistent at any time with, or which

may delay or limit in any way, the enforcement of the Documents in accordance with their terms.

## **20.8 Attornment and Waiver of Jury Trial**

The Parties hereto do hereby irrevocably:

- (a) submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to the Documents or any of the transactions contemplated thereby; and
- (b) to the extent legally permitted, waive any right they may have to, or to apply for, trial by jury in connection with any matter, action, proceeding, claim or counterclaim arising out of or relating to the Documents or any of the transactions contemplated thereby.

## **20.9 Payments Due on Banking Day**

Whenever any payment hereunder will be due on a day other than a Banking Day, or in the case of LIBOR Based Loans a LIBOR Banking Day, such payment will be made on the next succeeding Banking Day, or LIBOR Banking Day, as applicable, and such extension of time will in such case be included in the computation of payment of interest thereunder.

## **20.10 Anti-Money Laundering Legislation**

- (a) The Borrower acknowledges that, pursuant to the requirements of Anti-Money Laundering/ Anti-Terrorist Financing Laws and "know your client" applicable Laws, whether within Canada or elsewhere (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, its 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 assign or participant of a Lender or the Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.
- (b) If the Agent has ascertained the identity of the Borrower or any Material Subsidiary or any authorized signatories of the Borrower or any Material Subsidiary for the purposes of applicable AML Legislation, then the Agent:
  - (i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and the Agent within the meaning of applicable AML Legislation; and

- (ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

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

#### **20.11 Acknowledgement and Consent to Bail-In of Affected Financial Institutions**

Notwithstanding anything to the contrary in any Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Document; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

#### **20.12 Whole Agreement**

This Agreement and the other Documents constitute the entire agreement between the Agent and the Lenders on one hand and the Borrower on the other hand, and cancel and supersede any other agreements, undertakings, declarations, representations and warranties, written or verbal among all such Parties in respect of the subject matter of this Agreement.

### **20.13 Counterparts; Electronic Execution**

This Agreement and each other Document may be executed in one or more counterparts (and by different parties hereto in different counterparts), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by fax or other electronic transmission of an executed counterpart of a signature page to this Agreement and each other Document shall be effective as delivery of an original executed counterpart of this Agreement and such other Document. The words “execution,” “execute,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Agreement or any other Document shall be deemed to include electronic signatures, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, as in provided Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada), the *Electronic Commerce Act, 2000* (Ontario), the *Electronic Transaction Acts* (British Columbia), the *Electronic Transactions Act* (Alberta), or any other similar laws based on the Uniform Electronic Commerce Act of the Uniform Law Conference of Canada. The Agent may, in its discretion, require that any such documents and signatures executed electronically or delivered by fax or other electronic transmission be confirmed by a manually-signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any document or signature executed electronically or delivered by fax or other electronic transmission.

***[Remainder of Page Intentionally Left Blank]***

**THIS AGREEMENT** has been executed effective the date first written above.

**BONTERRA ENERGY CORP.,**

as Borrower

Per: [redacted] \_\_\_\_\_

Name: [redacted]

Title: [redacted]

Per: [redacted] \_\_\_\_\_

Name: [redacted]

Title: [redacted]

**CANADIAN IMPERIAL BANK OF  
COMMERCE**, as Agent and as Lender

Per: [redacted]\_\_\_\_\_

Name: [redacted]

Title: [redacted]

Per: [redacted]\_\_\_\_\_

Name: [redacted]

Title: [redacted]

**NATIONAL BANK OF CANADA**

Per: [redacted] \_\_\_\_\_

Name: [redacted]

Title: [redacted]

Per: [redacted] \_\_\_\_\_

Name: [redacted]

Title: [redacted]

**THE TORONTO-DOMINION BANK**

Per: [redacted] \_\_\_\_\_

Name: [redacted]

Title: [redacted]

Per: [redacted] \_\_\_\_\_

Name: [redacted]

Title: [redacted]

**ATB FINANCIAL**

Per: [redacted] \_\_\_\_\_

Name: [redacted]

Title: [redacted]

Per: [redacted] \_\_\_\_\_

Name: [redacted]

Title: [redacted]

**EXPORT DEVELOPMENT CANADA**

Per: [redacted] \_\_\_\_\_  
Name: [redacted]  
Title: [redacted]

Per: [redacted] \_\_\_\_\_  
Name: [redacted]  
Title: [redacted]

**BUSINESS DEVELOPMENT BANK OF  
CANADA**

Per: [redacted] \_\_\_\_\_  
Name: [redacted]  
Title: [redacted]

Per: [redacted] \_\_\_\_\_  
Name: [redacted]  
Title: [redacted]

## SCHEDULE A

### BONTERRA ENERGY CORP. FOURTH AMENDED AND RESTATED CREDIT AGREEMENT DATED OCTOBER 20, 2021

#### DEFINITIONS

"**Abandonment/Reclamation Order**" means any order, directive or demand, including to post security deposits, issued by any Energy Regulator which relates to any of the Proved Producing Properties, Proved Non-Producing Properties, other P&NG Rights or related facilities of the Borrower or any Material Subsidiary, including, without limitation, abandonment and reclamation liabilities associated therewith.

"**Acceleration**" has the meaning set out in Section 16.10.

"**Accommodation**" means an accommodation referred to in Section 3.10.

"**Additional Compensation**" will have the meaning attributed to it in Section 11.1(a).

"**Administrative Body**" means any domestic or foreign, national, federal, provincial, state, municipal or other local government or regulatory body and any division, agency, ministry, commission, board or authority or any quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing, and any domestic, foreign or international judicial, quasi-judicial, arbitration or administrative court, tribunal, commission, board or panel acting under the authority of any of the foregoing.

"**Advance**" means, with respect to a Drawdown, Rollover or Conversion:

- (a) in respect of Accommodations other than Bankers' Acceptances, the disbursement or credit of funds to, or to the credit of, the Borrower;
- (b) in respect of Bankers' Acceptances, the acceptance by the Lenders of drafts issued under this Agreement by the Borrower; and
- (c) in respect of Letters of Credit, the issuance of Letters of Credit hereunder;

"**Affected Financial Institution**" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"**Affiliate**" means any Person which, directly or indirectly controls, is controlled by, or is under common control with another Person, and for the purpose of this definition, "control" (including with correlative meanings, the terms "**controlled by**" or "**under common control**") means the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of Voting Securities, by contract or otherwise, provided that, for all purposes of this Agreement, each of the Borrower and the Material Subsidiaries shall all be deemed to be Affiliates of each other.

"**After-Acquired Property**" has the meaning attributed to it in Section 4.5.

"**Agent**" means initially CIBC or any successor to CIBC appointed as administrative agent pursuant to Section 19.10.

"**Aggregate Principal Amount**" means, where the context so requires (a) the aggregate of the Principal Amount of Advances outstanding from time to time under the Extendible Revolving Loan, including the face amount of all unmatured Bankers' Acceptances issued thereunder; (b) the aggregate of the Principal Amount of Advances outstanding from time to time under the Operating Loan, including the face amount of all unmatured Bankers' Acceptances and outstanding Letters of Credit issued thereunder; or (c) the aggregate of the Principal Amount of Advances outstanding from time to time under the Credit Facilities, including the face amount of all unmatured Bankers' Acceptances and outstanding Letters of Credit issued thereunder.

"**Agreement**" or "**this Agreement**" means the agreement in writing dated the Closing Date between the Borrower, the Lenders and the Agent entitled "Fourth Amended and Restated Credit Agreement" inclusive of all Schedules, including this Schedule A, as amended, confirmed, replaced or restated from time to time and "hereto", "hereof", "herein", "hereby" and "hereunder", and similar expressions mean and refer to the Agreement and, unless the context otherwise requires, not to any particular Article, Section, paragraph or other subdivision thereof.

"**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, 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 *United Nations Act* (Canada), the *Criminal Code* (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 Margin**" means, at any time, a margin, expressed as a rate per annum based on a year of 365 days, in the case of Canadian Prime Rate Loans and U.S. Base Rate Loans and on a year of 365 days in the case of Bankers' Acceptances, and on a year of 360 days in the case of LIBOR Based Loans, equal to the rate set out in the following table for the particular form of Advance described below opposite the applicable Consolidated Debt to EBITDA Ratio:

[redacted]

It is acknowledged that as of the Closing Date the pricing level will be as set forth in the Compliance Certificate delivered pursuant to Section 2.1(h) until the next determination of the Applicable Margin in accordance with this Agreement.

**"Approved Fund"** means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender, or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

**"ARO Expenditure Deficit"** means, in any Fiscal Year in which the aggregate of the ARO Expenditures and SRP Funded ARO Expenditures in such Fiscal Year are less than the Forecasted ARO Expenditures for such Fiscal Year but would not cause a breach of Section 14.2(s)(i)(B) in such Fiscal Year, an amount equal to (a) the Forecasted ARO Expenditures for such Fiscal Year, less (b) the aggregate of the ARO Expenditures and SRP Funded ARO Expenditures in such Fiscal Year; provided that the ARO Expenditure Deficit in any Fiscal Year shall not exceed 10% of the Forecasted ARO Expenditures for such Fiscal Year.

**"ARO Expenditure Surplus"** means, in any Fiscal Year in which the aggregate of the ARO Expenditures in such Fiscal Year exceed the Forecasted ARO Expenditures for such Fiscal Year but would not cause a breach of Section 14.2(s)(i)(A), an amount equal to (a) the aggregate of the ARO Expenditures in such Fiscal Year, less (b) the Forecasted ARO Expenditures for such Fiscal Year; provided that the ARO Expenditure Surplus in any Fiscal Year shall not exceed 10% of the Forecasted ARO Expenditures for such Fiscal Year.

**"ARO Expenditures"** means, for any period, the aggregate expenditures incurred or made by the Borrower and its Subsidiaries in such period in connection with decommissioning and

abandonment activities in relation to the wells, pipelines, facilities and other assets of the Borrower and its Subsidiaries, excluding SRP Funded ARO Expenditures.

**"ARO Variance Report"** means a report in form reasonably satisfactory to the Agent and Lenders, showing the ARO Expenditures and SRP Funded ARO Expenditures for the Fiscal Quarters then completed in the applicable Fiscal Year, and the variance (as a percentage) of such ARO Expenditures (both including and excluding SRP Funded ARO Expenditures) from the Forecasted ARO Expenditures for such Fiscal Year, together with management commentary in respect thereof.

**"BA Equivalent Loan"** means in relation to a Drawdown of, Conversion into or Rollover of Bankers' Acceptances, made in Canadian Dollars made by a Non-BA Lender pursuant to Section 9.4.

**"Bail-In Action"** means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

**"Bail-In Legislation"** means:

- (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule; and
- (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their respective Affiliates (other than through liquidation, administration or other insolvency proceedings).

**"Bank Act (Canada)"** means the *Bank Act*, S.C. 1991, c. 46 including the regulations made and, from time to time, in force under that Act.

**"Bankers' Acceptance"** means drafts or bills of exchange in Canadian Dollars drawn by the Borrower and accepted by a Lender pursuant to this Agreement, or depository bills as defined in the *Depository Bills and Notes Act* (Canada) in Canadian Dollars that are signed by the Borrower, made payable to CDS and accepted by a Lender pursuant to this Agreement.

**"Banking Day"** means any day, other than a Saturday or Sunday, on which Canadian chartered banks are open for domestic and foreign exchange business in Calgary, Alberta and Toronto, Ontario and, for transactions involving U.S. Dollars, New York, New York as well.

**"Bankruptcy and Insolvency Act (Canada)"** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, including the regulations made and, from time to time, in force under that Act.

**"Basel III"** means the agreements on capital requirements, leverage ratios and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking

systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, modified, supplemented, reissued or replaced from time to time.

**"Basis Point"** or **"bps"** means one one-hundredth of 1%.

**"BDC Agent"** means CIBC, in its capacity as agent of the BDC Lenders under the BDC Credit Agreement, including its successors and permitted assigns.

**"BDC Credit Agreement"** means the credit agreement made as of November 13, 2020 between the Borrower, as borrower, the BDC Lenders and the BDC Agent.

**"BDC Facility"** means the Cdn.\$45,000,000 non-revolving term credit facility established in favour of the Borrower pursuant to the BDC Credit Agreement.

**"BDC Facility Documents"** means, collectively, the BDC Credit Agreement, the BDC Security, the "Credit Documents" under and as defined in the BDC Credit Agreement, and all other agreements, instruments or other documents which create, evidence, establish or relate to the BDC Facility Obligations.

**"BDC Facility Obligations"** means, collectively, all of the present and future obligations, liabilities and indebtedness of the Borrower and its Subsidiaries to the BDC Agent and the BDC Lenders under, pursuant or relating to the BDC Credit Agreement and the other BDC Facility Documents, including all loans thereunder and interest payable thereon.

**"BDC Lenders"** means the lenders from time to time under the BDC Credit Agreement.

**"BDC Security"** means the "Security Documents" (as defined in the BDC Credit Agreement) and all other assignments, mortgages, debentures, pledges, guarantees and other security agreements of whatsoever kind now, heretofore, or hereafter executed and delivered by the Borrower or any Subsidiary in favour of the BDC Agent or any BDC Lender or now, heretofore, or hereafter existing as security on or against any of the property, assets, undertakings, rights and interests of any or all of the Borrower or its Subsidiaries in favour of any or all of the BDC Agent or any BDC Lender, in each case, which secure payment or performance of the BDC Facility Obligations.

**"Borrower"** means Bonterra Energy Corp. and its successors and permitted assigns.

**"Borrower's Account"** means one or more current accounts maintained by the Borrower at a branch of the Agent or such other account as may be agreed to by the Agent and the Borrower.

**"Borrower's Counsel"** means Borden Ladner Gervais LLP or another barrister or solicitor or firm of barristers and solicitors or other lawyers in an appropriate jurisdiction retained by the Borrower and the Material Subsidiaries or employed by the Borrower and the Material Subsidiaries.

**"Borrowing Base"** means the aggregate limit for Advances under the Credit Facilities (expressed in Canadian Dollars) established from time to time by the Lenders in accordance with Section 3.12, taking into consideration their assessment of the lending value of the proved, developed,

producing reserves of the Borrower and the Material Subsidiaries, any abandonment and reclamation obligations or liabilities, including those imposed by any Energy Regulators (by way of Abandonment/Reclamation Orders or otherwise), shut in production (both actual and anticipated) and their respective normal petroleum and natural gas lending criteria and practices in effect at the time of determination for loans to borrowers in the Canadian petroleum and natural gas industry.

**"Borrowing Base Certificate"** means a certificate setting forth the calculation of the Borrowing Base at such time substantially in the form attached hereto as Schedule N.

**"Borrowing Base Date"** means the date on which the Borrowing Base is to be determined or redetermined by the Lenders pursuant to Section 3.12.

**"Borrowing Base Properties"** means the Proved Producing Properties, Proved Non-Producing Properties, and other P&NG Rights and, in each case, related facilities, of the Borrower or any Material Subsidiary which are given lending value in determining the Borrowing Base and identified as such, from time to time, to the Borrower by the Agent.

**"Borrowing Base Shortfall"** means at any time, that amount, if any, by which the sum of Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount under the Credit Facilities, exceeds the Borrowing Base.

**"Business Corporations Act (Alberta)"** means the *Business Corporations Act*, R.S.A. 2000, c. B-9, including the regulations made and, from time to time, in force under that Act.

**"Canadian Dollars"** or **"Canadian \$"** or **"Cdn. \$"** or **"\$"** each means such currency of Canada which, as at the time of payment or determination, is legal tender in Canada for the payment of public or private debts.

**"Canadian Prime Rate"** means, for any day, the greater of:

- (a) the rate of interest per annum established from time to time by the Agent, including on behalf of the Operating Lender, as the reference rate of interest for the determination of interest rates that the Agent will charge to customers in Canada for Canadian Dollar demand loans; and
- (b) the One Month CDOR Rate plus 1.00% per annum,

provided that if both such rates are equal or if such One Month CDOR Rate is unavailable for any reason on any date of determination, then the "Canadian Prime Rate" shall be the rate specified in subparagraph (a) above.

**"Canadian Prime Rate Loan"** means an Advance in Canadian Dollars which bears interest at a rate based on the Canadian Prime Rate.

**"CapEx Variance Report"** means a report in form reasonably satisfactory to the Agent and Lenders, showing the aggregate of the Capital Expenditures made or incurred by the Borrower and its Subsidiaries for the Fiscal Quarters then completed in the applicable Fiscal Year, and the

variance (as a percentage) of such Capital Expenditures from the Forecasted Capital Expenditures for such Fiscal Year, together with management commentary in respect thereof.

**"Capital Adequacy Guidelines"** means the capital adequacy guidelines from time to time specified by the Office of the Superintendent of Financial Institutions and published by it as guidelines for banks in 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, as to any Person:

- (a) Canadian Dollars or U.S. 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;
- (c) certificates of deposit, guaranteed investment certificates and eurodollar time deposits, bankers' acceptances or bearer deposit notes and overnight bank deposits;
- (d) repurchase obligations for underlying securities of the types described in subparagraphs (b) and (c) above entered into with any financial institution;
- (e) commercial paper; and
- (f) money market funds,

and anything similar to any of the foregoing.

**"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 Lender which, from time to time, is the provider of Cash Management Arrangements to the Borrower and its Subsidiaries, and which, as of the date hereof, is CIBC.

**"CDOR Discontinuation Date"** has the meaning attributed to it in Section 9.8.

**"CDOR Rate"** means, on any day, for Bankers' Acceptances which have a Standard Term:

- (a) the per annum rate of interest which is the rate determined as being the arithmetic average of the rates per annum (calculated on the basis of a year of three hundred and sixty-five (365) days) applicable to Canadian Dollar bankers' acceptances having identical issue and comparable maturity dates as the Bankers' Acceptances proposed to be issued by the Borrower displayed and identified as such on the display referred to as the "Refintiv Screen Canadian Dollar Offered Rate (CDOR) Page" (or any display substituted therefor) of Reuters Monitor Money Rates Service (or any successor thereto or Affiliate thereof) as at approximately 10:20 a.m. (Toronto time) on such day (as adjusted by the Agent in good faith after 10:20 a.m. (Toronto time) to reflect any error in a posted rate of interest or in the posted average annual rate of interest); or
- (b) if the rate in subparagraph (a) does not appear on such "Refintiv Screen Canadian Dollar Offered Rate (CDOR) Page", then the CDOR Rate, on any day, shall be the discount rate quoted by the Agent (determined as of 10:20 a.m. (Toronto time) on such day) which would be applicable in respect of an issue of bankers' acceptances in a comparable amount and with comparable maturity dates to the Bankers' Acceptances proposed to be issued by the Borrower on such day, or if such day is not a Banking Day, then on the immediately preceding Banking Day.

provided that, if the CDOR Rate as determined as set forth above is less than zero, then the CDOR Rate shall be deemed to be zero.

"**Change of Control**" means if, after the Closing Date, any Person, acquires, directly or indirectly, alone or in concert with other Persons, over a period of time or at any one time, Voting Securities in the capital of the Borrower aggregating, together with existing Voting Securities held by them, in excess of 35% of all of the then issued and outstanding Voting Securities of the Borrower.

"**CIBC**" means Canadian Imperial Bank of Commerce, a Canadian chartered bank, and its successors and permitted assigns.

"**claim**", for the purposes of Section 20.5(b), has the meaning attributed to it in Section 20.5(b).

"**Closing Certificate**" means a certificate of an officer of the Borrower which shall be in form and substance satisfactory to the Agent and their counsel, acting reasonably.

"**Closing Date**" means October 20, 2021 or such other date agreed upon in writing between the Borrower and the Agent.

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

"**Commitment Amount**" means the aggregate of the Operating Loan Commitment Amount and the Revolving Loan Commitment Amount.

"**Commodity Swap Contracts**" has the meaning attributed to it in Section 14.2(c).

"**Companies' Creditors Arrangement Act (Canada)**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, including the regulations made and, from time to time, in force under that Act.

"**Compliance Certificate**" means the certificate of the Borrower substantially in the form of Schedule D with the blanks completed.

"**Confirmation of Subordination**" means the confirmation of subordination dated as of the date hereof from the Unsecured Debenture Trustee in respect of the Unsecured Debentures.

"**Consolidated Debt to EBITDA Ratio**" means, as at the end of each Fiscal Quarter, the ratio of Indebtedness for Borrowed Money as at the last day of such Fiscal Quarter to Consolidated EBITDA for such Fiscal Quarter multiplied by four.

"**Consolidated EBITDA**" means, for any fiscal period and as determined in accordance with GAAP on a consolidated basis in respect of the Borrower, without duplication all Net Income for such period, plus:

- (a) Interest Expense to the extent deducted in determining such Net Income;
- (b) all amounts deducted in the calculation of such Net Income in respect of the provision for income taxes;
- (c) all amounts deducted in the calculation of such Net Income in respect of non-cash items, including depreciation and amortization (other than depreciation related to

any asset being leased under a lease of property which would have been classified as an operating lease under GAAP as in effect prior to December 31, 2010), accretion, future taxes, non-cash losses resulting from foreign currency obligations (in accordance with GAAP), non-cash losses resulting from the mark to market of outstanding Hedging Agreements (in accordance with GAAP), stock-based compensation and the write down or impairment of assets;

- (d) losses attributable to extraordinary and non-recurring losses of the Borrower and its Subsidiaries, in each case to the extent deducted in the calculation of such Net Income;

less (on a consolidated basis, without duplication):

- (e) earnings attributable to extraordinary and non-recurring earnings and gains of the Borrower and its Subsidiaries, in each case to the extent included in the calculation of such Net Income;
- (f) to the extent included in such Net Income, gains from asset sales;
- (g) all cash payments during such period relating to non-cash charges which were added back in determining Consolidated EBITDA in any prior period; and
- (h) to the extent included in such Net Income, any other non-cash items increasing such Net Income for such period including non-cash gains resulting from the mark to market of outstanding Hedging Agreements (in accordance with GAAP),

provided that: (A) if any Material Acquisition is made by the Borrower or any Material Subsidiary (whether by amalgamation, asset or share acquisition or otherwise) at any time during the relevant period of calculation, such Material Acquisition shall be deemed to have been made on and as of the first day of such calculation period; and (B) if any Material Disposition is made by the Borrower or any Material Subsidiary (whether by asset or share disposition or otherwise) at any time during the relevant period of calculation, or the assets cease to be owned by the Borrower or any Material Subsidiary, such Material Disposition shall be deemed to have been made on and as of the first day of such calculation period.

**"Consolidated Net Tangible Assets"** means, as at any date of determination, all consolidated assets of the Borrower as shown in the most recent consolidated quarterly balance sheet of the Borrower, less the aggregate of the following amounts reflected upon such balance sheet:

- (a) all goodwill, deferred assets, trademarks, copyrights and other similar intangible assets; and
- (b) to the extent not already deducted in computing such assets and without duplication, depreciation, depletion, amortization, reserves and any other account which reflects a decrease in the value of an asset or a periodic allocation of the cost of an asset, provided that no deduction will be made under this paragraph (b) to the extent that

such account reflects a decrease in value or periodic allocation of the cost of any asset referred to in paragraph (a) of this definition,

all as determined in accordance with GAAP.

**"Contaminants"** means those substances, pollutants, wastes and special wastes which are defined as contaminants, hazardous, toxic, or a threat to public health or to the Environment under any applicable Environmental Law, including any radioactive, materials, urea formaldehyde foam insulation, asbestos or polychlorinated biphenyls (PCB's).

**"Conversion"** means in relation to an Advance, a conversion of an Advance into another type of Advance made pursuant to this Agreement.

**"Credit Facilities"** means, collectively, the Extendible Revolving Loan and the Operating Loan, and **"Credit Facility"** means either of them.

**"Criminal Code (Canada)"** means the *Criminal Code*, R.S.C. 1985, c. C-46, including the regulations made and, from time to time, in force under that Act.

**"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.

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

- (a) that has failed to fund any payment or its portion of any Advance required to be made by it hereunder or to purchase any participation required to be purchased by it hereunder and under the other Documents;
- (b) that has notified the Borrower, the Agent or any Lender (verbally or in writing) that it does not intend to or is unable to comply with any of its funding obligations under this Agreement or has made a public statement to that effect or to the effect that it does not intend to or is unable to fund advances generally under credit arrangements to which it is a party;
- (c) that has failed, within three (3) Banking Days after written request by the Agent or the Borrower, to confirm in writing to the Agent and the Borrower that it will comply with the terms of this Agreement relating to its obligations to fund prospective Advances (for certainty, unless and until such Lender has provided such written confirmation);
- (d) that has otherwise failed to pay over to the Agent or any other Lender any other amount required to be paid by it hereunder within three (3) Banking Days of the date when due, unless the subject of a good faith dispute;
- (e) that has, or that has a Lender Parent that has, become the subject of a Bail-In Action;

- (f) in respect of which a Lender Insolvency Event or a Lender Distress Event has occurred in respect of such Lender or its Lender Parent; or
- (g) that is generally in default of its obligations under other existing credit or loan documentation under which it has commitments to extend credit.

**"Depository Bills and Notes Act (Canada)"** or **"DBNA"** means the *Depository Bills and Notes Act* (Canada), S.C. 1998, C. 13, including the regulations made and, from time to time, in force under that Act.

**"Director"** means a director of the Borrower or a corporate Person, as applicable, and reference to action by the directors or board of directors when used with respect to the Borrower or such other corporate Person means action by the directors of the Borrower or such other corporate Person, as applicable, as a board or, whenever duly empowered, by an executive committee or any other duly authorized committee of the board.

**"Discount Proceeds"** means, in respect of any Bankers' Acceptance required to be purchased by a Lender hereunder pursuant to Section 9.2(i), an amount (rounded to the nearest whole cent with one-half of one cent being rounded up) determined as of the applicable Drawdown Date, or date of Conversion or Rollover, which is equal to:

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

where "Face Amount" is the face amount of such Bankers' Acceptance and "Price" is equal to:

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

where the "Rate" is the applicable Discount Rate expressed as a decimal on the Drawdown Date, or date of Conversion or Rollover, as the case may be, the "Term Factor" is the term of such Bankers' Acceptance (or, as applicable, BA Equivalent Loans) expressed as a number of days divided by three hundred and sixty-five (365), the Price as so determined is rounded up or down to the fifth decimal place with 0.000005 being rounded up.

**"Discount Rate"** means:

- (a) in relation to a Bankers' Acceptance accepted by a Schedule I Lender and any other Lender that agrees to accept the CDOR Rate, the CDOR Rate; and
- (b) in relation to a Bankers' Acceptance accepted by a Schedule II Lender or Schedule III Lender (other than any such Lender that agrees to accept the CDOR Rate), the lesser of:
  - (i) the discount rate then applicable to bankers' acceptances having identical issue and comparable maturity dates as such Bankers' Acceptances, accepted by such Schedule II Lender or Schedule III Lender; and
  - (ii) the CDOR Rate plus 10 Basis Points per annum,

provided that if both such rates are equal, then the "Discount Rate" applicable thereto shall be the rate specified in clause (i) above; and

- (c) in relation to a BA Equivalent Loan:
  - (i) made by a Schedule I Lender and any other Lender that agrees to accept the CDOR Rate, the CDOR Rate;
  - (ii) made by a Schedule II Lender or Schedule III Lender (other than any such Lender that agrees to accept the CDOR Rate), the rate determined in accordance with paragraph (b) of this definition; and
  - (iii) made by any other Lender, the CDOR Rate plus 10 Basis Points per annum.

**"Distribution"** means any:

- (a) payment of any dividend or other distribution (including any return of capital) on or in respect of any shares of any class in the capital of the Borrower or any Material Subsidiary (including any thereof acquired through the exercise of warrants or rights of conversion, exchange or purchase);
- (b) redemption, retraction, purchase or other acquisition or retirement, in whole or in part, of shares of any class in the capital of the Borrower or any Material Subsidiary or of any options, warrants or other rights to acquire any of such shares;
- (c) payment of principal, interest or other amounts in whole or in part, of any other Indebtedness of the Borrower or any Material Subsidiary (including any Indebtedness incurred or assumed by the Borrower or any Material Subsidiary pursuant to a capital lease or operating lease) to any shareholder or any Affiliate of a shareholder of the Borrower or of any Material Subsidiary, whether made or paid in or for cash, property or both;
- (d) transfer of any property or the rendering of any services for consideration of less than fair market value by the Borrower or any Material Subsidiary to any shareholder or any Affiliate of any shareholder of the Borrower or of any Material Subsidiary;
- (e) payment of principal, interest or other amounts in whole or in part, on account of the Unsecured Debentures or any redemption, repayment, retirement, defeasance, purchase or other acquisition (for cancellation or otherwise) of any of the Unsecured Debentures; or
- (f) payment of any management, consulting fee or similar fee or any bonus, fee or like payment, or by way of gift or other gratuity, to any shareholder, partner, director or officer of the Borrower, any Subsidiary thereof or any Affiliate of the Borrower or any Subsidiary thereof, excluding however for certainty performance bonuses and like payments to employees made in the ordinary course of business.

**"Documents"** means this Agreement, the Security, the Intercreditor Agreement, the Confirmation of Subordination and any other instruments or agreement entered into by the Parties relating to a Credit Facility, and any document or agreement resulting from the operation of Section 4.1.

**"Drawdown"** means a borrowing or credit of funds by way of Advances, other than an Advance by way of Rollover or Conversion.

**"Drawdown Date"** means the date specified in a Notice of Borrowing as the date on which a Drawdown will occur and which date will be a Banking Day, and which in the case of a LIBOR Based Loan will be a LIBOR Banking Day.

**"EEA Financial Institution"** means:

- (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority;
- (b) any entity established in an EEA Member Country which is a parent of an institution described in subparagraph (a) of this definition; or
- (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in subparagraph (a) or (b) of this definition and is subject to consolidated supervision with its parent.

**"EEA Member Country"** means any of the member states of the European Union, Iceland, Liechtenstein and Norway.

**"EEA Resolution Authority"** means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

**"Energy Regulator"** means (a) with respect to the Province of Alberta, the Alberta Energy Regulator, (b) with respect to the Province of British Columbia, the BC Oil and Gas Commission, (c) with respect to the Province of Saskatchewan, the Saskatchewan Ministry of Energy and Resources, and (d) with respect to any other applicable 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 or replacement agency, department, ministry or commission thereto.

**"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.

**"Environmental Certificate"** means the environmental certificate substantially in the form of Schedule C with the blanks completed.

"**Environmental Law**" means any Law relating, in whole or in part, to the protection or enhancement of the Environment, including occupational safety, product liability, public health, public safety and transportation or handling of dangerous goods, including the *Environmental Protection and Enhancement Act* (Alberta) and the *Canadian Environmental Protection Act* (Canada).

"**Erroneous Payment**" has the meaning attributed to it in Section 19.19(a).

"**Erroneous Payment Deficiency Assignment**" has the meaning attributed to it in Section 19.19(d)(i).

"**Erroneous Payment Impacted Facilities**" has the meaning attributed to it in Section 19.19(d)(i).

"**Erroneous Payment Return Deficiency**" has the meaning attributed to it in Section 19.19(d).

"**Erroneous Payment Subrogation Rights**" has the meaning attributed to it in Section 19.19(d).

"**Escrow Funds**" will have the meaning attributed to it in Section 9.6.

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"**Event of Default**" means an event specified in Section 16.1.

"**Excess**" has the meaning attributed to it in Section 5.7(a).

"**Excess Cash**" means any cash or Cash Equivalents of the Borrower and its Subsidiaries that, when taken as a whole, is in excess of Cdn.\$3,000,000 (or the Exchange Equivalent thereof in U.S. Dollars or the equivalent thereof in any other currency) at any time.

"**Exchange Equivalent**" means with reference to Canadian Dollars, the amount thereof expressed in Canadian Dollars, and with reference to any amount (for the purposes of this definition, the "**Original Amount**") expressed in U.S. Dollars (for the purposes of this definition, the "**Original Currency**"), the amount expressed in Canadian Dollars on the date when such amount is being determined as herein provided, required to purchase the Original Amount of the Original Currency at the rate of exchange for Canadian interbank transactions established by the Bank of Canada at the close of business for the day in question, provided that, if such close of business rate of exchange is no longer quoted by the Bank of Canada, it shall mean the spot rate of exchange for such conversion as quoted by the Bank of Canada at the close of business on the immediately preceding Banking Day and, in either case, if such rate is for any reason unavailable, at the spot rate quoted for wholesale transactions by the Agent at approximately noon (Toronto time) on that date in accordance with its normal practice.

"**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 (other than where the non-arm's length relationship arises, or where the recipient is a "specified shareholder" or does not deal at arm's length with a "specified shareholder", in connection with or as a result of the recipient having become a party to, received or perfected a security interest under or received or enforced any rights under, a Document).

**"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".

**"Expenditures Forecast"** means the forecast posted to SyndTrak on or about September 16, 2021 provided by the Borrower to the Agent and the Lenders detailing the forecasted expenditures of the Borrower and its Subsidiaries for ARO Expenditures and Capital Expenditures, as amended and supplemented from time to time with the unanimous approval of the Lenders.

**"Extendible Revolving Loan"** means the credit facility established in favour of the Borrower by the Syndicated Lenders pursuant to Section 3.1(a).

**"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 regulations 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, legislation, rules or practices adopted pursuant to any such intergovernmental agreement entered into in connection with Sections 1471 through 1474 of the Code.

**"FCA"** has the meaning attributed to it in Section 8.4(a).

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

"**Federal Funds Rate**" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank on the Banking Day next succeeding such day; provided that (a) if such day is not a Banking Day, the Federal Funds Rate for such day will be such rate on such transactions on the immediately preceding Banking Day as so published on the next succeeding Banking Day, and (b) if no such rate is so published on such next succeeding Banking Day, the Federal Funds Rate for such day will be the average of the quotations for such day on such transactions received by the Agent (including on behalf of the Operating Lender) from three federal funds brokers of recognized standing selected by the Agent; provided that, if the Federal Funds Rate would be less than zero on any day, then such rate shall be deemed to be zero on such day.

"**Federal Reserve System**" or "**Federal**" means the Board of Governors of the Federal Reserve System of the United States of America or any successor thereof.

"**Financial LC**" means a stand-by Letter of Credit if it serves as a payment guarantee of the Borrower's financial obligations and is treated as a direct credit substitute for purposes of the Capital Adequacy Guidelines.

"**Fink Indebtedness**" means the indebtedness of the Borrower in respect of the demand loans made available to the Borrower pursuant to a letter agreement dated December 15, 2008, as amended April 29, 2009, October 1, 2009, May 31, 2010, November 30, 2019, April 1, 2020, May 12, 2020, May 26, 2020 and August 11, 2020 and the floating charge debenture granted by the Borrower to the Lender dated November 1, 2011 between the Borrower and George F. Fink in a principal amount not to exceed Cdn.\$12,000,000 (or the Exchange Equivalent thereof) (for certainty, regardless that the available amount of such loans is Cdn.\$15,000,000 in accordance with the foregoing letter agreement).

"**First Party**" has the meaning attributed to it in Section 20.4.

"**Fiscal Quarter**" means the three month period ending March 31, June 30, September 30 or December 31, in each Fiscal Year, as applicable.

"**Fiscal Year**" means each one year period commencing on January 1 in such year and ending on December 31 in such year.

"**Forecasted ARO Expenditures**" means, for any period, the ARO Expenditures forecasted to be made or incurred in such period, as set forth in the Expenditures Forecast.

"**Forecasted Capital Expenditures**" means, for any period, the Capital Expenditures forecasted to be made or incurred by the Borrower and its Subsidiaries in such period, as set forth in the Expenditures Forecast.

**"Fund"** means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

**"GAAP"** means generally accepted accounting principles which are in effect from time to time in Canada.

**"Haywood Indebtedness"** means the indebtedness of the Borrower to Haywood Securities Inc. (in trust for Robert J. Disbrow) in a principal amount not to exceed Cdn.\$7,500,000 (or the Exchange Equivalent thereof) evidenced by the promissory note dated October 4, 2010 granted by the Borrower in favour of Haywood Securities Inc. (in trust for Robert J. Disbrow), as amended by amending agreements dated February 10, 2012, April 4, 2013, January 17, 2014, April 1, 2015, July 21, 2015, September 1, 2015, January 22, 2016, July 27, 2016, February 9, 2018, January 2, 2019, November 30, 2019 and August 11, 2020 and the floating charge debenture granted by the Borrower to the Lender dated October 4, 2010.

**"Hedge Monetization"** means the termination, restructuring or unwinding of any Commodity Swap Contract (but, for certainty, excluding the termination thereof on the scheduled maturity date thereof) which:

- (a) was in effect as of the date upon which the Borrowing Base was last determined or redetermined;
- (b) any one or more of the Lenders had attributed lending value thereto; and
- (c) has resulted in payments to the Borrower or a Subsidiary pursuant thereto.

**"Hedging Agreements"** has the meaning attributed to it in Section 14.2(f).

**"Hostile Acquisition"** means an acquisition of securities of an issuer where the board of directors (or the equivalent thereof) of that issuer has not approved such acquisition nor recommended to the holders of securities of the issuer that they sell their securities pursuant to the proposed acquisition.

**"IBA"** has the meaning attributed to it in Section 8.4(a).

**"includes"** means "includes without limitation" and **"including"** means "including without limitation".

**"Income Tax Act (Canada)"** means the *Income Tax Act*, R.S.C. 1985, c. 1 (5<sup>th</sup> Supp.), including the regulations made and, from time to time, in force under that Act.

**"Indebtedness"** means with respect to any Person, including the Borrower and any Material Subsidiary, all present and future indebtedness, liabilities and obligations created, incurred, assumed or guaranteed by such Person, whether absolute or contingent, including all Indebtedness for Borrowed Money, any obligation arising in respect of any Hedging Agreement or similar obligation, any payment obligation in respect of any indemnity, the undrawn amount of any letters of credit or letters of guarantee, the redemption amount of all preferred shares redeemable at the

option of the holder, and all indebtedness, liabilities and obligations which in accordance with GAAP would appear on the liability side of a balance sheet with such Person prepared as at such time, except items of capital, retained earnings, surplus or deferred tax reserves, and specifically including all indebtedness under preferred shares commonly known as "COPRS", all indebtedness under convertible debentures, any payment obligation in respect of any indemnity and unless otherwise indicated hereunder, "Indebtedness" refers collectively to Indebtedness of the Borrower and any Material Subsidiaries.

**"Indebtedness for Borrowed Money"** means, without duplication, the aggregate amount of all obligations, liabilities and indebtedness of a Person which would be classified under GAAP as indebtedness for borrowed money upon the consolidated balance sheet of such Person, including all long-term borrowings, the current portion of long-term borrowings, short-term borrowings, contingent obligations for borrowed money, obligations under capital leases (classified as such under GAAP), all Indebtedness represented by the Unsecured Debentures and all obligations, contingent or otherwise, of any of the foregoing arising from any guarantee made by such Person in respect of any of the foregoing, but shall exclude each of the following, determined (as required) in accordance with GAAP:

- (a) obligations arising under any Hedging Agreement to the extent of the net amount due or accruing due thereunder which are not then due and payable;
- (b) future taxes;
- (c) accrued interest not yet due and payable; and
- (d) accounts payable to trade creditors and accrued liabilities incurred in the ordinary course of business (so long as the same are not outstanding longer than is customary in the Borrowers' or the applicable Subsidiary's business, provided however that such time period shall in no event exceed 90 days).

**"Indemnified Parties"** has the meaning attributed to it in Section 20.5(a).

**"Indemnified Taxes"** means Taxes other than Excluded Taxes.

**"Individual Commitment Amount"** means, from time to time, in respect of a Lender, that portion of the Commitment Amount which such Lender has severally agreed to make available to the Borrower in accordance with the terms and conditions of this Agreement, subject to adjustment pursuant to the terms of this Agreement.

**"Individual Revolving Loan Commitment Amount"** means, from time to time, in respect of a Lender, that portion of the Revolving Loan Commitment Amount which such Lender has severally agreed to make available to the Borrower on a revolving basis in accordance with the terms and conditions of this Agreement, subject to adjustment pursuant to the terms of this Agreement as of the date hereof such amounts in respect of each Lender are indicated in Schedule B.

**"Insolvency Event"** means an Event of Default under Section 16.1(f) or 16.1(g).

**"Intercreditor Agreement"** means the intercreditor agreement made as of November 13, 2020 among the Borrower, the Agent, and the BDC Agent.

**"Interest Act (Canada)"** means the *Interest Act*, R.S.C. 1985, c. 1-15, including the regulations made and, from time to time, in force under that Act.

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

- (a) all interest accrued or payable in respect of such period, including capitalized interest and imputed interest with respect to lease obligations included as Indebtedness for Borrowed Money;
- (b) all fees (including standby and commitment fees, acceptance fees in respect of bankers' acceptances and fees payable in respect of letters of credit, letters of guarantee and similar instruments) accrued or payable in respect of such period, 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 issued at a discount, prorated (as required) over such period;
- (d) the aggregate of all purchase discounts relating to the sale of accounts receivable in connection with any asset securitization program; and
- (e) all net amounts charged or credited to interest expense under any Interest Rate Swap Contract in respect of such period.

**"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 capital contribution to any other person; or (c) any other purchase or acquisition of any assets, property or undertaking other than a purchase or acquisition in the ordinary course of business of the Borrower.

**"Judgment Interest Act (Alberta)"** means the *Judgment Interest Act*, R.S.A. 2000, c. 1-1, including the regulations made and, from time to time, in force under that Act.

**"Law"** means all constitutions, treaties, laws, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws, whether domestic, foreign or international, any judgments, orders, writs, injunctions, decisions, rulings, decrees and awards of any Administrative Body, and any policies voluntary restraints, practices or guidelines of any Administrative Body, and including any principles of common law and equity.

**"LC Application"** means the Operating Lender's standard form of letter of credit application submitted to the Operating Lender by the Borrower requesting the Operating Lender to issue a Letter of Credit hereunder subject to such reasonable changes thereto as are requested by the

Borrower and agreed to by the Operating Lender, each acting reasonably, in order to make the application and the Letter of Credit consistent with the provisions of this Agreement.

**"Lender Assignment Agreement"** means an agreement whereby a financial institution becomes a Lender substantially in the form of Schedule E with the blanks completed.

**"Lender Distress Event"** means, in respect of a given Lender, such Lender or its Lender Parent (a) is subject to a forced liquidation, merger, sale or other change of control supported in whole or in part by guarantees or other support (including the nationalization or assumption of ownership or operating control by the Government of the United States, Canada or any other Administrative Body) or (b) is otherwise adjudicated as, or determined to be, insolvent or bankrupt, in each case, by any Administrative Body having regulatory authority over such Lender or Lender Parent or their respective assets; provided that, for certainty, a Lender Distress Event shall not have occurred solely by virtue of the ownership or acquisition of any equity interest in such Lender or its Lender Parent by any Administrative Body so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within Canada or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Administrative Body) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. It is hereby recognized that Export Development Canada's and Business Development Bank of Canada's ownership or control by the Government of Canada shall not constitute a Lender Distress Event.

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

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent, is deemed insolvent by applicable Law or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) (i) institutes, or has instituted against it by a regulator, supervisor or any similar Administrative Body with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, (A) a proceeding pursuant to which such Administrative Body takes control of such Lender's or Lender Parent's assets, (B) a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors' rights, or (C) a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar Administrative Body; or (ii) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a Person or entity not described in clause (i) above and either (A) results in a judgment of insolvency or

bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;

- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial portion of all of its assets;
- (g) has a secured party take possession of all or a substantial portion of all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case, within 15 days thereafter;
- (h) causes or is subject to any event with respect to it which, under the applicable Law of any jurisdiction, has an analogous effect to any of the events specified in subparagraphs (a) to (g) above, inclusive; or
- (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing.

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

**"Lenders"** means, the Operating Lender and the Syndicated Lenders and each lender which may become a Party to this Agreement, as a lender, by executing and delivering to the Agent and to the Borrower a Lender Assignment Agreement, and each of their respective successors and permitted assigns, and **"Lender"** means any one of them in such capacity.

**"Letters of Credit"** means letters of credit or letters of guarantee in Canadian Dollars or U.S. Dollars issued under the Operating Loan.

**"Letter of Credit Fee"** has the meaning attributed to it in Section 3.11(a)(v).

**"LIBOR"** means, for each LIBOR Period applicable to a Libor Based Loan, the rate per annum determined by the Agent at approximately 11:00 a.m. (London time), on the date that is two LIBOR Banking Days prior to the commencement of such LIBOR Period by reference to the rate set by ICE Benchmark Administration (or any display substituted therefor or any successor thereto) for deposits in U.S. Dollars (as set forth by any service selected by the Agent that has been nominated by ICE Benchmark Administration (or any display substituted therefor or any successor thereto) as an authorized information vendor for the purpose of displaying such rates) for a period equal to such LIBOR Period; provided, however, that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, **"LIBOR"** shall be the interest

rate per annum determined by the Agent to be the average of the rates per annum at which deposits in U.S. Dollars are offered for such relevant LIBOR Period by major banks in the London interbank market in London, England by the Agent at approximately 11:00 a.m. (London time) on the date that is two LIBOR Banking Days prior to the beginning of such LIBOR Period; provided however that in no event shall LIBOR be less than zero. For greater certainty, if LIBOR as determined as set forth above is less than zero, then LIBOR shall be deemed to be zero.

**"LIBOR Banking Day"** means any Banking Day on which commercial banks are open for international business (including dealings in U.S. Dollar deposits in the London interbank market) in London, England.

**"LIBOR Based Loan"** means an Advance in U.S. Dollars which bears interest at a rate based on the LIBOR.

**"LIBOR Period"** means a period of 1 month, or such other period as may be agreed to by the Lenders.

**"Lien"** means any mortgage, lien, pledge, charge (whether fixed or floating), security interest, title retention agreement (other than operating leases in respect of tangible personal property which are not in the nature of financing transactions) or other encumbrance of any kind, contingent or absolute but excludes any contractual right of set-off created in the ordinary course of business and any writ of execution, or other similar instrument, arising from a judgment relating to the non-payment of indebtedness.

**"LMR"** means, with respect to Borrower and any Material Subsidiary, as applicable, and subject to Section 1.18, the liability management rating established by the Alberta Energy Regulator as determined in accordance with applicable Law (including the rules and regulations of the Alberta Energy Regulator in respect thereof) as calculated by the Alberta Energy Regulator and made available to the Borrower or such Material Subsidiary, as adjusted to remove any security, cash, letters of credit or other security deposits or credit support that has or may have resulted in an increase to such liability management rating.

**"Majority Lenders"** means:

- (a) when there are less than 3 Lenders, all of the Lenders; and
- (b) at any other time, those Lenders having, in the aggregate, Individual Commitment Amounts which are at least 66 $\frac{2}{3}$ % of the Commitment Amount.

**"Material Acquisition"** means an acquisition by the Borrower or any Material Subsidiary of shares or other assets from a third party (other than the Borrower or a Material Subsidiary) completed in the immediately preceding four Fiscal Quarters for net consideration in excess of 10% of the Borrowing Base in effect on the date of completion of any such acquisition of shares or other assets.

**"Material Adverse Effect"** means a material adverse effect on:

- (a) the financial condition of the Borrower and any Material Subsidiaries taken as a whole;
- (b) the Borrower's or any Material Subsidiaries' ability to perform their respective obligations under the Documents;
- (c) the validity or enforceability of a material provision of the Documents; or
- (d) the property, business, operations or liabilities of the Borrower and any Material Subsidiaries taken as a whole.

**"Material Disposition"** means a sale, disposition or other transfer of assets or shares by the Borrower or any Material Subsidiary to a third party (other than the Borrower or any Material Subsidiary) (to the extent permitted hereunder) completed in the immediately preceding four Fiscal Quarters which results in net proceeds in excess of 10% of the Borrowing Base in effect on the date of completion of any such sale, disposition or other transfer of assets or shares.

**"Material Subsidiary"** means each Subsidiary of the Borrower. As of the date hereof, there are no Material Subsidiaries.

**"Maturity Date"** means the date, which must be a Banking Day, or a LIBOR Banking Day with respect to a LIBOR Based Loan, on which an Advance becomes due and payable by the Borrower, the expiry date of a Letter of Credit, the date on which a Bankers' Acceptance matures, or the date on which a BA Equivalent Loan becomes due and payable.

**"Net Income"** means, for any fiscal period, the net income of the Borrower determined on a consolidated basis in accordance with GAAP, as set forth in the consolidated financial statements of the Borrower for such period, and for greater certainty shall exclude income earned from minority interests except to the extent cash proceeds in respect of such minority interests have been received by the Borrower or any Subsidiary.

**"Net Offering Proceeds"** means the net proceeds received by the Borrower from the Offering after the payment of transaction fees and reasonable out of pocket costs and expenses incurred and payable by the Borrower in connection with the Offering, in an amount not less than Cdn.\$30,000,000.

**"Net Proceeds"** means the amount received by the Borrower from the sale of an Accommodation by way of Bankers' Acceptance (or in the case of a BA Equivalent Loan, the amount of such BA Equivalent Loan), less the applicable stamping fee as provided hereunder in respect of Bankers' Acceptances.

**"New Rules"** has the meaning attributed to it in Section 11.5.

**"Non-Agreeing Lender"** has the meaning attributed to it in Section 3.2(b)(iv).

**"Non-Agreeing Lender Commitment Amount"** has the meaning attributed to it in Section 3.2(b)(iv)

**"Non-BA Lender"** means a Lender that (a) is not a bank chartered under the *Bank Act* (Canada); or (b) has notified the Agent in writing that it is unwilling or unable to accept bankers' acceptance drafts.

**"Notice of Borrowing"** means, in relation to Advances, a notice by the Borrower to the Agent substantially in the form of Schedule I with the blanks completed, as applicable.

**"Notice of Rollover"** or **"Notice of Conversion"** means, in relation to Advances, a notice by the Borrower to the Agent substantially in the form of Schedule J with the blanks completed, as applicable.

**"Notification Date"** has the meaning attributed to it in Section 3.2(b)(i).

**"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 the Material Subsidiaries to the Lenders or the Agent under, pursuant or relating to the Credit Facilities or the Documents (including Erroneous Payment Subrogation Rights) 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 under this Agreement.

**"Offer of Extension"** means a written offer by the Agent, on behalf of the Revolving Lenders other than the Non-Agreeing Lenders, to the Borrower to extend the Revolving Period to a date up to 364 days from acceptance by the Borrower of such offer, and setting forth the terms and conditions, if any, on which such extension is offered by the Revolving Lenders and may be accepted by the Borrower.

**"Offering"** means the private placement offering of units of the Borrower completed on or about the date hereof for gross proceeds of Cdn.\$51,500,000, with each such unit being comprised of one Unsecured Debenture and common share purchase warrants of the Borrower.

**"Oil and Gas Ownership Certificate"** the certificate substantially in the form of Schedule M with the blanks completed.

**"One Month CDOR Rate"** means, for any day, the annual rate of interest which is the rate determined by the Agent as being the arithmetic average of the "BA 1 mth" rates per annum applicable to Canadian Dollar bankers' acceptances displayed and identified as such on the display referred to as the "Refinitiv Screen Canadian Dollar Offered Rate (CDOR) Page" (or any display substituted therefor) of Reuters Monitor Money Rates Service (or any successor thereto or Affiliate thereof) as at approximately 10:20 a.m. (Toronto time) on such day, or if such day is not a Banking Day, then on the immediately preceding Banking Day (as adjusted by the Agent in good faith after 10:20 a.m. (Toronto time) to reflect any error in a posted rate or in the posted rate); provided, however, that if such a rate does not appear on such CDOR Page, then the One Month CDOR Rate, on any day, shall be the discount rate then applicable to bankers' acceptances accepted by the Agent

as quoted by the Agent (determined as of 10:20 a.m. (Toronto time) on such day) which would be applicable in respect of an issue of bankers' acceptances with a 30 day term on such day, or if such day is not a Banking Day, then on the immediately preceding Banking Day; provided, further, that, if the rate determined as aforesaid shall ever be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

**"Operating Lender"** means initially CIBC, or any other Lender which provides from time to time the Operating Loan.

**"Operating Loan"** means the operating loan, established from time to time, in favour of the Borrower by the Operating Lender pursuant to Section 3.1(a).

**"Operating Loan Commitment Amount"** means Cdn. \$25,000,000, as it may be changed from time to time in accordance herewith.

**"Original Credit Agreement"** has the meaning set forth in the preamble hereto.

**"Original Currency"** has the meaning attributed to it in Section 20.4.

**"Participant"** has the meaning attributed to it in Section 18.4.

**"Parties"** means the Borrower, the Agent and the Lenders and their respective successors and permitted assigns, and "Party" means any one of the Parties.

**"Payment Recipient"** has the meaning attributed to it in Section 19.19(a).

**"Pension Plan"** means any retirement or pension benefit plan that is established by a Person for the benefit of its employees that requires such Person to make periodic payments or contributions.

**"Performance LCs"** means Letters of Credit which are not Financial LCs.

**"Permitted Dispositions"** means any:

- (a) sale or disposition of Proved Producing Properties, Proved Non-Producing Properties, other P&NG Rights and related facilities resulting from any 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, it is necessary to do so in order to facilitate the orderly exploration, development or operation of such Proved Producing Properties, Proved Non-Producing Properties, other P&NG Rights and related facilities;
- (b) sale or disposition in the ordinary course of business and in accordance with sound industry practice of tangible personal property forming part of the Proved Producing Properties, Proved Non-Producing Properties, other P&NG Rights and related facilities that is obsolete, no longer useful for its intended purpose or being replaced in the ordinary course of business;

- (c) sale or disposition of current production of Petroleum Substances from Proved Producing Properties, Proved Non-Producing Properties, other P&NG Rights and related facilities made in the ordinary course of business;
- (d) sales or dispositions of Proved Producing Properties, Proved Non-Producing Properties, other P&NG Rights and related facilities and related tangibles made in the ordinary course of business for fair market value to third parties since the last annual determination of the Borrowing Base on April 30 of each calendar year having an aggregate fair market value which, together with the aggregate amount received by the Borrower and the Material Subsidiaries in respect of all Hedge Monetizations during such period, does not exceed Cdn.\$250,000, without the prior written consent of all of the Lenders;
- (e) the abandonment, surrender or termination of any Proved Producing Properties, Proved Non-Producing Properties, or other P&NG Rights in the ordinary course of its business and in accordance with sound industry practice;
- (f) sales or dispositions of property, assets and undertakings from the Borrower or a Material Subsidiary to another Material Subsidiary; provided that such acquiring Material Subsidiary has granted a guarantee and security as required under this Agreement; and
- (g) sales or dispositions of property, assets and undertakings from a Material Subsidiary to the Borrower,

and further provided that: (x) the pro forma LMR of the Borrower and each Material Subsidiary, as applicable, after giving effect to such sale, exchange, lease, transfer or disposition, in each case, will be greater than or equal to the lesser of (i) the then current LMR of the Borrower and each Material Subsidiary, as applicable, and (ii) 2.00; and (y) such sale, exchange lease, transfer or other disposition is not prohibited by the terms of the BDC Credit Agreement or any other BDC Facility Document.

**"Permitted Encumbrances"** means:

- (a) undetermined or inchoate Liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to applicable Law against any of the Borrower or any Material Subsidiary or in respect of which no steps or proceedings to enforce such Lien have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, any Lien which the Borrower or any Material Subsidiary is in good faith contesting if such contest involves no risk of loss that could reasonably be expected to have a Material Adverse Effect and an adequate reserve in accordance with GAAP has been established by the Borrower;
- (b) Liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the joint operation of oil and gas properties or

related production or processing facilities as security in favour of any other Person conducting the development or operation of the property to which such Liens relate, for any of the Borrower's or any Material Subsidiary's portion of the costs and expenses of such development or operation, provided such costs or expenses are not due or delinquent or if due or delinquent, any lien which the Borrower or any Material Subsidiary is in good faith contesting if such contest involves no risk of loss that could reasonably be expected to have a Material Adverse Effect and an adequate reserve in accordance with GAAP has been established by the Borrower;

- (c) to the extent a Lien is created thereby, a sale or disposition of oil and gas properties resulting from any pooling or unitization agreement entered into in the ordinary course of business when, in any of the Borrower's or any Material Subsidiary's reasonable judgment, it is necessary to do so in order to facilitate the orderly exploration, development or operation of such properties, provided that, the Borrower's or any Material Subsidiary's resulting pooled or unitized interest is proportional (either on an acreage or reserve basis) to the interest contributed by it and is not materially less than the Borrower's or any Material Subsidiary's interest in such oil and gas properties prior to such pooling or unitization and its obligations in respect thereof are not greater than its proportional share based on the interest acquired by it;
- (d) to the extent a Lien is created thereby, farmout interests or overriding royalty interests, net profit interests, reversionary interests and carried interests in respect of any of the Borrower's or any Material Subsidiary's P&NG Rights that are or were entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound industry practice;
- (e) Liens for penalties arising under non-participation provisions of operating agreements in respect of any of the Borrower's or any Material Subsidiary's P&NG Rights, if such Liens could not reasonably be expected to have a Material Adverse Effect;
- (f) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by the Borrower or any Material Subsidiary (including rights-of-way and servitudes for railways, sewers, drains, pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect;
- (g) any Lien or trust arising in connection with worker's compensation, employment insurance, pension and employment Law if such Liens or trust, either alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect;
- (h) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit acquired by the Borrower or any Material Subsidiary, or by any statutory provision to terminate

any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

- (i) all reservations in the original grant from the Crown of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;
- (j) 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 Material Subsidiary;
- (k) public and statutory Liens not yet due and similar Liens arising by operation of Law;
- (l) the Security;
- (m) Liens in favour of the BDC Agent securing the BDC Facility Obligations, provided that such Liens are subject to the Intercreditor Agreement;
- (n) the interest of any Person under a Sale and Lease-Back Transaction, subject to Section 14.2(i);
- (o) the interest of any Person under any Purchase Money Lien, subject to Section 14.2(j);
- (p) any Lien consisting solely of cash, letters of credit or other similar "near cash" investments, pursuant to any Hedging Agreement where the counterparty thereto is not a Swap Lender, provided that the value of such Liens does not, in the aggregate, exceed Cdn. \$500,000, or the Canadian Dollar Exchange Equivalent thereof in U.S. Dollars; and
- (q) any Lien from time to time disclosed by the Borrower to the Agent and which is consented to by the Lenders.

**"Permitted Indebtedness"** means, subject at all times to the applicable threshold amounts contained in this Agreement:

- (a) Indebtedness and Obligations of the Borrower and the Material Subsidiaries under the Credit Facilities or any of the Documents;
- (b) Swap Obligations and Cash Management Obligations;
- (c) the Indebtedness represented by the Unsecured Debentures;
- (d) Indebtedness arising from a Sale and Lease-Back Transaction, subject to Section 14.2(i);
- (e) Indebtedness arising under Purchase Money Liens, subject to Section 14.2(j);

- (f) Indebtedness of the Borrower to any Material Subsidiary or of any Material Subsidiary to the Borrower; and
- (g) the BDC Facility Obligations, provided that: (i) such BDC Facility Obligations are subject to the Intercreditor Agreement; and (ii) the principal amount of the BDC Facility does not exceed the amount permitted by Section 7.1(b) of the Intercreditor Agreement.

"**Permitted Payments**" has the meaning ascribed thereto in the Intercreditor Agreement.

"**Person**" means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively an "**entity**") and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.

"**Petroleum Substances**" means 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.

"**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 or a Material Subsidiary at such time in and to any, or such as are stipulated, of the following, by whatever name the same are known:

- (a) rights to explore for, drill for, produce, take, save or market Petroleum Substances from or allocated to its lands or lands with which the same have been pooled or unitized;
- (b) rights to a share of the production of Petroleum Substances from or allocated to its lands or lands with which the same have been pooled or unitized;
- (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 from or allocated to its lands or lands with which the same have been pooled or unitized;
- (d) rights of the Borrower or any Material Subsidiary in lands or documents of title related thereto, including leases, subleases, licenses, permits, reservations, rights and privileges; and
- (e) rights to acquire any of the above rights described in paragraphs (a) through (d) of this definition, and includes interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests and other economic interests.

"**Principal Amount**" means, in relation to a Lender under a Credit Facility, that portion of the Aggregate Principal Amount under such Credit Facility which has been advanced by such Lender.

**"Principal Repayment"** means the repayment by or for and on behalf of the Borrower to the Lenders of all or a portion of any principal outstanding to the Lenders under the applicable Credit Facility.

**"Projected Production (Gas)"** means, for any period, the reasonably anticipated projected production of gas from proved developed producing reserves from P&NG Rights of the Borrower and the Material Subsidiaries for such period (as such production is projected in the most recent annual budget of the Borrower delivered to the Agent pursuant to Section 14.3(d), together with the update thereto delivered to the Agent pursuant to Section 3.12(c)(iii)), net of royalties payable by the Borrower and the Material Subsidiaries on such production.

**"Projected Production (Oil)"** means, for any period, the reasonably anticipated projected production of petroleum liquids (including oil but excluding natural gas liquids) from proved developed producing reserves from P&NG Rights of the Borrower and the Material Subsidiaries for such period (as such production is projected in the most recent annual budget of the Borrower delivered to the Agent pursuant to Section 14.3(d), together with the update thereto delivered to the Agent pursuant to Section 3.12(c)(iii)), net of royalties payable by the Borrower and the Material Subsidiaries on such production.

**"Proved Non-Producing Properties"** has the same meaning as Proved Producing Properties except such properties are not in commercial production due to lack of facilities and/or markets.

**"Proved Producing Properties"** means the P&NG Rights to which are attributed Proved Producing Reserves and which are identified as such by an economic reserve and evaluation report delivered to the Agent by the Borrower as required under this Agreement.

**"Proved Producing Reserves"** means, as determined by the Lenders, those oil and gas reserves estimated as recoverable under current technology and existing economic conditions from that portion of a reservoir which can be reasonably evaluated as economically productive on the basis of analysis of drilling, geological, geophysical and engineering data, including reserves to be obtained by enhanced recovery processes demonstrated to be economic and technically successful in the subject reservoir and which are actually on production.

**"Purchase Money Lien"** means a Lien, whether given to a vendor, lender or any other Person, securing indebtedness assumed or incurred as, or to provide, all or part of the purchase price or other acquisition cost of property, other than P&NG Rights, which Lien is limited exclusively to such property and any proceeds thereof and any extension, renewal, refinancing or replacement thereof.

**"Purchasing Lender"** has the meaning attributed to it in Section 3.2(b)(iv).

**"Rateable Portion"** means at any time and from time to time with respect to each Lender and each Credit Facility:

- (a) in respect of the Extendible Revolving Loan, the proportion of the Individual Revolving Loan Commitment Amount of such Syndicated Lender relative to the Revolving Loan Commitment Amount of all Syndicated Lenders;

- (b) in respect of the Operating Loan, the Rateable Portion for the Operating Lender shall be 100%; and
- (c) in respect of all Credit Facilities, the portion of the Individual Commitment Amount of a Lender relative to the Commitment Amount of all Lenders.

"**Release**" includes releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping.

"**Request for Offer of Extension**" means a request by the Borrower for an offer by the Revolving Lenders to extend the Revolving Period pursuant to Section 3.2(b), substantially in the form of Schedule L, executed by a senior officer of the Borrower.

"**Resignation Notice**" has the meaning attributed to it in Section 19.10.

"**Resolution Authority**" means, with respect to an EEA Financial Institution, an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"**Revolving Lenders**" has the meaning attributed to it in Section 3.2(b)(i).

"**Revolving Loan Commitment Amount**" means Cdn. \$195,000,000, as such amount may be increased or reduced in accordance with this Agreement.

"**Revolving Period**" means in respect of each Lender and each Credit Facility (a) initially, the period commencing upon the Closing Date and terminating on May 31, 2022 and (b) each further period of up to 364 days for which the Revolving Period in respect of a Lender is extended at the request of the Borrower pursuant and subject to Section 3.2(b).

"**Rollover**" means, with respect to an Advance:

- (a) in relation to a LIBOR Based Loan, the continuation of all or any portion of such LIBOR Based Loan for an additional LIBOR Period subsequent to the initial or any subsequent LIBOR Period applicable thereto; and
- (b) in relation to Banker's Acceptances, the issuance of new Bankers' Acceptances in respect of all or any portion of such Bankers' Acceptances at their Maturity Date.

"**Sale and Lease-Back Transaction**" has the meaning attributed to it in Section 14.2(i).

"**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.

"**Schedule I Lenders**" means those Lenders identified under Schedule I of the *Bank Act* (Canada).

"**Schedule II Lenders**" means those Lenders identified under Schedule II or Schedule III of the *Bank Act* (Canada).

"**Schedule III Lender**" means a Lender which is an authorized foreign bank listed on Schedule III to the *Bank Act* (Canada).

**"Secured Parties"** means, collectively, the Agent, the Lenders, the Swap Lenders and the Cash Manager.

**"Security"** has the meaning attributed to it in Section 4.1 and includes any other documents granting Lien in favour of the Agent hereafter granted by the Borrower or a Material Subsidiary to secure the Obligations, Swap Obligations and Cash Management Obligations.

**"Shortfall Notice"** has the meaning attributed to it in Section 3.5(a).

**"SRP Funded ARO Expenditures"** means, for any period, the aggregate expenditures incurred or made by the Borrower and its Subsidiaries in such period in connection with decommissioning and abandonment activities in relation to the wells, pipelines, facilities and other assets of the Borrower and its Subsidiaries which are funded entirely by the Government of Alberta's Site Rehabilitation Program.

**"Standard Term"** means the term to maturity of a Bankers' Acceptance of one month, or such other period as may be agreed to by the Lenders.

**"Subsidiary"** means any Person of which more than 50% of the outstanding Voting Securities are owned, directly or indirectly by or for the Borrower, provided that the ownership of such securities confers the right to elect at least a majority of the board of directors of such Person, or a majority of Persons serving similar roles and includes any legal entity in like relationship to a Subsidiary.

**"Successor Agent"** has the meaning attributed to it in Section 19.10.

**"Swap Documents"** means the Hedging Agreements to which (a) a Swap Lender, and (b) the Borrower or a Material Subsidiary are parties.

**"Swap Lender"** means any Lender or any Affiliate of any of them that is a hedge provider under a Hedging Agreement that is entered into prior to such Swap Lender ceasing to be a Lender under the Credit Facilities. For greater certainty, any Person who enters into a Hedging Agreement after such Person ceases to be a Lender under the Credit Facilities is not a Swap Lender.

**"Swap Obligations"** means, collectively, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, mature or not) of the Borrower and its Subsidiaries under, pursuant or relating to any and all Swap Documents.

**"Syndicated Lenders"** means, initially, CIBC, National Bank of Canada, The Toronto-Dominion Bank, ATB Financial, Export Development Canada and Business Development Bank of Canada and thereafter, any other Person that has an Individual Revolving Loan Commitment Amount which may become a Party to this Agreement, as a lender, by executing and delivering to the Agent and to the Borrower a Lender Assignment Agreement, and each of their respective successors and permitted assigns, and **"Syndicated Lender"** means any one of them in such capacity.

**"Taxes"** means all taxes of any kind or nature whatsoever including income taxes, capital taxes, minimum taxes, levies, imposts, stamp taxes, royalties, duties, charges to tax, value added taxes, commodity taxes, goods and services taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected,

withheld or assessed as of the date hereof or at any time in the future by any governmental or quasi-governmental authority of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon and any instalments in respect thereof.

**"Term Date"** means, in respect of each Lender, the last day of the Revolving Period for such Lender, as any such Revolving Period may be extended pursuant to Section 3.2(b).

**"Term Maturity Date"** means, in respect of each Lender, (a) initially November 30, 2022; and (b) thereafter, if the Revolving Period of such Lender is extended in accordance with Section 3.2(b), the date which is up to 365 days after the then applicable Term Date of such Lender, as agreed by the Lenders pursuant to Section 3.2(b).

**"Term Period"** means, with respect to the Lenders, the period commencing at 5:01 p.m. (Toronto time) on the Term Date and expiring on the Term Maturity Date.

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

**"UK Financial Institution"** means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain Affiliates of such credit institutions or investment firms.

**"UK Resolution Authority"** means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

**"Unsecured Debentures"** means, collectively (a) the unsecured debentures in the aggregate principal amount of Cdn.\$51,500,000 issued by the Borrower on the Closing Date; and (b) the unsecured debentures in an aggregate principal amount not to exceed Cdn.\$7,500,000 issued by the Borrower after the Closing Date (on substantially the same terms as the unsecured debentures issued on the Closing Date, including with a maturity date not earlier than October 25, 2025 and an interest rate not more than 9% per annum), in each case, pursuant to the Unsecured Debenture Indenture.

**"Unsecured Debenture Indenture"** means the debenture indenture dated as of October 20, 2021 among the Borrower, as issuer, and the Unsecured Debenture Trustee, as indenture trustee.

**"Unsecured Debenture Trustee"** means Odyssey Trust Company, in its capacity as indenture trustee under the Unsecured Debenture Indenture, and its successors and assigns in such capacity.

**"U.S. Base Rate"** means, for any day, the greatest of:

- (a) the rate of interest per annum established from time to time by the Agent as the reference rate of interest for the determination of interest rates that the Agent will charge to customers in Canada for U.S. Dollar demand loans in Canada;

- (b) the rate of interest per annum for such day or, if such day is not a Banking Day, on the immediately preceding Banking Day, equal to the sum of the Federal Funds Rate (expressed for such purpose as a yearly rate per annum, on the basis of a year of 365 days, in accordance with Section 7.2), plus 1.00% per annum; and
- (c) LIBOR for a period of 1 month on such day (or in respect of any day that is not a Banking Day, such LIBOR in effect on the immediately preceding Banking Day) plus 1.00% per annum,

provided that if all such rates are equal or if such Federal Funds Rate and such LIBOR are unavailable for any reason on the date of determination, then the "U.S. Base Rate" shall be the rate specified in (a) above.

**"U.S. Base Rate Loan"** means an Advance in U.S. Dollars which bears interest at a rate based on the U.S. Base Rate.

**"U.S. Dollars"** or **"U.S. \$"** each means such currency of the United States of America which, as at the time of payment or determination, is legal tender therein for the payment of public or private debts.

**"Voting Securities"** means securities of capital stock of any class of any corporation, partnership units in the case of a partnership, trust units in the case of a trust or other evidence of ownership serving similar purposes, carrying voting rights under all circumstances, provided that, for the purposes of this definition, shares which only carry the right to vote conditionally on the happening of an event will not be considered Voting Securities, whether or not such event will have occurred, nor will any securities be deemed to cease to be Voting Securities solely by reason of a right to vote accruing to securities of another class or classes by reason of the happening 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;

**"Write-Down and Conversion Powers"** means:

- (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In

Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule; and

- (b) with respect to the United Kingdom, any powers of the applicable UK Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

**"Year"** means a 12-month period from any date.

**SCHEDULE B**  
**BONTERRA ENERGY CORP.**  
**FOURTH AMENDED AND RESTATED CREDIT AGREEMENT**  
**DATED OCTOBER 20, 2021**

**COMMITMENTS**

[redacted]