


This is **Exhibit "10"** referred to in the Affidavit of Mark Horrox sworn before me this 5th day November, 2019.

A handwritten signature in black ink, appearing to read 'C. Simard', is written over a horizontal line.

CHRIS SIMARD
Barrister and Solicitor

ACCEL CANADA RESOURCES LIMITED

as Borrower

and

**ACCEL CANADA HOLDINGS LIMITED, MICHAEL WILLIAMS and SUCH OTHER
PERSONS WHO BECOME GUARANTORS FROM TIME TO TIME**

as Guarantors

and

**THE LENDERS LISTED
ON THE SIGNATURE PAGES**

as Lenders

and

THIRD EYE CAPITAL CORPORATION

as Agent

CREDIT AGREEMENT

Effective as of November 9, 2018

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION

Section 1.1	Defined Terms.....	1
Section 1.2	Gender and Number.....	19
Section 1.3	Headings, etc.....	19
Section 1.4	Currency.....	19
Section 1.5	Certain Phrases, etc.....	19
Section 1.6	Non-Business Days.....	20
Section 1.7	Accounting Terms.....	20
Section 1.8	Rateable Portion of the Facility.....	21
Section 1.9	Incorporation of Schedules and Exhibits.....	21
Section 1.10	Conflict.....	21
Section 1.11	Certificates.....	21
Section 1.12	Permitted Liens.....	21
Section 1.13	References to Agreements.....	22
Section 1.14	Statutes.....	22

ARTICLE 2 CREDIT FACILITY

Section 2.1	The Facility.....	22
Section 2.2	Commitment and Facility Limit.....	22
Section 2.3	Use of Proceeds.....	22
Section 2.4	Mandatory Repayments and Reductions of Commitment.....	23
Section 2.5	Interest.....	24
Section 2.6	Payments under this Agreement.....	24
Section 2.7	Optional Prepayments; Termination and Reductions of Commitment.....	24
Section 2.8	Cash Management, Collections and Blocked Accounts.....	25
Section 2.9	Original Issue Discount.....	26
Section 2.10	Application of Payments and Prepayments.....	26
Section 2.12	Computations of Interest and Fees.....	26

ARTICLE 3 ADVANCE AND SECURITY

Section 3.1	Advance.....	27
Section 3.2	Procedure for the Advance.....	27
Section 3.3	Reliance upon Borrower Authority.....	28
Section 3.4	Security.....	28
Section 3.5	Sharing of Security.....	28
Section 3.6	Exclusivity of Remedies.....	28
Section 3.7	Form of Security.....	29
Section 3.8	After-Acquired Property.....	29
Section 3.9	Undertaking to Grant Fixed Charge Security.....	29
Section 3.10	Further Assurances re: Security.....	29

**ARTICLE 4
CONDITIONS OF LENDING**

Section 4.1	Conditions Precedent to the Advance.	30
Section 4.2	Deemed Representation and Warranty.	33
Section 4.3	No Waiver.	33

**ARTICLE 5
REPRESENTATIONS AND WARRANTIES**

Section 5.1	Representations and Warranties.	33
Section 5.2	Survival of Representations and Warranties.	46

**ARTICLE 6
COVENANTS**

Section 6.1	Affirmative Covenants.	47
Section 6.2	Negative Covenants.	52
Section 6.3	Security Covenants.	57

**ARTICLE 7
CHANGES IN CIRCUMSTANCES**

Section 7.1	Increased Costs.	58
Section 7.2	Taxes.	59
Section 7.3	Illegality.	61

**ARTICLE 8
EVENTS OF DEFAULT**

Section 8.1	Events of Default.	62
Section 8.2	Acceleration.	64
Section 8.3	Remedies upon Default.	64
Section 8.4	Right of Set-off.	64
Section 8.5	Application of Cash Proceeds of Realization.	65

**ARTICLE 9
THE AGENT AND THE LENDERS**

Section 9.1	Appointment and Authority.	66
Section 9.2	Rights as a Lender.	66
Section 9.3	Exculpatory Provisions.	67
Section 9.4	Reliance by the Agent.	68
Section 9.5	Indemnification of the Agent.	68
Section 9.6	Delegation of Duties.	68
Section 9.7	Notices.	69
Section 9.8	Replacement of the Agent.	69
Section 9.9	Non-Reliance on the Agent and Other Lenders.	69
Section 9.10	Collective Action of the Secured Creditors.	70
Section 9.11	Obligations.	70

Section 9.12	Holding of Security; Discharge.....	70
Section 9.13	Sharing of Payments by Lenders.....	71
Section 9.14	Liability of the Lenders inter se.....	71
Section 9.15	Survival.....	71

ARTICLE 10 MISCELLANEOUS

Section 10.1	Amendments, etc.....	71
Section 10.2	Waiver.....	72
Section 10.3	Additional Subsidiaries.....	72
Section 10.4	Evidence of Debt.....	73
Section 10.5	Notices; Effectiveness; Electronic Communication.....	73
Section 10.6	Expenses; Indemnity; Damage Waiver.....	74
Section 10.7	Power of Attorney.....	76
Section 10.8	Successors and Assigns.....	77
Section 10.9	Judgment Currency.....	78
Section 10.10	Anti-Terrorism Laws.....	78
Section 10.11	Governing Law; Jurisdiction; Etc.....	79
Section 10.12	Waiver of Jury Trial.....	79
Section 10.13	Counterparts; Integration; Effectiveness; Electronic Execution.....	80
Section 10.14	Treatment of Certain Information; Confidentiality.....	80
Section 10.15	Severability.....	81
Section 10.16	Time of the Essence.....	81
Section 10.17	<i>USA PATRIOT Act</i>	81
Section 10.18	No Fiduciary Duty.....	81

ADDENDA

Schedule 1.1	Redwater Assets
Schedule 5.1(x)	Environmental
Schedule 5.1(z)	Swap Agreements
Schedule 5.1(mm)	Security Documents
Schedule 5.1(pp)(Location of Assets and Business
Schedule 6.2(a)(iii)	Permitted Debt
Schedule 6.2(c)	Permitted Liens
Exhibit 1	Form of Notice of Advance
Exhibit 2	Form of Supplemental Agreement
Exhibit 3	Form of Assignment and Assumption
Exhibit 4	Environmental Certificate

CREDIT AGREEMENT

Credit Agreement dated effective as of November 9, 2018 among ACCEL Canada Resources Limited, as Borrower, ACCEL Canada Holdings Limited, Michael Williams and such other guarantors from time to time party hereto, as guarantors, the lenders from time to time party hereto, as lenders, and Third Eye Capital Corporation, as administrative agent.

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"Accounting Change" has the meaning specified in Section 1.7(3).

"ACHL" means ACCEL Canada Holdings Limited.

"ACHL Capital Lease" means that capital lease agreement between the Borrower, as lessor, and ACHL, as lessee, pursuant to which the Borrower leases the Redwater Plant Assets to ACHL.

"Acquisition" means the acquisition by the Borrower of all of the Redwater Plant Assets pursuant to the terms of the Acquisition Agreement, such that following the completion of such Acquisition the Borrower will be the legal and beneficial owner of the Redwater Plant Assets.

"Acquisition Agreement" means the bill of sale entered into between ACHL, as vendor, and the Borrower, as purchaser, dated as of November 9, 2018.

"Acquisition Closing" means the completion of the Acquisition in accordance with the Acquisition Agreement.

"Activating Notice" has the meaning specified in Section 2.8(3).

"Advance" means the advance made by the Lenders under the Facility pursuant to Article 3.

"Advance Outstanding" means, (a) in relation to the Borrower and a particular Lender at any time under the Facility, an amount equal to the sum of the aggregate principal amount of the outstanding Advance made by such Lender under the Facility and (b) in relation to the Borrower and all Lenders at any time under the Facility means the sum of the Advance Outstanding to each Lender under each of the Facility.

"AFFC" means American Futures Fuel Corporation.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agent" means TEC, in its capacity as administrative agent for the Lenders under this Agreement, and any successor appointed pursuant to Section 9.8.

"Agreement" means this credit agreement as amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time.

"Anti-Terrorism Laws" means any law, judgment, order, executive order, decree, ordinance, rule or regulation of any Governmental Authority related to terrorism financing or money laundering, including Part II.1 of the *Criminal Code*, R.S.C. 1985, c. C-46, as amended, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17 as amended, regulations promulgated pursuant to the *Special Economic Measures Act*, S.C. 1992, c. 17 and the *United Nations Act*, R.S.C. 1985, c. U-2, in each case, as amended.

"Applicable Law" means, (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, determination, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any Authorization or other written approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the Assets of such Person, in each case whether or not having the force of law.

"Applicable Rate" means the rate of twelve percent (12%) per annum.

"Asset" means, with respect to any Person, any property (including real property), assets and undertakings of such Person of every kind and wheresoever situated, whether now owned or hereafter acquired (and, for greater certainty, includes any Equity Securities or like interest of such Person in any other Person).

"Assignee" has the meaning specified in Section 10.8(3).

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee and accepted by the Agent, in substantially the form of Exhibit 3 or any other form approved by the Agent.

"Authorization" or "Authorizations" means any authorization, qualification, consent, approval, waiver, order, decree, demand, license, grant, franchise, right, privilege, exemption, certification, permit, registration, filing, qualification or declaration of or with any Person or Governmental Authority or the giving of notice to any Person or Governmental Authority or any other action in respect of a Person or Governmental Authority.

"Bank Account" means any bank account of a Credit Party.

"Blocked Account Agreements" means the blocked account agreements among a Blocked Account Credit Party, the Agent and the relevant depository bank with respect to a Bank Account, in form and substance satisfactory to the Agent.

"Blocked Account Credit Parties" means the Corporate Credit Parties.

"Blocked Accounts" means the Bank Accounts of the Blocked Account Credit Parties that are subject to the Blocked Account Agreements.

"Board of Directors" means, with respect to any Person, (a) in the case of any corporation, the board of directors of such Person, (b) in the case of any limited liability company, the board of managers of such Person, (c) in the case of any partnership, the board of directors of the general partner of such Person and (d) in any other case, the functional equivalent of the foregoing.

"Borrower" means ACCEL Canada Resources Limited, a corporation incorporated under the laws of Alberta, and its successors and permitted assigns.

"Buildings and Fixtures" means all plant, buildings, structures, erections, improvements, appurtenances and fixtures (including fixed Equipment) situated on any of the Subject Properties.

"Business" means the business carried on by the Credit Parties which comprises the ownership and leasing of the Redwater Plant Assets and the development, production and/or acquisition of P&NG Rights and Petroleum Substances.

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which chartered banks in Canada are closed for business in Toronto, Ontario or Calgary, Alberta.

"Capital Lease" means any lease which has been or should be capitalized on the books of the Borrower in accordance with GAAP.

"Cash Equivalents" means (a) investment grade securities issued, guaranteed or insured by the government of Canada or any province, or the United States of America or any state, and having terms to maturity of not more than one year, and (b) term deposits and certificates of deposit having maturities of not more than one year of any domestic commercial bank of recognized standing and investment grade credit rating having net capital in excess of \$500,000,000.00.

"Cash Proceeds of Realization" means the aggregate of (a) all Proceeds of Realization in the form of cash, and (b) all cash proceeds of the sale or disposition of non-cash Proceeds of Realization.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Applicable Law, (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority, or (c) the making or issuance of any Applicable Law by any Governmental Authority.

"Change of Control" means (a) the occurrence of any transaction or event as a result of which any Person or group of Persons (other than the Corporate Credit Parties or any of

them or other than the Agent) acting jointly or in concert (within the meaning of the *Securities Act* (Alberta)) shall purchase or acquire legal or beneficial ownership, either directly or indirectly, of 50% or more (by voting power) of the outstanding Equity Securities of any Corporate Credit Party or (b) the direct or indirect Disposition of all or substantially all of the Assets of the Corporate Credit Party to any Person or group of Persons (other than another Corporate Credit Party).

"Closing Date" means the date of satisfaction or waiver of all conditions set out in Section 4.1 and the making available of the Facility hereunder, or such other date as agreed by the Borrower and the Agent, on behalf of the Lenders.

"Collateral" means any and all Assets in respect of which the Agent or any Secured Creditor has or is intended to have a Lien pursuant to a Security Document.

"Commitment" means: (a) \$24,000,000.00, as such amount may be reduced pursuant to Article 2; or (b) with respect to a Lender, the relevant amount designated as such opposite such Lender's name on the signature pages hereto (or as assigned to it pursuant to Section 10.8) with respect to the Facility.

"Contaminant" means any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, asbestos in any form or condition, PCBs, or any hazardous or toxic constituent of any such substance or waste, in each case, which is listed or regulated under any Environmental Law.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. **"Controlling"** and **"Controlled"** have corresponding meanings.

"Corporate Credit Parties" means the Credit Parties other than the Individual Guarantors.

"Corporate Guarantors" means ACHL and any other Person who becomes a Corporate Guarantor from time to time.

"Credit Documents" means this Agreement, the Intercreditor Agreement, the Security Documents, and all other documents executed and delivered to the Agent and the Lenders, or any of them, by the Credit Parties from time to time in connection with this Agreement or any other Credit Document (including, without limitation, any Blocked Account Agreement).

"Credit Parties" means the Borrower and the Guarantors.

"Debt" of any Person means (without duplication):

- (a) all indebtedness of such Person for borrowed money, including bankers' acceptances, letters of credit or letters of guarantee;

- (b) all indebtedness of such Person for the deferred purchase price of Assets or services, other than for Assets and services purchased in the ordinary course of business and paid for in accordance with customary practice and not represented by a note, bond, debenture or other evidence of Debt;
- (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to Assets acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such Assets);
- (d) all obligations of such Person represented by a note, bond, debenture or other evidence of Debt;
- (e) all obligations under Capital Leases and all obligations under synthetic leases, in each case, in respect of which such Person is liable as lessee;
- (f) all obligations to purchase, redeem, retire or otherwise acquire for value (other than for other Equity Securities) any Equity Securities in the capital of the Person which, by their terms (or by the terms of any security into which they are convertible or for which they are exchangeable), or upon the happening of any event (i) mature or are mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) are redeemable for cash or debt at the sole option of the holder, or (iii) provide for scheduled payments of dividends in cash, in each case, on or prior to the latest Maturity Date;
- (g) all obligations to deliver commodities, goods or services, including, without limitation, Petroleum Substances, in consideration of one or more advance payments for periods in excess of 120 days prior to the date of delivery, other than in the ordinary course of business; and
- (h) all Debt of another entity of a type described in clauses (a) through (f) which is directly or indirectly guaranteed by such Person.

The Debt of any Person shall include the Debt of any other entity (including a partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or relationship with such entity, except (other than in the case of general partner liability) to the extent that the terms of such Debt expressly provide that such Person is not liable therefor.

For the avoidance of doubt, "Debt" does not include obligations in respect of Swap Agreements, indemnities incurred in the ordinary course of business or in connection with the disposition of assets (including, without limitation, indemnities granted to Individual Guarantors), any employee or director compensation, or obligations under operating leases.

"Default" means an event which, with the giving of notice or passage of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Default Rate" means ten percent (10%) per annum.

"Disposition" means, with respect to any Asset of any Person, any direct or indirect sale, lease (where such Person is the lessor), assignment, cession, transfer, exchange, conveyance, release or gift of such Asset, including by means of a sale and leaseback transaction, or any reorganization, consolidation, amalgamation or merger of such Person pursuant to which such Asset becomes the property of any other Person; and **"Dispose"** and **"Disposed"** have meanings correlative thereto.

"Distribution" means, with respect to any Person, any payment (whether by cash, property or both) by such Person (a) of any dividend or other distribution on issued Equity Securities of such Person or any of its Subsidiaries, (b) on account of, or for the purpose of setting apart any property for a sinking or other analogous fund for, the purchase, redemption, retirement, retraction or other acquisition of any issued Equity Securities of such Person or any of its Subsidiaries, to (i) any Affiliate of such Person, (ii) any Person that directly or indirectly owns or controls Equity Securities of such Person, (iii) any Affiliate of a Person described in clause (ii), (iv) any Person that is an officer or director of such Person or of any Affiliate of such Person or of any Person described in clause (ii) or clause (iii), or (v) any immediate family member of any of the foregoing (the Persons referred to in subparagraphs (i) through (v) inclusive of paragraph (c) of this definition are referred to in this definition of Distribution as the **"Restricted Parties"**), (d) of principal or other amounts in respect of Debt owed to Restricted Parties, or (e) any payments outside of the ordinary course of business. A Distribution also includes any transfer by a Person of such Person's Assets for consideration less than Fair Market Value to any Restricted Party.

"Eligible Assignee" means any Person who is or becomes an assignee in accordance with this Agreement.

"Environmental Certificate" means a certificate substantially in the form of Exhibit 4.

"Environmental Laws" means, in respect of a Person, all Applicable Law and agreements between such Person and a Governmental Authority relating to pollution, public health, the protection of the environment, the release of hazardous substances, wastes, air emissions and discharges to waste or public systems, materials and occupational health and safety.

"Environmental Liabilities" means all liabilities imposed by, under or pursuant to Environmental Laws or which relate to the existence of Contaminants on, under or about the Subject Properties.

"Equipment" means each Corporate Credit Party's now owned or hereafter acquired machinery, equipment, rolling stock, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, appliances, tools, implements, cables, wires, towers, casing, tubing, rods, furniture, fixtures, and other tangible personal property (other than dies, tools, jigs, and office equipment, as well as all of such types of property leased by such Corporate

Credit Party and all of such Corporate Credit Party's rights and interests with respect thereto under such leases (including, without limitation, options to purchase)); together with all present and future additions and accessions thereto, replacements therefor, component and auxiliary parts and supplies used or to be used in connection therewith, and all substitutes for any of the foregoing, and all manuals, drawings, instructions, warranties and rights with respect thereto; wherever any of the foregoing is located.

"Equity Securities" means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting or non-voting) of, such Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any and all rights, warrants, options or other rights exchangeable for or convertible into any of the foregoing.

"Equivalent Amount" means, on any day with respect to any two currencies, the amount obtained in one such currency (the **"first currency"**) when an amount in the other currency is converted into the first currency using the Royal Bank of Canada's spot rate for the conversion of the applicable amount of the other currency into the first currency in effect as of 10:00 a.m. (Calgary time) on such day, if such day is a Business Day or, if such day is not a Business Day, then on the immediately preceding Business Day, or, in the absence of such spot rate on such day, using such other rate as the Agent may reasonably select.

"Event of Default" has the meaning specified in Section 8.1.

"Excluded Taxes" means, with respect to the Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) Taxes imposed on or measured by its net income and capital, and franchise taxes imposed on it (in lieu of net income and capital taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Lender is located and (c) in the case of a Foreign Lender, any withholding tax that is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 7.2(5).

"Existing TEC Credit Agreement (Judy Creek)" means the credit agreement dated June 30, 2017 among ACHL, as borrower, ACCEL Energy Limited, ACCEL Energy Services Limited, Michael Williams, Wayne Chodzicki, Jonathan Schreoder, Mark De Jager and Bobby Nolen as guarantors, ACCEL Energy Canada Limited, as a credit party, the lenders party thereto, as lenders, and the Agent, as administrative agent.

"Existing TEC Credit Agreement (Redwater)" means the credit agreement dated effective August 15, 2018 among ACHL, as borrower, ACCEL Energy Limited, ACCEL Energy Services Limited, Michael Williams, Wayne Chodzicki and Jonathan Schreoder, as guarantors, the lenders party thereto, as lenders, and the Agent, as administrative agent

"Existing TEC Credit Agreement (Swan Hills)" means the credit agreement dated November 3, 2017 among ACHL, as borrower, ACCEL Energy Limited, ACCEL Energy Services Limited, Michael Williams, Wayne Chodzicki and Jonathan Schreoder, as guarantors, the lenders party thereto, as lenders, and the Agent, as administrative agent.

"Existing TEC Financing (Judy Creek)" means the debt financing to ACHL made pursuant to the Existing TEC Credit Agreement (Judy Creek).

"Existing TEC Financing (Redwater)" means the debt financing to ACHL made pursuant to the Existing TEC Credit Agreement (Redwater).

"Existing TEC Financing (Swan Hills)" means the debt financing to ACHL made pursuant to the Existing TEC Credit Agreement (Swan Hills).

"Facility" means the single draw term loan facility in the maximum amount of the Commitment to be made available hereunder to the Borrower by the Lenders in accordance with the provisions hereof.

"Fair Market Value" means, with respect to any asset or property, the price which could be negotiated in an arm's length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair Market Value pursuant to any transaction by a Credit Party shall be determined by such Credit Party, acting reasonably, and such determination shall be conclusive; provided, however, that if such Fair Market Value is determined to exceed \$5,000,000.00, such Fair Market Value shall be determined by an independent accounting firm, chartered business valuator, investment bank or similar expert acceptable to the Agent, acting reasonably.

"FATCA" means Sections 1471 through 1474 of the Internal Revenue Code of 1986 as of the date of the Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and, for the avoidance of doubt, any intergovernmental agreements and any "foreign financial institution" agreements entered into to implement the foregoing.

"Fees" means the fees payable by the Borrower under this Agreement.

"Financial Assistance" means with respect of any Person and without duplication, any loan, Guarantee, indemnity, assurance, acceptance, extension of credit, loan purchase, share purchase, equity or capital contribution, investment or other form of direct or indirect financial assistance or support of any other Person or any obligation (contingent or otherwise) primarily for the purpose of enabling another Person to incur or pay any Debt or to comply with agreements relating thereto or otherwise to assure or protect creditors of the other Person against loss in respect of Debt of the other Person and includes any Guarantee of or indemnity in respect of the Debt of the other Person and any absolute or contingent obligation to (directly or indirectly):

- (a) advance or supply funds for the payment or purchase of any Debt of any other Person;
- (b) purchase, sell or lease (as lessee or lessor) any property, assets, goods, services, materials or supplies primarily for the purpose of enabling any Person to make payment of Debt or to assure the holder thereof against loss;
- (c) Guarantee, indemnify, hold harmless or otherwise become liable to any creditor of any other Person from or against any losses, liabilities or damages in respect of Debt;
- (d) make a payment to another for goods, property or services regardless of the non-delivery or non-furnishing thereof to a Person;
- (e) make an advance, loan or other extension of credit to or to make any subscription for Equity Securities, equity or capital contribution, or investment in or to maintain the capital, working capital, solvency or general financial condition of another Person;
- (f) to maintain working capital, equity capital solvency, or any other balance sheet, income statement or other financial statement condition or liquidity of the primary credit party so as to enable the primary credit party to pay such Debt or other obligation;
- (g) to be an account party in respect of any letter of credit or letter of guarantee issued to support such Debt or other obligation; or
- (h) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof (whether in the form of a loan, advance, stock purchase, capital contribution or otherwise).

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

"Financial Quarter" means a period of three consecutive months in each Financial Year ending on September 30 and December 31 of such calendar year and on March 31 and June 30 of the subsequent calendar year.

"Financial Year" means, in relation to the Borrower, its financial year commencing on July 1 of each calendar year and ending on June 30 of the next calendar year.

"Foreign Lender" means, in respect of a particular Credit Party, a Lender that is not organized under the laws of the jurisdiction in which such Credit Party is resident for tax purposes by application of the laws of that jurisdiction and that is not otherwise

considered or deemed in respect of any amount payable to it hereunder or under any Credit Document to be resident for income tax or withholding tax purposes in the jurisdiction in which such Credit Party is resident for tax purposes by application of the laws of that jurisdiction. For the purposes of this definition, Canada and each Province and Territory thereof shall be deemed to constitute a single jurisdiction and the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP" means, at any time, International Financial Reporting Standards as set out in the *CPA Canada Handbook - Accounting* at the relevant time applied on a consistent basis.

"Goods" means tangible personal property but excluding chattel paper, documents of title, instruments, money and investment property (as these terms are defined in the *Personal Property Security Act* (Alberta) from time to time).

"Governmental Authority" means the government of Canada or any other nation, or of any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supranational bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency.

"Guarantee" of or by any Person (in this definition, the **"guarantor"**) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Debt or other obligation of any other Person (in this definition, the **"primary credit party"**) in any manner, whether directly or indirectly. The term **"Guarantee"** shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee in respect of Debt shall be deemed to be an amount equal to the stated or determinable amount of the related Debt (unless the Guarantee is limited by its terms to a lesser amount, in which case to the extent of such amount) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guarantor in good faith.

"Guarantors" means the Corporate Guarantors, the Individual Guarantors, and such other guarantors from time to time party hereto.

"Impermissible Qualification" means, relative to the financial statements or notes thereto of the Borrower or the opinion or report of any independent auditors as to such financial statements or notes thereto, any qualification or exception to such financial statements, notes, opinion or report, as the case may be, which (a) is of a "going concern" or similar nature or (b) relates to any limited scope of examination of material matters relevant to such financial statements, if such limitation results from the refusal or failure of the Borrower to grant access to necessary information within the power of the Borrower to so grant.

"Indemnified Taxes" means (a) Taxes other than Excluded Taxes, and, (b) to the extent not described in (a), Other Taxes.

"Indemnitee" has the meaning specified in Section 10.6(2).

"Individual Guarantors" means the officer and director of the Corporate Credit Parties who has been requested to provide such guarantees, being Michael Williams, and any other officer or director of the Corporate Credit Parties who becomes an Individual Guarantor from time to time.

"Information" has the meaning specified in Section 10.14(2).

"Intellectual Property" means domestic and foreign: (a) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications, (b) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, recipes, methods, processes, designs, technology, technical data, schematics, formulae and customer lists and profiles, and documentation relating to any of the foregoing, (c) copyrights, copyright registrations and applications for copyright registration, (d) mask works, mask work registrations and applications for mask work registrations, (e) designs, design registrations, design registration applications and integrated circuit topographies, (f) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing, and (g) any other intellectual property and industrial property.

"Intercreditor Agreement" means the intercreditor agreement among the agent pursuant to the Existing TEC Credit Agreement (Judy Creek) (on behalf of the lenders under the Existing TEC Credit Agreement (Judy Creek)), the agent pursuant to the Existing TEC Credit Agreement (Swan Hills) (on behalf of the lenders under the Existing TEC Credit Agreement (Swan Hills)), the agent pursuant to the Existing TEC Credit Agreement (Redwater) (on behalf of the lenders under the Existing TEC Credit Agreement (Redwater)), the agent pursuant to the Promissory Note, and the Agent (on behalf of the Lenders) which outlines the respective priorities of the Liens granted by the Corporate Credit Parties to the agent under the Existing TEC Credit Agreement (Judy Creek), the agent under the Existing TEC Credit Agreement (Swan Hills), the agent under the Existing TEC Credit Agreement (Redwater), the agent under the Promissory Note and the Agent hereunder.

"Interest Charges" means, for any period, for the Corporate Credit Parties and their Subsidiaries, the sum (without duplication of amounts added) of (a) the aggregate amount of interest expense (including imputed interest with respect to capitalized loan fees and lease obligations) accrued during such period on a consolidated basis in accordance with GAAP and (b) all capitalized interest during such period.

"Investment" in any Person means (a) any advances, loans or other extensions of credit, Guarantees, indemnities or other contingent liabilities in the nature of a Guarantee or indemnity or capital contributions (other than prepaid expenses in the ordinary course of business) to such Person (by means of transfers of money or other Assets), (b) any purchase of any Equity Securities, bonds, notes, debentures or other securities of such Person, or (c) the acquisition of all or substantially all the Assets of such Person or of a business carried on by, or a division of, such Person.

"Key Officers" means, at any time, any of (a) Michael Williams, (b) Wayne Chodzicki; and (c) such other senior officer of the Borrower as may be identified by the Agent from time to time.

"Leased Properties" means, collectively, the real properties forming the subject matter of the Leases.

"Leases" means the leases, subleases, rights to occupy and licences of or relating to real property or Buildings and Fixtures to which any Credit Party is a party and which were acquired in the Acquisition or which relate to the Redwater Plant Assets.

"Lenders" mean, collectively, the lenders set forth on the signature pages of this Agreement, and any Person who may become a Lender under this Agreement in accordance with Section 10.8.

"Lien" means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), conditional sale agreement, Capital Lease or other title retention agreement or arrangement, defect of title, adverse claim, set off arrangement (other than a set off arrangement arising in the ordinary course) or any other arrangement or condition that in substance secures payment or performance of an obligation.

"Majority Lenders" means, at any time, Lenders who, taken together, hold or are beneficially entitled to at least 75% of the Commitment at that time.

"Mandatory Repayments" has the meaning ascribed thereto in Section 2.4(2).

"Material Adverse Effect" means (a) a material adverse effect on the business, operations, results of operations, prospects, Assets, liabilities or financial condition of the Credit Parties taken as a whole, (b) a material adverse effect on the ability of any of the Credit Parties to perform its obligations under any Credit Document to which it is a party, or (c) a material adverse effect on the rights and remedies of the Lenders or the Agent under any Credit Document.

"Material Agreements" means any agreement, contract or similar instrument to which any of the Corporate Credit Parties is a party or to which any of its Assets may be subject for which breach, non-performance, cancellation, termination or failure to renew could reasonably be expected to have a Material Adverse Effect, and shall be deemed to include the ACHL Capital Lease.

"Maturity Date" means November 9, 2021.

"Net Proceeds" means any one or more of the following:

- (a) with respect to any sale or other Disposition of Assets by any of the Credit Parties, the net amount equal to the aggregate amount received in cash (including any cash received by way of deferred payment pursuant to a note receivable, other non-cash consideration or otherwise, and the release of any amount from an indemnity reserve, escrow or similar fund, but in each case only as and when such cash is so received) in connection with such Disposition, less the sum of (v) reasonable fees (including, without limitation, reasonable accounting, advisory and legal fees), commissions and other out-of-pocket expenses incurred or paid for by the Credit Party in connection with such Disposition (as evidenced by supporting documentation provided to the Agent upon request therefor by the Agent), (w) taxes incurred in connection with such Disposition, whenever payable, and (x) the principal amount of any Debt (other than Debt under the Credit Documents) that is secured by such Asset and that is required to be repaid in connection with such Disposition;
- (b) with respect to the receipt of proceeds by any of the Credit Parties under any insurance, the net amount equal to the aggregate amount received in cash in connection with such receipt of insurance proceeds less taxes incurred attributable to such proceeds, whenever payable;
- (c) with respect to any issuance or creation of Debt or Equity Securities of any of the Credit Parties or of any capital contributions by any Person in any of the Credit Parties, the net amount equal to the aggregate amount received in cash in connection with such issuance, creation or capital contribution, less the sum of reasonable fees (including, without limitation, reasonable accounting, advisory and legal fees), commissions and other out-of-pocket expenses incurred or paid for by such Credit Party in connection with the issuance, creation or capital contribution (as evidenced by supporting documentation provided to the Agent upon request therefor by the Agent).

"Notice of Advance" has the meaning specified in Section 3.2.

"Obligations" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Credit Parties, or any of them, to the Secured Creditors, or any of them, under, in connection with or pursuant to the Credit Documents, and Obligations of a particular Credit Party shall mean all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by such Credit Party to the Secured Creditors, or any of them, under, in connection with or pursuant to the Credit Documents to which such Credit Party is a party.

"Original Currency" has the meaning specified in Section 10.9(1).

"Other Currency" has the meaning specified in Section 10.9(1).

"Other Taxes" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Credit Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Credit Document, in each case, including any interest, additions to tax or penalties applicable thereto.

"Owned Properties" means, collectively, (a) the land and premises with respect to the Redwater Plant Assets owned by, or which will pursuant to the Acquisition be owned by, each Corporate Credit Party on the date of this Agreement, but shall exclude lands and premises sold or otherwise disposed of as permitted in this Agreement as and from the date of such sale or disposition.

"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 a Person 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 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 lands or lands with which the same have been pooled or unitized;
- (d) rights in any of the lands described in paragraphs (a) through (c) of this definition 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.

"Participant" has the meaning specified in Section 10.8(3).

"PCBs" means polychlorinated biphenyls.

"Pension Plan" means any "registered pension plan" as defined under the *Income Tax Act* (Canada) and contributed to by a Corporate Credit Party for its employees (including, without limitation, any such plan that contains a "defined benefit provision" as such term is defined under the *Income Tax Act* (Canada)) or any "negotiated contribution plan", as such term is defined under the *Pension Benefits Standards Act* (Canada) or any similar plan registered under pension standards legislation in another jurisdiction in Canada;

"Permitted Liens" means, in respect of any Person, any one or more of the following:

- (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 Corporate Credit Party 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 applicable Corporate Credit Party 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 applicable Corporate Credit Party;
- (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 P&NG Rights 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 Corporate Credit Party'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 any Corporate Credit Party 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 applicable Corporate Credit Party;
- (c) to the extent a Lien is created thereby, a sale or disposition of P&NG Rights resulting from any pooling or unitization agreement entered into in the ordinary course of business when, in the applicable Corporate Credit Party'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 applicable Corporate Credit Party'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 applicable Corporate Credit Party's interest in such P&NG Rights 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, farm-out interests or overriding royalty interests, net profit interests, reversionary interests and carried interests in respect of the applicable Corporate Credit Party'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 the applicable Corporate Credit Party's P&NG Rights or any related facilities, if such Liens would 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 applicable Corporate Credit Party (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, do not materially detract from the value of the property and assets concerned or the use of the affected property and assets or would 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 Applicable Law which a Corporate Credit Party 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 applicable Corporate Credit Party;
- (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 a Corporate Credit Party 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 which, either alone or in the aggregate, do not materially detract from the value of the property and assets concerned or the use of the affected property and assets;
- (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 or related facilities of any Corporate Credit Party;
- (k) public and statutory Liens not yet due and similar Liens arising by operation of Applicable Law;
- (l) Liens on cash or securities pledged to secure performance of tenders, surety and appeal bonds, government contracts, performance and return of money bonds, bids, trade contracts, leases, statutory obligations, regulatory obligations and other obligations of a like nature incurred in the ordinary course of business;

- (m) the Security Documents;
- (n) Liens in existence on the date hereof which the Agent, in its discretion, has permitted in writing to remain outstanding;
- (o) Liens granted by ACHL to AFFC pursuant to the Promissory Note;
- (p) Liens granted by ACHL to the agent and the lenders pursuant to the Existing TEC Credit Agreement (Judy Creek);
- (q) Liens granted by ACHL to the agent and the lenders pursuant to the Existing TEC Credit Agreement (Swan Hills);
- (r) Liens granted by ACHL to the agent and the lenders pursuant to the Existing TEC Credit Agreement (Redwater); and
- (s) Liens disclosed in Schedule 6.2(c) but only to the extent such Liens conform to their description in Schedule 6.2(c).

"Person" means a natural person, sole proprietorship, corporation, limited liability company, trust, joint venture, association, company, partnership, institution, public benefit corporation, investment or other fund, Governmental Authority or other entity, and pronouns have a similarly extended meaning.

"Petroleum Substances" means oil, gas, coal seam gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, and all other liquid and gaseous hydrocarbons produced or to be produced in conjunction therewith from a well bore and all products, by-products, and other substances derived therefrom or the processing thereof, and all other minerals and substances produced in conjunction with such substances, including, but not limited to, sulfur, geothermal steam, water, carbon dioxide, helium, and any and all minerals, ores, or substances of value and the products and proceeds therefrom.

"PPSA" means the *Personal Property Security Act* (Alberta) (or any successor statute) or similar legislation of any other jurisdiction the laws of which are required by such legislation to be applied in connection with the issue, perfection, enforcement, validity or effect of security interests.

"Proceeds of Realization" means all cash and non-cash proceeds derived from any sale, disposition or other realization of the Collateral (a) after any notice by the Agent to the Borrower pursuant to Section 8.2 declaring all indebtedness of the Borrower hereunder to be immediately due and payable or the automatic acceleration of such indebtedness, (b) upon any dissolution, liquidation, winding-up, reorganization, bankruptcy, insolvency or receivership of any of the Credit Parties (or any other arrangement or marshalling of the Collateral that is similar thereto) or (c) upon the enforcement of, or any action taken with respect to, any of the Credit Documents. For greater certainty, prior to the Security becoming enforceable (y) insurance proceeds less than \$100,000 derived as a result of the loss or destruction of any of the Collateral or (z) cash or non-

cash proceeds derived from any expropriation or other condemnation of any of the Collateral shall not constitute Proceeds of Realization.

"Promissory Note" means the amended and restated promissory note dated as of August 15, 2018 granted by ACHL and ACCEL Energy Limited, as borrowers, to Third Eye Capital Corporation, as administrative agent and collateral agent for and on behalf of AFFC, as lender;

"Purchase Price" has the meaning ascribed thereto in the Acquisition Agreement.

"Redwater Assets" means, collectively, the Assets referred to in Part 2 of Schedule 1.1.

"Redwater Plant Assets" means, collectively, the Assets referred to in Part 1 of Schedule 1.1.

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

"Sanction" means an international economic sanction administered or enforced by the Canadian Government (including The Department of Foreign Affairs and International Trade Canada and The Department of Public Safety Canada) or other relevant sanctions authority based upon the obligations or authorities set forth in Anti-Terrorism Laws.

"Secured Creditors" means the Agent and the Lenders.

"Security" means, at any time, the Liens in favour of the Secured Creditors, or any of them, in the Assets of the Credit Parties securing the obligations described in the applicable Security Documents.

"Security Documents" means the agreements described as such in Schedule 5.1(mm), and any other security granted to the Secured Creditors, or any of them, as security for the Obligations of the Credit Parties under this Agreement and the other Credit Documents, or any of them.

"Solvent" means, with respect to any Person on a particular date, that on such date, (a) such Person is not for any reason unable to meet its obligations as they generally become due, (b) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due, and (c) the aggregate property of such Person is, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would be sufficient, to enable payment of all its obligations, due and accruing due.

"Subject Properties" means collectively, the Owned Properties and the Leased Properties.

"Subsidiary" means, with respect to any Person (in this definition, the "parent"), at any date, (a) any corporation, limited liability company, association or other business entity

of which securities or other ownership interests representing more than 50% of the voting power of all equity interests entitled to vote in the election of the Board of Directors thereof are, as of such date, owned, controlled or held by the parent and/or one or more subsidiaries of the parent, (b) any partnership, (i) the sole general partner or the managing general partner of which is the parent and/or one or more subsidiaries of the parent or (ii) the only general partners of which are the parent and/or one or more subsidiaries of the parent, and (c) any other Person that is otherwise Controlled by the parent and/or one or more subsidiaries of the parent.

"Supplement" has the meaning specified in Section 10.3.

"Swap Agreement" means any agreement with respect to any swap, forward, put, deferred premium put, hedge, future or derivative transaction or option or similar agreement, whether exchange traded, "over-the-counter" or otherwise, involving, or settled by reference to, one or more interest rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"TEC" means Third Eye Capital Corporation.

"Wells" has the meaning ascribed thereto in Section 2.13(3).

Section 1.2 Gender and Number.

Any reference in the Credit Documents to gender includes all genders and words importing the singular number only include the plural and vice versa.

Section 1.3 Headings, etc.

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Agreement. The expressions **"Article"**, **"Section"**, **"Schedule"** and **"Exhibit"** followed by a number or other reference mean and refer to the specified Article, Section, Schedule or Exhibit of this Agreement.

Section 1.4 Currency.

All references in the Credit Documents to **"Dollars"** or **"\$"**, unless otherwise specifically indicated, are expressed in the lawful currency of Canada.

Section 1.5 Certain Phrases, etc.

In any Credit Document (i) the words **"including"** and **"includes"** mean **"including (or includes) without limitation"**, and the phrase **"the aggregate of"**, **"the total of"**, **"the sum of"**, or a phrase of similar meaning means **"the aggregate (or total or sum), without duplication, of"**, (ii) In the computation of periods of time from a specified date to a later specified date, unless

otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding", and references to "this Agreement", "hereof" and "herein" and like references refer to such Credit Document and not to any particular Article, Section or other subdivision of such Credit Document.

Section 1.6 Non-Business Days.

Whenever any payment to be made hereunder shall be stated to be due or any action to be taken hereunder shall be stated to be required to be taken on a day other than a Business Day, such payment shall be made or such action shall be taken on the next succeeding Business Day and, in the case of the payment of any amount, the extension of time shall be included for the purposes of computation of interest, if any, thereon.

Section 1.7 Accounting Terms.

- (1) All accounting terms not specifically defined in this Agreement shall be interpreted in accordance with GAAP.
- (2) If the Borrower adopts a change in an accounting policy in the preparation of its financial statements in order to conform to accounting recommendations, guidelines, or similar pronouncements, or legislative requirements, and such change would require disclosure thereof under GAAP, or would reasonably be expected to materially and adversely affect (a) the rights of, or the protections afforded to, the Agent or the Lenders hereunder or (b) the position either of the Borrower or of the Agent or the Lenders hereunder, the Borrower shall so notify the Agent, describing the nature of the change and its effect on the current and immediately prior year's financial statements in accordance with GAAP and in detail sufficient for the Agent and the Lenders to make the determination required of them in the following sentence. If any of the Borrower, the Agent or the Lenders determine at any time that such change in accounting policy results in a material adverse change either (i) in the rights of, or protections afforded to, the Agent or the Lenders intended to be derived, or provided for, hereunder or (ii) in the position either of the Borrower or of the Agent and the Lenders hereunder, written notice of such determination shall be delivered by the Borrower to the Agent, in the case of a determination by the Borrower, or by the Agent to the Borrower, in the case of a determination by the Agent or the Lenders.
- (3) Upon the delivery of a written notice pursuant to Section 1.7(2) the Borrower and the Agent on behalf of the Lenders shall meet to consider the impact of such change in GAAP or such change in accounting policy (in each case, an "**Accounting Change**"), as the case may be, on the rights of, or protections afforded to, the Agent and the Lenders or on the position of the Borrower or of the Agent and the Lenders and shall in good faith negotiate to execute and deliver an amendment or amendments to this Agreement in order to preserve and protect the intended rights of, or protections afforded to, the Borrower or the Agent and the Lenders (as the case may be) on the date hereof or the position of the Borrower or the Agent and the Lenders (as the case may be); provided that, until this Agreement has been amended in accordance with the foregoing, then for all purposes hereof, the applicable changes from GAAP or in accounting policy (as the case may be) shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under GAAP

prior to such change and the Borrower's prior accounting policy. For the purposes of this Section 1.7, the Borrower, the Lenders and the Agent acknowledge that the amendment or amendments to this Agreement are to provide substantially the same rights and protection to the Borrower, the Agent and the Lenders as is intended by this Agreement as at the Closing Date. If the Borrower and the Agent on behalf of the Lenders do not (for any reason whatsoever) mutually agree (in their respective sole discretions, without any obligation to so agree) on such amendment or amendments to this Agreement within sixty (60) days following the date of delivery of such written notice, the Borrower shall either continue to provide financial statements in accordance with GAAP prior to such change or provide all such financial information as is reasonably required (or requested by the Agent acting reasonably) in order for any amount required to be determined hereunder to be determined in accordance with GAAP prior to such change and/or the Borrower's prior accounting policy, including to the extent applicable the calculation of and the reason for the changed amounts as between GAAP prior to such change and GAAP, and, for all purposes hereof, the applicable changes from GAAP prior to such change or in accounting policy (as the case may be) shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under GAAP prior to such change and/or the Borrower's prior accounting policy.

Section 1.8 Rateable Portion of the Facility.

References in this Agreement to a Lender's rateable portion of the Advance, the Facility or rateable share of payments of principal, interest, Fees or any other amount, shall mean and refer to a rateable portion or share as nearly as may be rateable in the circumstances, as determined in good faith by the Agent. Each such determination by the Agent shall be *prima facie* evidence of such rateable share.

Section 1.9 Incorporation of Schedules and Exhibits.

The schedules and exhibits attached to this Agreement shall, for all purposes of this Agreement, form an integral part of it.

Section 1.10 Conflict.

The provisions of this Agreement prevail in the event of any conflict or inconsistency between its provisions and the provisions of any of the other Credit Documents.

Section 1.11 Certificates.

Any certificate required by the terms of this Agreement or any Credit Document to be given by an officer of the Borrower for and on behalf of any Credit Party shall be given without any personal liability on the part of the officer giving the certificate, except to the extent such officer is an Individual Guarantor and is liable under his or her Guarantee of the Borrower's Obligations.

Section 1.12 Permitted Liens.

Any reference in this Agreement or any of the other Credit Documents to a Permitted Lien or a Lien permitted by this Agreement is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or

postpone, any Lien created by any of the Credit Documents to any Permitted Lien or any Lien permitted hereunder.

Section 1.13 References to Agreements.

Except as otherwise provided in this Agreement, any reference in this Agreement to any agreement or document means such agreement or document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented in accordance herewith and therewith.

Section 1.14 Statutes.

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

**ARTICLE 2
CREDIT FACILITY**

Section 2.1 The Facility.

- (1) The Lenders hereby establish the Facility in favour of the Borrower.
- (2) Each Lender severally agrees, on the terms and conditions of this Agreement, to make one (1) Advance rateably to the Borrower in accordance with such Lender's Commitment. The Advance shall be made available pursuant to Article 3.

Section 2.2 Commitment and Facility Limit.

- (1) The Advance Outstanding to all Lenders under the Facility shall not at any time exceed the Commitment. The rateable portion of the Advance Outstanding to each Lender under the Facility shall not at any time exceed such Lender's rateable portion of the Commitment.
- (2) The Facility does not revolve and any amount repaid or prepaid, as the case may be, under the Facility cannot be re-borrowed and reduces the Commitment (and each Lender's Commitment, rateably) by the amount repaid or prepaid, as the case may be.

Section 2.3 Use of Proceeds.

The Borrower shall use the proceeds of the Advance solely for the purposes of: (a) funding a portion of the Purchase Price for the acquisition of the Redwater Plant Assets pursuant to and in accordance with the Acquisition Agreement; (b) funding the Fees payable in connection with the Facility, including, without limitation, the fees payable by way of original issue discount pursuant to Section 2.9; and (c) funding the amount of \$1,000,000 of goods and services tax payable by the Borrower in connection with the Acquisition. For clarity, no proceeds may be used to repay any existing Debt obligations of any Credit Party or Affiliate thereof except as set out in this Section 2.3.

Section 2.4 Mandatory Repayments and Reductions of Commitment.

- (1) The Borrower shall repay (subject to Section 2.4(4), Section 2.5, Section 2.7 and Section 8.1) the full amount of the Advance Outstanding under the Facility, together with all accrued unpaid interest and Fees and all other Obligations in connection with the Facility, on the Maturity Date; provided that such payment shall be on a Business Day and if such day is not a Business Day, such payment shall be on the immediately following Business Day.
- (2) The Borrower shall pay to the Agent, for the account of the Lenders, in accordance with their respective rateable shares in the Facility, the following amounts ("**Mandatory Repayments**"):
 - (a) 100% of the Net Proceeds arising from any sale or other Disposition relating to all or any part of the Collateral or any interest therein (including, without limitation, the Redwater Plant Assets);
 - (b) 100% of the Net Proceeds from any issuance of Debt for borrowed money, including by way of bonds, promissory notes, debentures or similar evidences of indebtedness by the Corporate Credit Parties;
 - (c) 100% of the Net Proceeds from any issuance of Equity Securities by the Corporate Credit Parties, and the Corporate Credit Parties covenant and agree to complete one or more Equity Securities financings within 60 days of the Closing Date resulting in minimum Net Proceeds of \$5,000,000 which Net Proceeds shall be used in full to permanently repay and reduce the Commitment; and
 - (d) subject to Section 2.4(3), 100% of the Net Proceeds of any other grants, tax refunds (including, without limitation, 100% of any refunds for or in respect of goods and services taxes received from any Credit Party with respect to the Acquisition), sales agreements, licensing agreements, royalty agreements, casualty events, insurance payments or other arrangements affecting all or any part of the Collateral,

in each case promptly upon receipt thereof.

- (3) The Borrower shall (unless the Corporate Credit Parties have insurance on a replacement cost basis and the proceeds or an amount not less than the proceeds has been expended or committed by such Corporate Credit Parties or their Subsidiaries for the repair or replacement of such property and the Borrower has provided to the Agent evidence reasonably satisfactory to the Agent of such expenditure or commitment), within ten days following the receipt by a Corporate Credit Party or its Subsidiary of any Net Proceeds of insurance, apply, or, to the extent the Secured Creditors are loss payees under any insurance policy, irrevocably direct the Agent to apply, without premium or penalty, such Net Proceeds of insurance in prepayment of the Facility.
- (4) The Borrower shall give the Agent ten (10) Business Days' prior written notice of any mandatory prepayment pursuant to Section 2.4(2) and Section 2.4(3), including the reason for the mandatory prepayment and the amount of such mandatory prepayment.

Section 2.5 Interest.

- (1) All outstanding Obligations shall bear interest on the unpaid principal amount thereof (including, to the extent permitted by Applicable Law, on interest thereon not paid when due) from the date of the first Advance until paid in full in cash at the Applicable Rate. Interest on the Advance Outstanding will accrue and be calculated daily and be compounded and payable monthly in arrears on the first Banking Day of each calendar month for the immediately preceding month, or, after notice to the Borrower, on such other Banking Day as is customary for the Agent (or any affiliated Lender) having regard to its/their then existing practice.
- (2) Interest on any other portion of the Obligations other than the Advance Outstanding will be payable in arrears to the Agent, for the account of the Lenders, within three (3) Business Days of demand therefor by the Agent.
- (3) If any Default or Event of Default occurs, then from the date such Default or Event of Default occurs until it is no longer continuing, or until all Obligations irrevocably and indefeasibly are paid and performed in full, as the case may be, in the discretion of the Agent, the Borrower will be obligated to pay interest on the unpaid Obligations at a per annum rate that is equal to the Applicable Rate plus the Default Rate.

Section 2.6 Payments under this Agreement.

- (1) Unless otherwise expressly provided in this Agreement, the Borrower shall (a) make any payment required to be made by it to the Agent or a Lender by depositing the amount of the payment to the Agent in immediately available funds not later than 10:00 a.m. (Calgary time) on the date the payment is due, and (b) with respect to prepayments or repayments of the Advance Outstanding, provide to the Agent, upon 5 (five) Business Days' notice to the Agent, which notice shall be irrevocable and binding on the Borrower and shall specify (x) the date of repayment, which date shall be a Business Day, and (y) the amount of the Advance Outstanding to be repaid.
- (2) Payments made hereunder shall be made on a Business Day. Payments received by the Agent before 10:00 a.m. (Calgary time) on a Business Day will be given value on that Business Day. All payments received by the Agent after 10:00 a.m. (Calgary time) will be given value on the next following Business Day.
- (3) The Borrower shall make each such payment under the Credit Documents in Dollars.
- (4) Any amount received by the Agent for the account of the Lenders or any of them shall be held in trust for their respective benefit until a distribution and shall be deemed to be payment to such Lenders in accordance with the terms of this Agreement.

Section 2.7 Optional Prepayments; Termination and Reductions of Commitment.

The Borrower may repay the Advance Outstanding under the Facility at any time upon five (5) Business Days prior written notice of such full repayment. Upon exercise of such option, the Borrower shall pay to the Agent on behalf of the Lenders upon the expiry of such five (5) Business Day period the Advance Outstanding under the Facility together with: (i) any

applicable Fees, and (ii) other Obligations due under this Agreement in connection with the Facility.

Section 2.8 Cash Management, Collections and Blocked Accounts

- (1) Each Blocked Account Credit Party shall (a) forthwith upon receipt, pay all cash receipts and deposit all cheques and other payments (including all proceeds of Collateral, insurance and reinsurance) into the appropriate Blocked Account, and (b) direct all, obligors, customers, insurers and all other Persons from whom a Blocked Account Credit Party, as applicable, may become entitled to receive payments (including proceeds arising from sale of Assets, business interruption insurance, liquidated damages under any agreement, any performance bond, letter of credit or guarantee, any warranty claim, or property insurance) to pay all such amounts directly to the appropriate Blocked Account.
- (2) Until the Agent has advised the Borrower to the contrary and provided no Default or Event of Default has occurred that is continuing, the Blocked Account Credit Parties at their expense, may enforce, collect, and receive all amounts owing to them in the ordinary course of business. Any cheques, cash, credit card sales and receipts, notes or other instruments or property received by a Blocked Account Credit Party with respect to any Collateral, shall be held by the Blocked Account Credit Party in trust for the Agent, on behalf of the Lenders, separate from the Blocked Account Credit Party's own property and funds, and (a) promptly turned over to the Agent with proper assignments or endorsements by deposit to the Blocked Accounts or the Agent's bank account, or (b) deposited directly by the Blocked Account Credit Parties to the Blocked Accounts or the Agent's bank account. Upon the occurrence of an Event of Default, each of the Blocked Account Credit Parties shall (i) indicate on all of its invoices that funds should be delivered to and deposited in the Agent's bank account; and (ii) direct all of its obligors and customers to deposit any and all proceeds of all Collateral into the Agent's bank account.
- (3) Upon the occurrence and during the continuance of a Default or an Event of Default, the Agent may, pursuant to the Blocked Account Agreements, deliver notice to the depository bank with respect to one or more of the Blocked Accounts (an "Activating Notice"), and upon and following delivery of any such Activating Notice, the relevant depository bank will, on a daily basis, wire, or otherwise transfer, in immediately available funds, all funds received or deposited into such Blocked Accounts to such bank account as the Agent may from time to time designate for such purpose.
- (4) On each Business Day during which an Activating Notice is in effect, the Agent shall apply all amounts received by it on such Business Day from the Blocked Accounts to the outstanding Obligations in accordance with the terms of this Agreement and the other Credit Documents. Each of the Blocked Account Credit Parties hereby acknowledges and agrees that, as of the Closing Date, such Blocked Account Credit Party shall immediately deposit or cause to be deposited all proceeds of Collateral only in Blocked Accounts. Each Blocked Account Credit Party agrees that all payments made to the Blocked Accounts or other funds received and collected by the Agent, whether in respect of proceeds of Collateral, or otherwise, shall, upon the issuance of an

Activating Notice, be subject to the Agent's sole control and shall be treated as payments to the Agent in respect of the Obligations and therefore shall constitute the property of the Agent and the Lenders to the extent of the amount of the outstanding Obligations. The receipt of any payment item by the Agent (whether from transfers to the Agent pursuant to a Blocked Account Agreement or otherwise) shall not be considered a payment on account unless such payment item is a wire transfer of immediately available funds made to the Agent's bank account or unless and until such payment item is honoured when presented for payment. Should any payment item be paid to the Agent in a foreign currency, the Agent shall not be obligated to apply any particular exchange rate to such currency and may rely on the depository bank (identified in the Blocked Account Agreement) to convert such foreign currency into Dollars. The Agent shall not be liable or be required to indemnify any Blocked Account Credit Party or any other Person or its depository bank for any foreign exchange losses, fluctuations, etc. The Agent is not required to credit the Advance Outstanding or the other Obligations for the amount of any item of payment which is returned to the Agent unpaid.

Section 2.9 Original Issue Discount.

The Facility and the Advance thereunder shall be made with an original issue discount of \$3,000,000 (the "OID") in accordance with this Section 2.9. The proceeds made available to the Borrower under the Advance shall be equal to the full amount set forth on Notice of Advance less the OID. Notwithstanding the foregoing, the amount of the Advance Outstanding for the Advance shall be deemed to be equal to the full amount of the Advance set forth on the Notice of Advance and, for greater certainty, the Borrower shall be required to repay the full amount of the Advance Outstanding (together with applicable interest thereon) in accordance with this Agreement.

Section 2.10 Application of Payments and Prepayments.

All amounts received by the Agent from or on behalf of the Borrower and not previously applied pursuant to this Agreement shall be applied by the Agent as follows: (a) first, in reduction of the Borrower's obligation to pay any unpaid expense reimbursements and Fees (in that order) which are due and owing, (b) second, to the extent applicable, in reduction of the Borrower's obligation to pay interest on any Obligations, (c) third, in reduction of the Borrower's obligation to pay any claims or losses referred to in Section 10.6, (d) fourth, in reduction of the Borrower's obligation to pay any amounts due and owing on account of any unpaid principal amount of the Advance which is due and owing under the Facility, (e) fifth, in reduction of any other obligation of the Borrower under this Agreement and the other Credit Documents, and (f) sixth, to the Borrower or such other Persons as may lawfully be entitled to or directed to receive the remainder. The Agent may vary the foregoing order without the consent of the Borrower.

Section 2.12 Computations of Interest and Fees.

- (1) Interest under this Agreement has been calculated on the basis that interest is compounded monthly not in advance, and all computations of interest have been made by the Agent taking into account the actual number of days occurring in the period for

which such interest is payable and on the basis of a year of 365 or 366 days, as applicable.

- (2) All computations of Fees shall be made by the Agent on the basis of a year of 365 or 366 days, as applicable, taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which the fees are payable.
- (3) For purposes of the *Interest Act* (Canada), (a) whenever any interest or Fee under this Agreement is calculated using a rate based on a year which is not 365 or 366 days, as applicable, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year which is not 365 or 366 days, as applicable (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by 365 or 366, as applicable, (b) the principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement, and (c) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.
- (4) If any provision of this Agreement or of any of the other Credit Documents would obligate any Credit Party to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate which would be prohibited by Applicable Law or would result in a receipt by such Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)) then, notwithstanding such provisions, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Applicable Law or so result in a receipt by such Lender of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: firstly, by reducing the amount or rate of interest required to be paid to such Lender under the applicable Credit Document, and thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to such Lender which would constitute "interest" for purposes of Section 347 of the *Criminal Code* (Canada).
- (5) To the extent permitted by Applicable Law, the provisions of the *Judgment Interest Act* (Alberta) will not apply to the Credit Documents and are hereby expressly waived by each Credit Party.

ARTICLE 3 ADVANCE AND SECURITY

Section 3.1 Advance.

Each Lender severally agrees, on the terms and conditions of this Agreement, to make an Advance to the Borrower under the Facility on Closing upon the provision of a Notice of Advance by the Borrower.

Section 3.2 Procedure for the Advance.

Unless otherwise agreed by the Agent, the Advance under the Facility shall be made on three (3) days' prior written notice, given not later than 9:00 a.m. (Calgary time) on Closing by

the Borrower to the Agent, in substantially the form of Exhibit 1 (the "Notice of Advance"), and shall be irrevocable and binding on the Borrower. Upon receipt by the Agent of funds from the applicable Lenders and fulfilment of the applicable conditions set forth in Article 4, the Agent will make such funds available to the Borrower in accordance with Article 2 within the time provided as aforesaid.

Section 3.3 Reliance upon Borrower Authority

On or prior to the Closing Date, the Borrower shall deliver to the Agent a writing setting forth (a) the Bank Account(s) of the Borrower to which the Agent is authorized to transfer the proceeds of the Advance requested by the Borrower pursuant to Section 3.2, which Bank Account shall be reasonably satisfactory to the Agent, and (b) the names of the officers authorized to request the Advance on behalf of the Borrower, and shall provide the Agent with a specimen signature of each such officer. The Agent shall be entitled to rely conclusively on such officer's authority to request the Advance on behalf of the Borrower, the proceeds of which are to be transferred to any of the Bank Accounts specified by the Borrower pursuant to the immediately preceding sentence, until the Agent receives written notice to the contrary. The Agent shall have no duty to verify the identity of any individual representing himself as one of the officers authorized by the Borrower to make such requests on its behalf. The Agent shall not incur any liability to the Borrower as a result of acting upon any Notice of Advance, which notice the Agent believes in good faith to have been given by an officer duly authorized by the Borrower to request the Advance on its behalf or for otherwise acting in good faith under this Section 3.3, and the crediting of the Advance to any Bank Account, or transmittal to such other Person's bank account as the Borrower shall direct, shall conclusively establish the obligation of the Borrower to repay such Advance as provided herein.

Section 3.4 Security.

The present and future Obligations of the Borrower and each other Corporate Credit Party to the Agent and the Lenders howsoever arising or incurred hereunder and under the Credit Documents, as applicable, will be secured by the Security Documents described in Schedule 5.1(mm), each in a form acceptable to the Lenders, acting reasonably.

Section 3.5 Sharing of Security.

The Borrower and the Secured Creditors agree and acknowledge that, subject to Section 8.4, the Security pursuant to the Security Documents is being shared equally among the Secured Creditors to secure the Obligations of the Corporate Credit Parties under the Credit Documents on a rateable basis.

Section 3.6 Exclusivity of Remedies.

Nothing herein contained or in the Security Documents 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 Documents, 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.

Section 3.7 Form of Security.

The Security Documents will be in such form or forms as will be required by the Agent, acting reasonably, and will be registered in such public registry offices in Canada or any province thereof as the Agent, acting reasonably, may from time to time require to protect the Liens created thereby. Should the Agent determine at any time and from time to time, acting reasonably, that the form and nature of the then existing Security Documents is deficient in any way or does not fully provide the Agent or 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 Documents or provide such new security as the Agent may reasonably request.

Section 3.8 After-Acquired Property.

All property acquired by or on behalf of the Borrower or any Corporate Credit Party who has provided any Security which forms part of the Assets of the Borrower or such Corporate Credit Party (in this Section 3.8, "**After-Acquired Property**"), will be subject to the Security Documents without any further conveyance, mortgage, pledge, charge, assignment or other act on the part of the Agent, the Lenders or the Corporate Credit Parties. Without limiting the effect of the preceding sentence, the Borrower will, or will cause the applicable Corporate Credit Party to, from time to time execute and deliver and the Agent will register, all at the Borrower's expense, such instruments supplemental to the Security Documents, in form and substance satisfactory to the Agent, acting reasonably, as may be necessary or desirable to ensure that the Security Documents as amended and supplemented constitute in favour of the Agent and the Lenders an effective Lien to the extent created by the Security Documents over such After-Acquired Property as required hereunder, subject only to Permitted Liens which under Applicable Law rank in priority thereto.

Section 3.9 Undertaking to Grant Fixed Charge Security.

If the Agent, acting reasonably, determines in its sole discretion that there has been a Material Adverse Effect, or a Default or Event of Default has occurred and is continuing, and the Agent considers it necessary for its adequate protection, the Borrower, at the request of the Agent, will forthwith grant or cause to be granted to the Agent, for the benefit of itself and the Lenders, a fixed Lien (subject only to Permitted Liens which under Applicable Law rank in priority thereto) in such of the applicable Corporate Credit Party's property as the Agent, in its sole discretion, determines as security for all then present and future Obligations.

Section 3.10 Further Assurances re: Security.

The Borrower will and will cause each Credit Party, in connection with the provision of any amended, new or replacement Security Documents referred to in Section 3.8 or Section 3.9:

- (a) do, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Agent to give effect to any provision of the amended, new or replacement Security Documents;
- (b) provide the Agent with such information as is reasonably required by the Agent to identify the property to be charged;

- (c) do all such things as are reasonably required to grant the Liens to be granted pursuant to the amended, new or replacement Security Documents;
- (d) provide the Agent with all corporate, partnership or other organizational resolutions and other action required for the Borrower to grant the amended, new or replacement Security Documents;
- (e) provide the Agent with an opinion of the Borrower's counsel confirming the due authorization, execution and delivery by the applicable Corporate Credit Party of all such agreements and instruments comprising the amended, new or replacement Security Documents in form and content satisfactory to the Agent, acting reasonably; and
- (f) assist the Agent in the registration or recording of such Security Documents in such public registry offices in Canada and any province thereof as the Agent, acting reasonably, deems necessary to protect the Liens created by such Security Documents.

ARTICLE 4 CONDITIONS OF LENDING

Section 4.1 Conditions Precedent to the Advance.

The effectiveness of this Agreement and the obligation of the Lenders to make the Advance under this Agreement are subject to the following conditions precedent being met:

- (a) the Agent has received, in form and substance satisfactory to the Lenders and their counsel and in sufficient quantities for each Lender:
 - (i) certified copies of (A) the charter documents and by-laws of each Corporate Credit Party, (B) all resolutions of the Board of Directors or shareholders, as the case may be, of each Corporate Credit Party approving the borrowing or guarantee of the borrowing, granting of security and other matters contemplated by this Agreement and the other Credit Documents, (C) all resolutions of the Board of Directors or shareholders, as required, of the Borrower permitting the Agent's board observers to exercise the rights set forth in Section 6.1(r); and (D) a list of the officers and directors authorized to sign agreements together with their specimen signatures;
 - (ii) a certificate of an individual for each Individual Guarantor;
 - (iii) a certificate of status, compliance, extract or like certificate with respect to each Corporate Credit Party issued by the appropriate Governmental Authority of the jurisdiction of its incorporation or amalgamation and of each jurisdiction in which it owns any material assets or carries on any material business;

- (iv) this Agreement, the Security Documents and the other Credit Documents required by the Lenders duly executed and delivered by each Credit Party party thereto;
- (v) certified copies of a true and complete copy of the duly executed Acquisition Agreement;
- (vi) registrable financing change statements or discharges or authorizations to discharge in customary form with respect to any Lien identified by the Agent affecting the property of the Corporate Credit Parties that is not a Permitted Lien;
- (vii) (A) all documents, instruments, financing statements and security notices, which shall have been properly registered, recorded and filed or submitted for registration in a form approved by the Agent in all jurisdictions as the Agent may require, (B) searches conducted against each Credit Party in all jurisdictions as the Agent may require, and (C) all assignments, consents, estoppel letters, approvals, acknowledgements, undertakings, intercreditor agreements, subordinations, postponements, non-disturbance agreements, discharges, waivers, directions, negotiable documents of title and other documents and instruments which, in the opinion of the Agent, are desirable or required to make effective the Security and to ensure the perfection and the first ranking priority of such Security over the Collateral, subject to Permitted Liens, including from any landlords, warehousemen, mortgagees, lessors, licensors, and others that might have or assert claims against the Collateral;
- (viii) certificates of insurance, dated no later than the Closing Date, showing the Agent as additional insured on behalf of the Secured Creditors (in the case of liability insurance) and first loss payee in respect of the Redwater Plant Assets with respect to insurance required to be maintained by the Corporate Credit Parties pursuant to Section 6.1(n);
- (ix) an opinion of counsel to each Credit Party addressed to the Lenders and the Agent relating to the status and capacity of such Credit Party, the due authorization, execution and delivery by, and the validity and enforceability of the Credit Documents to which such party is a party in respect of, such Credit Party, perfection of the Security granted pursuant to the Security Documents to which such party is a party in the jurisdiction of incorporation or amalgamation of such Credit Party and in the Province of Alberta;
- (x) all approvals, acknowledgments and consents of all Governmental Authorities and other Persons which are required to be obtained by any Corporate Credit Party in order to complete the transactions contemplated by this Agreement and to perform its obligations under any Credit Document to which it is a party;

- (xi) the ACHL Capital Lease, in a form approved by the Agent;
 - (xii) the Environmental Certificate;
 - (xiii) the Intercreditor Agreement, duly executed by all parties thereto;
 - (xiv) the documentation and other information that is required by the Agent and the Lenders pursuant to Anti-Terrorism Laws and applicable "know your client" laws and regulations; and
 - (xv) such other certificates, agreements and documentation as the Agent may reasonably request;
- (b) the Agent shall be satisfied with the post-Acquisition structure of the Borrower and the other Corporate Credit Parties;
 - (c) the Agent shall be satisfied with all environmental matters impacting on any of the Collateral;
 - (d) satisfactory review of all terms and conditions of all material documentation with or concerning third parties, including lease, license, sales, marketing, master service, distribution, supply, purchase, service, maintenance, sub-contractor, and representation agreements;
 - (e) none of the Corporate Credit Parties shall have any Debt other than Debt permitted by this Agreement, and the Agent shall have received releases and discharges with respect to all Liens affecting the Collateral not permitted hereunder and payout letters from creditors with respect to any Debt of any Corporate Credit Party not permitted hereunder;
 - (f) all permits and third party consents and approvals that are necessary or advisable in relation to the Facility have been obtained, with related legal opinions, where requested;
 - (g) the Security Documents granted by the Credit Parties shall create first ranking priority Liens on the Redwater Plant Assets and a junior ranking security on the remainder of the Collateral, subject to Permitted Liens and subject to the Intercreditor Agreement, and all documents, instruments, financing statements and security notices shall have been properly registered, recorded and filed in all jurisdictions as the Agent may require;
 - (h) subordination and postponement of all related party debt of the Borrower, including, without limitation, any accrued and unpaid salaries and expenses;
 - (i) the appropriate Notice of Advance will have been delivered in accordance with the provisions of Section 3.2 and the terms and conditions thereof shall have been fully complied with;

- (j) each of the representations and warranties set out in Article 5 will be true and correct with the same effect as if such representations and warranties had been made on the date of such Advance;
- (k) no Default or Event of Default will have occurred and be continuing on the date of such Advance, or will arise as a result of the making of the Advance;
- (l) the Borrower shall have paid to the Agent and the Lenders all Fees and expenses required to be paid by or on behalf of the Borrower at or before the time of such Advance;
- (m) such Advance will not violate any Applicable Law, judgment or order;
- (n) there has not occurred any material adverse change in the Business, operations, property, profits or prospects of any of the Corporate Credit Parties since June 30, 2018, that has, or could be reasonably expected to have, a Material Adverse Effect; and
- (o) there has not occurred, developed or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any Applicable Law, or other occurrence of any nature whatsoever which materially adversely affects, or may materially adversely affect, the financial, banking (including syndication markets) or capital markets in Canada or the United States of America.

Section 4.2 Deemed Representation and Warranty.

The giving of the Notice of Advance by the Borrower and the acceptance by the Borrower of the Advance shall be deemed to constitute a representation and warranty by the Borrower that, on the date of the Notice of Advance or Advance, as the case may be, and after giving effect to it and to the application of any proceeds from it, the statements and conditions set forth in Section 4.1 are true and correct and/or have been complied with.

Section 4.3 No Waiver.

The making of the Advance or otherwise giving effect to the Notice of Advance without the fulfilment of one or more conditions set forth in Section 4.1 shall not constitute a waiver of any condition and the Agent and the Lenders reserve the right to require fulfilment of any such condition.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties.

Each Credit Party jointly and severally represents and warrants with each other of such Credit Parties to the Secured Creditors only with respect to each of such Credit Parties and its Assets, acknowledging and confirming, in each case, that the Agent and each Lender is relying on such representations and warranties without independent inquiry in entering into this Agreement and providing the Advances that:

- (a) **Incorporation and Qualification.** Each of the Corporate Credit Parties is a corporation duly incorporated, amalgamated, organized and validly existing under the laws of Alberta. Each such Corporate Credit Party is qualified, licensed or registered to carry on business under the laws applicable to it in all jurisdictions where it carries on business and in which such qualification, licensing or registration is necessary or where failure to be so qualified would have a Material Adverse Effect. Each of the Individual Guarantors is over the age of 18 years and is of sound mind;
- (b) **Corporate Power.** Each of the Corporate Credit Parties has all requisite corporate power and authority to (i) own, lease and operate its properties and Assets and to carry on its business as now being conducted by it, (ii) enter into and perform its obligations under the Credit Documents and the Acquisition Agreement to which it is a party and (iii) incur the Obligations;
- (c) **Conflict with Other Instruments.** The execution, delivery and performance by each Credit Party of each of the Credit Documents to which it is a party, in each case, do not (i) conflict with, violate or result in a breach of any of the terms or conditions of (u) its articles of incorporation or by-laws, partnership agreement or other constating or organizational documents, as applicable (where such Credit Party is not an Individual Guarantor), (v) any Applicable Law, or (w) any contractual restriction (including, without limitation, pursuant to the Existing TEC Credit Agreement (Judy Creek), the Existing TEC Credit Agreement (Redwater) and the Existing TEC Credit Agreement (Swan Hills)) binding on or affecting such Credit Party or such Credit Party's respective Assets, or (ii) result in, require or permit (x) the imposition of any Lien in, on or with respect to any of such Credit Party's Assets (except in favour of the Agent and the Secured Creditors), (y) the acceleration of the maturity of any Debt binding on or affecting any such Credit Party, or (z) any third party to terminate or acquire rights under any Material Agreement;
- (d) **Corporate Action, Governmental Approvals, etc.** The execution, delivery and performance by each Corporate Credit Party of each of the Credit Documents and Acquisition Agreement to which it is a party:
 - (i) have been duly authorized by all necessary corporate, partnership, trust and other action, as applicable; and
 - (ii) are within its corporate, partnership or trust power and capacity, as applicable; and
 - (iii) do not require any Authorization of or advance notice to or advance filing with any Governmental Authority except those which have already been made or obtained and which are in full force and effect;
- (e) **Execution and Binding Obligation.** This Agreement and the other Credit Documents have been duly executed and delivered by each Credit Party which is a party thereto and constitute legal, valid and binding obligations of such Credit

Party enforceable against such Credit Party in accordance with their respective terms, subject only to any limitation under Applicable Law relating to (i) bankruptcy, insolvency, arrangement or creditors' rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies;

- (f) **Authorizations, etc.** Each of the Corporate Credit Parties possesses all Authorizations necessary to properly conduct the Business, own its Assets and to complete the Acquisition, except to the extent failure to have any such Authorization would not reasonably be expected to have a Material Adverse Effect, and all such Authorizations are in good standing and in full force and effect; and each Corporate Credit Party is in compliance with all terms and conditions of all such Authorizations, except to the extent failure to comply would not reasonably be expected to have a Material Adverse Effect;
- (g) **Intellectual Property.** Each of the Corporate Credit Parties owns or licenses such Intellectual Property, if any, necessary for the conduct of its business (including, in the case of the Borrower, the Business), each of which is in good standing and in full force and effect. Except for Intellectual Property owned by Persons other than the Corporate Credit Parties and used in the Business under valid licenses, each of the Corporate Credit Parties owns all right, title and interest in any such required Intellectual Property free and clear of any Liens other than Permitted Liens, and has taken all reasonable steps to protect its rights in and to its material owned Intellectual Property, in each case, in accordance with industry practice. To the knowledge of each Corporate Credit Party, the use of any Intellectual Property in its business (including, in the case of the Borrower, the Business) does not infringe the Intellectual Property rights of any other Person, and such Corporate Credit Party has not received any written communications alleging that any Corporate Credit Party (or any of its employees or consultants) has violated or infringed any Intellectual Property right of any Person;
- (h) **Business Operations.** The business operations of each of the Corporate Credit Parties have been and will continue to be conducted in compliance, in all material respects, with Applicable Law in all jurisdictions in which such business operations have been or are carried on. To the best of the Borrower's knowledge, information and belief, after due enquiry, all of the oil, gas and other wells of each Corporate Credit Party, as applicable, have been drilled, completed, shut-in and abandoned (and they have abandoned such wells if they were required by Applicable Law to have been abandoned) in accordance with Applicable Law, the oil and gas properties of the Corporate Credit Parties have been operated and, if applicable, abandoned (and they have abandoned such properties to the extent required by Applicable Law to be abandoned) in accordance with Applicable Law and the facilities, plants and equipment in respect of all of the Corporate Credit Parties' properties 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 with all Applicable Law, except, in each case, to the extent that the failure to do any of the foregoing could not be reasonably expected to have a Material Adverse Effect;

- (i) **Ownership and Use of Property.** Except for Permitted Liens, each of the Corporate Credit Parties has good and marketable title in fee simple to the Owned Properties owned by it, as applicable, and good title to all the tangible and intangible personal property reflected as assets in its books and records in each case free and clear of any Liens, other than Permitted Liens. No Assets of any Corporate Credit Party are held by such Corporate Credit Party in trust for any other Person or as nominee for and on behalf of any other Person. The tangible and intangible personal property of each of the Corporate Credit Parties is of a high enough quality to make it fit for sale. Each Corporate Credit Party owns, leases or has the lawful right to use all of the assets necessary for the conduct of its business at full operating capacity. Each of the Subject Properties including the Building and Fixtures thereon, and their use, operation and maintenance for the purpose of carrying on the Business is in compliance with any applicable restrictive covenant and Applicable Law except where the failure to be in compliance, individually or in the aggregate, could not reasonably be expected to have Material Adverse Effect;
- (j) **Acquisition.** Upon the completion of the Acquisition, the Borrower shall have good and marketable title to the Redwater Plant Assets;
- (k) **Ownership of Subject Properties.** None of the Corporate Credit Parties (i) owns any real property other than any of the Owned Properties of which it is the owner, (ii) is bound by any agreement to own or lease any real property other than the Leased Property, or (iii) has leased any of its Owned Properties;
- (l) **Leases.** Each Corporate Credit Party enjoys peaceful and undisturbed possession under all Leases material to its business to which it is a party and under which it is operating, and all of such Leases are valid and subsisting and no material default by the applicable Corporate Credit Party exists under any of them;
- (m) **Leased Properties.** Each Lease of any of the Leased Properties to which a Corporate Credit Party is a party is in good standing, creates a good and valid leasehold estate in the Leased Properties thereby demised, and is in full force and effect without amendment, except as otherwise disclosed in writing by the Borrower to the Agent. With respect to each such Lease, except as otherwise disclosed by the Borrower to the Agent, (i) such Lease (or a notice in respect of the Lease) has been registered in the appropriate land titles office, (ii) all rents and additional rents required to be paid thereunder have been paid; (iii) no waiver, indulgence or postponement of the lessee's obligations has been granted by the lessor; (iv) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default under such Lease; (v) to the best knowledge of the Corporate Credit Party party to such Lease, all of the covenants to be performed by any other party under such Lease have been fully performed; (vi) to the best knowledge of the Corporate Credit Party party to such Lease, no part of any of the Leased Properties or the Buildings and Fixtures located on the Leased Properties has been taken or expropriated by any

Governmental Authority, no written notice or proceeding in respect of an expropriation has been given or commenced nor is such Corporate Credit Party aware of any intent or proposal to give any such notice or commence any proceedings; (vii) to the best knowledge of the Corporate Credit Party party to such Lease, except for Permitted Liens, the Buildings and Fixtures located on each of the Leased Properties are located entirely within such Leased Property and are in conformity with set-back and coverage requirements of all applicable Governmental Authorities and there are otherwise no encroachments from the Leased Properties onto the property of any other Person, and there are no encroachments from the property of any other Person upon any of the Leased Properties; and (viii) the applicable Corporate Credit Party has adequate rights of ingress and egress into and from any Leased Properties;

- (n) **Condition of Assets.** All of the Buildings and Fixtures on the Owned Properties were constructed, in all material respects, in accordance with Applicable Law (including, Environmental Laws) and the Corporate Credit Party which owns any of such Owned Properties has adequate rights of ingress and egress into and from each such Owned Property for the operation of the Business in the ordinary course. The Buildings and Fixtures, vehicles, Equipment, technology and communications hardware and other tangible personal property (including the Buildings and Fixtures) of each of the Corporate Credit Parties which are the owners or lessees thereof are reasonably structurally sound, in reasonably good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, reasonable wear and tear excepted. None of such Buildings and Fixtures, vehicles, Equipment or other property are in need of maintenance or repairs except for routine maintenance and repairs in the ordinary course that are not material in nature or cost;
- (o) **Work Orders.** There are no outstanding work orders relating to the Owned Properties from or required by any Governmental Authority of which the Credit Party which is the owner thereof has knowledge, nor does any such Credit Party have notice of any possible impending or future work order;
- (p) **Expropriation.** No part of any of the Owned Properties or the Buildings and Fixtures located on the Owned Properties has been taken or expropriated by any Governmental Authority, no written notice or proceeding in respect of an expropriation has been given or commenced nor is any Credit Party which is the owner thereof aware of any intent or proposal to give any such notice or commence any proceedings;
- (q) **Encroachments.** Except for Permitted Liens, the Buildings and Fixtures located on each of the Owned Properties are located entirely within such Owned Property and are in conformity with set-back and coverage requirements of all applicable Governmental Authorities and there are otherwise no encroachments from the Owned Properties onto the property of any other Person, and there are no encroachments upon any of the Owned Properties from adjoining properties;

- (r) **Compliance with Applicable Law.** Each of the Credit Parties is in material compliance with all Applicable Law;
- (s) **Withholding and Remittance of Source Deductions.** Each of the Corporate Credit Parties has withheld from its employees, customers and other applicable payees (and timely paid to the applicable Governmental Authority) the proper and accurate amount of all Taxes, priority claims and other amounts required to be withheld or collected and remitted in compliance with all Applicable Law;
- (t) **No Default.** None of the Corporate Credit Parties (i) is in violation of its constating documents, its by-laws or any shareholders' agreement applicable to it; and (ii) in default under or with respect to any contractual obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. In the case of a Credit Party, no Default has occurred and is continuing or would result from the consummation by such Credit Party of the transactions contemplated by the Credit Documents;
- (u) **No Default under Existing Financing.** None of: (i) the granting by the Credit Parties of the Security Documents to which they are a party and the realization by the Agent or the Secured Creditors under any such Security Documents, and (ii) the execution, delivery and performance by each Credit Party of the Credit Documents to which they are a party and the enforcement of the Agent's and Secured Creditors' rights and remedies thereunder, will result in the occurrence of a "Change of Control", a "Default" or an "Event of Default" (as each is defined in each of the Existing TEC Credit Agreement (Judy Creek), the Existing TEC Credit Agreement (Redwater) and the Existing TEC Credit Agreement (Swan Hills)) under each of the Existing TEC Credit Agreement (Judy Creek), the Existing TEC Credit Agreement (Redwater) and the Existing TEC Credit Agreement (Swan Hills), as applicable;
- (v) **No Material Adverse Agreements.** None of the Credit Parties is a party to any agreement or instrument or subject to any restriction (including in respect of any Corporate Credit Parties, any restriction set forth in its constating documents, by-laws or any shareholders' agreement applicable to it) which has or, to its knowledge, in the future may have a Material Adverse Effect;
- (w) **Environmental Matters.** To the knowledge of each of the Credit Parties which is an owner or lessee of a Subject Property, (i) none of the Subject Properties (x) has ever been used by any Person as a waste disposal site or a landfill, or (y) has ever had any asbestos, asbestos-containing materials, PCBs, radioactive substances or aboveground or underground storage systems, active or abandoned, located on, in, at or under it at the date of this Agreement; and (ii) there are no Contaminants of a material nature located in, on, at, under or about any of the Subject Properties; and (iii) no properties adjacent to any of the Subject Properties are contaminated. None of the Credit Parties has transported, removed or disposed of any waste to a location outside of Canada as at the date of this Agreement. The Credit Parties have provided to Agent complete and correct copies of all environmental site assessment reports, investigations, studies, analyses, and

correspondence on environmental matters (including matters relating to any alleged non-compliance with or liability under Environmental Laws) that are in any of the Credit Parties' possession or control and relating to the Subject Properties or operations thereon;

- (x) **Environmental Laws.** Except as otherwise disclosed in Schedule 5.1(x):
- (i) each Credit Party which is the owner or lessee of the Subject Properties has complied in all material respects with all Environmental Laws in respect of its use of or operations on the Subject Properties and neither such Credit Party nor any of the Owned Properties is subject to any material enforcement order from or material liability agreement with any Governmental Authority or other Person respecting (A) compliance with any Environmental Law or (B) any liability, costs or remedial action, or potential liability, cost or remedial action, arising from the release or threatened release of a Contaminant;
 - (ii) each Credit Party which is the owner or lessee of the Subject Properties has obtained all permits necessary for its current operations on the applicable Subject Property under Environmental Laws, and all such permits are in effect and such Credit Party is in material compliance with all material terms and conditions of such permits;
 - (iii) none of the Credit Parties, nor, to the Credit Parties' knowledge, any of their predecessors in interest, have in material violation of Applicable Law stored, treated or disposed of any hazardous waste on the Subject Properties;
 - (iv) none of the Credit Parties has received any material summons, complaint, order or similar written notice indicating that it is not currently in compliance with, or that any Governmental Authority is investigating its compliance with, any Environmental Laws or that it is or may be liable to any other Person as a result of a release or threatened release of a Contaminant;
 - (v) none of the present or past operations of any of the Credit Parties is the subject of any investigation by any Governmental Authority evaluating whether any remedial action is needed to respond to a release or threatened release of a Contaminant;
 - (vi) none of the Credit Parties has entered into any negotiations or settlement agreements with any Person (including the prior owner of any property which such Credit Party owns) which would impose material obligations or liabilities on such Credit Party with respect to any remedial action in response to the release by such Credit Party of a Contaminant or environmentally related claim;

- (vii) no environmental-related Lien has attached to the Owned Properties or the interest of any of the Credit Parties in the Leased Properties;
- (viii) the Owned Properties and the other Collateral (other than the Leased Properties) are free:
 - (A) from contamination by, or threat of, a release, discharge or emission of any Contaminant by such Credit Party, except as regards contamination which would arise in the normal course of operating the business of supply or storage of petroleum products or the operation of a gas station consistent with Applicable Law,
 - (B) of underground storage tanks containing any Contaminant, asbestos-containing materials, PCBs, landfills, land disposals, and dumps, except as would occur in the normal course of operating the business of supply or storage of petroleum products or the operation of a gas station consistent with Applicable Law, and
 - (C) from any environmental claims made in writing by any Person to such Credit Party or otherwise affecting the Owned Properties or such Collateral;
- (ix) to the knowledge of the applicable Corporate Credit Parties, the Leased Properties are free:
 - (A) from contamination by, or threat of, a release, discharge or emission of any Contaminant by the Credit Parties, except as regards contamination which would arise in the normal course of operating the business of supply or storage of petroleum products or the operation of a gas station consistent with Applicable Law,
 - (B) of underground storage tanks containing any Contaminant, asbestos-containing materials, polychlorinated biphenyls, landfills, land disposals, and dumps, except as would occur in the normal course of operating the business of supply or storage of petroleum products or the operation of a gas station consistent with Applicable Law, and
 - (C) from any environmental claims made in writing by any Person to such Corporate Credit Party or otherwise affecting the Leased Properties;
- (x) no written notice under any Applicable Law, including any Environmental Law, has been provided to any Credit Party in respect of any of the Subject Properties while such Credit Party has been the owner or lessee thereof indicating past or present treatment, storage or disposal of a Contaminant or reporting an actual or threatened spill or release of a Contaminant into the environment;

- (xi) the Credit Parties do not generate, transport, treat or dispose of any Contaminants except in compliance in all material respects with Applicable Law;
- (xii) no Contaminant has been disposed of by any of the Credit Parties placing it in or on the ground of any of the Owned Properties while a Credit Party has been the owner thereof;
- (xiii) no Contaminant has been disposed of by any of the Credit Parties placing it in or on the ground of any of the Leased Properties while a Credit Party has been the lessee thereof;
- (y) **Pension Plans.** None of the Credit Parties has any Pension Plan;
- (z) **Swap Agreements.** Schedule 5.1(z) sets forth a true and complete list of all Swap Agreements of the Corporate Credit Parties, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes), the net mark-to-market value therefor, any credit support agreements relating thereto, any margin required or supplied under any credit support document, and the counterparty to each such agreement.
- (aa) **Equipment.** All Equipment is and will be used or held for use in the Business, and is and will be fit for such purposes. Each Corporate Credit Party shall keep and maintain its Equipment in good operating condition and repair in accordance with the age, use and character thereof (ordinary wear and tear excepted) and shall make all necessary replacements thereof. Subject to the terms of Section 6.2(h), such Corporate Credit Parties shall not sell, lease as a lessor, or otherwise dispose of any of their Equipment without the prior written consent of the Agent; provided, however, that such Corporate Credit Parties may dispose of their Equipment which is obsolete or no longer useable or used in the Business having a net book value no greater than \$100,000.00 individually, and \$500,000.00 in the aggregate in any Financial Year (calculated for all such Corporate Credit Parties combined), without the Agent's consent, subject to the conditions set forth below. In the event any of the Equipment is sold, transferred or otherwise disposed of with the Agent's prior written consent or as otherwise permitted hereby and: (i) such sale, transfer or disposition by such Corporate Credit Party is effected without replacement of such Equipment, or such Equipment is replaced by Equipment leased by such Corporate Credit Party, then such Corporate Credit Party shall deliver all of the cash proceeds of any such sale, transfer or disposition to the Agent for application to the Obligations in accordance with the terms hereof; or (ii) such sale, transfer or disposition is made in connection with the purchase by any such Corporate Credit Party of replacement Equipment, then such Corporate Credit Party shall use the Net Proceeds of such sale, transfer or disposition to finance the purchase by such Corporate Credit Party of replacement Equipment and shall deliver to the Agent written evidence of the use of the Net Proceeds for such purpose together with evidence that the Agent continues to have a Lien thereon (subject only to Permitted Liens);

- (bb) **Material Agreements, etc.** All Material Agreements are in full force and effect, unamended. Each of the Corporate Credit Parties is in compliance with all Material Agreements to which it is a party, and none of such Corporate Credit Parties or, to the Corporate Credit Parties' knowledge, any other party to any Material Agreement has defaulted under any of such Material Agreements. To the knowledge of each of the Corporate Credit Parties, no event has occurred which, with the giving of notice, lapse of time or both, would constitute a default under, or in respect of, any Material Agreement to which the Corporate Credit Party is a party and there is no material dispute regarding any Material Agreement to which it is a party;
- (cc) **Labour Matters.** None of the Corporate Credit Parties is a party to any collective bargaining agreement and to the knowledge of any Corporate Credit Party, after due inquiry, no union organizing activity is taking place with respect to any of the employees of any Corporate Credit Party;
- (dd) **Investment Banking and Finder's Fees.** None of the Credit Parties nor any of its Subsidiaries, as applicable, has agreed to pay any investment banking or similar or related fee, underwriter's fee, finder's fee, or broker's fee to any Person in connection with this Agreement and the other Credit Documents, except to the Secured Creditors. Each of the Credit Parties shall defend and indemnify the Secured Creditors against, and hold them harmless from, all claims of any Person against them for any such fees, and all costs and expenses (including, without limitation, legal fees) incurred by any of the Secured Creditors in connection therewith;
- (ee) **Books and Records.** All books and records of each of the Corporate Credit Parties have been fully, properly and accurately kept and completed in accordance with GAAP, where applicable, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein. The books and records and other data and information of the Corporate Credit Parties are available to such Corporate Credit Party in the ordinary course of its business;
- (ff) **Tax Liability.** (i) Each of the Credit Parties has filed all tax and information returns which are required to be filed under Applicable Law; (ii) each of the Credit Parties has paid all Taxes which have become due pursuant to such returns or pursuant to any assessment received by any of them other than those, in respect of which liability based on such returns is being contested in good faith and by appropriate proceedings where adequate reserves have been established in accordance with GAAP and all Taxes that any Governmental Authority is currently entitled to collect in respect of such contest, if any, have been paid; (iii) adequate provision for payment has been made for Taxes not yet due; and (iv) there are no disputes with respect to Taxes existing or pending involving any of the Credit Parties or the Business which could reasonably be expected to have a Material Adverse Effect. There is no material tax liability to any Credit Party that will arise as a result of the Acquisition and the completion thereof;

(gg) **Corporate Structure.** At the date of this Agreement:

- (i) The sole shareholder of the Borrower is Michael Williams. There are no Subsidiaries of the Borrower; and
- (ii) The Borrower owns no Equity Securities, nor is, directly or indirectly, a member of, or a partner or participant in, any partnership, joint venture or syndicate;

(hh) **Shareholders' Agreements.** None of the Corporate Credit Parties is a party to any unanimous shareholder's or other agreement relating to shares owned by such shareholder;

(ii) **Financial Statements.** The financial statements of each Corporate Credit Party for the Financial Year and the Financial Quarter, as applicable, most recently ended have been prepared in accordance with GAAP consistently applied and each presents fairly:

- (i) the assets, liabilities, (whether accrued, absolute, contingent or otherwise) and financial position of such Corporate Credit Party as at the respective dates of the relevant statements; and
- (ii) the sales and earnings of such Corporate Credit Party during the periods covered by such statements,

and since the last day of the most recently completed Financial Year or the most recently completed Financial Quarter, as applicable, there has been no material adverse change in the financial condition, operations, business, management, prospects or assets of the Borrower on a consolidated basis from that set forth in such financial statements as at such date;

(jj) **Financial Year.** The Financial Year of the Borrower ends on June 30 of each calendar year;

(kk) **Debt.** None of the Corporate Credit Parties has any Debt except as permitted by Section 6.2(a). There exists no default under the provisions of any instrument evidencing such Debt, or any agreement relating thereto;

(ll) **Solvency.** Each Credit Party is Solvent. After giving effect to the transactions contemplated by this Agreement and the Acquisition Agreement, (i) the aggregate assets (after giving effect to amounts that could reasonably be received by reason of indemnity, offset, insurance or any similar arrangement), at a fair valuation, of the Corporate Credit Parties, taken as a whole, will exceed the aggregate Debt of the Corporate Credit Parties on a consolidated basis, as the Debt becomes absolute and matures, (ii) the Corporate Credit Parties, taken as a whole, will not have incurred or intended to incur, and will not believe that it will incur, Debt beyond its ability to pay such Debt (after taking into account the timing and amounts of cash to be received by each of the Corporate Credit

Parties and the amounts to be payable on or in respect of its liabilities, and giving effect to amounts that could reasonably be received by reason of indemnity, offset, insurance or any similar arrangement) as such Debt becomes absolute and matures and (iii) the Corporate Credit Parties, taken as a whole, will not have (and will have no reason to believe that it will have thereafter) unreasonably small capital for the conduct of their business;

- (mm) **Security.** Each of the Security Documents to which a Credit Party is a party is effective to create in favour of the Agent for the benefit of the Secured Creditors, legal, valid and perfected first priority Liens in the Assets of such Credit Party which are subject thereto and subject to such Liens under such Security Documents (subject only to Permitted Liens which rank by law in priority), enforceable in accordance with its terms against third parties and any trustee in bankruptcy in the Assets of such Credit Party, except to the extent a secured creditor's rights are affected or limited by applicable bankruptcy, insolvency, moratorium, organization and other Applicable Law of general application limiting the enforcement of secured creditors' rights generally;
- (nn) **Restrictions on Liens.** No Credit Party is a party to any Material Agreement or arrangement (other than Permitted Liens, (i) customary anti-assignment provisions contained in leases, licenses and other agreements entered into in the ordinary course of business, (ii) customary provisions contained in any agreement that has been entered into in connection with a disposition of Assets permitted under Section 6.2(h), and (iii) customary provisions in joint venture and similar agreements that restrict the transfer of assets of, or Equity Securities in, joint ventures), or subject to any order, judgment, writ or decree, which either restricts or purports to restrict its ability to grant Liens to the Agent and the Lenders on or in respect of the Collateral to secure the Obligations.
- (oo) **No Litigation.** There is no action, suit, arbitration or proceeding pending, taken or to the knowledge of the Credit Parties, threatened, before or by any Governmental Authority or arbitrator or by or against any elected or appointed public official or private person in Canada or elsewhere, which (i) challenges, or to the knowledge of the Credit Parties, has been proposed which could reasonably be expected to challenge, the validity or propriety of the transactions contemplated under the Credit Documents or the documents, instruments and agreements executed or delivered in connection therewith or related thereto, (ii) relates to any of the Collateral, or (iii) could reasonably be expected to have a Material Adverse Effect;

- (pp) **Schedule Disclosure.** At the date of this Agreement Schedule 5.1(pp) is a list of all addresses at which each of the Corporate Credit Parties (i) have their respective chief executive office, head office, registered office and principal place of business, (ii) carry on business, (iii) store any tangible personal property (except for goods in transit in the ordinary course of business), together with a list of all jurisdictions in which each of the Corporate Credit Parties has any obligors or customers;
- (qq) **No Default or Event of Default.** No Default or Event of Default has occurred which has not been either remedied to the satisfaction of the applicable Secured Creditors or expressly waived by the applicable Secured Creditors in writing in accordance herewith;
- (rr) **Acquisition.** The Acquisition Agreement contains all the material terms of the Acquisition. There is no disclosure made to the Acquisition Agreement which has or may have a Material Adverse Effect on any of the information, opinions, intentions, forecasts and projections provided to the Lender. To the best of the Borrower's knowledge, no representation or warranty given by any party to the Acquisition Agreement is untrue or misleading in any material respect;
- (ss) **No Breach of Orders, etc.** No Credit Party is in breach of:
- (i) any Authorization or mandatory requirement or directive of any Governmental Authority;
 - (ii) any governmental licence or permit; or
 - (iii) any Applicable Law,
- the breach of which could reasonably be expected to have a Material Adverse Effect;
- (tt) **Anti-Terrorism, Anti-Corruption Laws.** None of the Credit Parties and, to the knowledge of the Credit Parties, none of its other Related Parties (i) is in violation of any applicable Anti-Terrorism Law or Sanction, (ii) deals in, or otherwise engages in any transaction related to, any property or interests in property blocked pursuant to any Anti-Terrorism Law or Sanction, or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law or Sanction. None of the proceeds of the Facility will be used by, on behalf of, or for the benefit of, any Person other than any Credit Party or will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, official of any public international organization, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the *Corruption of Foreign Public Officials Act* (Canada) and any similar laws, rules or regulations issued, administered or enforced by any Governmental Authority

having jurisdiction over any of the Credit Parties. Each Credit Party and each Subsidiary thereof has taken measures appropriate to the circumstances (in any event as required by Applicable Law) to provide reasonable assurance that such Credit Party is and will continue to be in material compliance with applicable anti-corruption laws, rules and regulations; and

- (uu) **Disclosure.** All (i) forecasts and projections supplied by or on behalf of any of the Credit Parties to the Agent and the Lenders were prepared in good faith, adequately disclosed all relevant assumptions and are reasonable, and (ii) other written information supplied to the Agent and the Lenders by or on behalf of any of the Credit Parties (including, without limitation, in connection with the Acquisition) is true and accurate in all material respects and does not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements contained in such written information not misleading in light of the circumstances under which such statements were made. There is no fact peculiar to any Credit Party which could reasonably be expected to have a Material Adverse Effect and which has not been fully disclosed to the Agent and the Lenders. There are no material statements or material conclusions in any Engineering Report which are based upon or include materially misleading information or fail to take into account material information regarding the matters reported therein. No event has occurred which could reasonably be expected to have a Material Adverse Effect since the date of the last financial statements of any of the Credit Parties delivered to the Agent pursuant to Section 6.1(a).

Section 5.2 Survival of Representations and Warranties.

- (1) The representations and warranties in this Agreement and in any certificates or documents delivered to the Agent and the Lenders shall not merge in or be prejudiced by and shall survive the Advance and shall continue in full force and effect so long as any amounts are owing by any Credit Party to the Lenders under this Agreement or any other Credit Document, it being understood that to the extent such representations and warranties relate solely to a specified earlier date they only need to be true and correct as of such date.
- (2) The representations and warranties in Section 5.1 will be deemed to be repeated by the Borrower on the date of delivery of any Notice of Advance by the Borrower, the acceptance by the Borrower of the Advance and the last day of each calendar month, except to the extent that on or prior to such date the Borrower has advised the Agent in writing of a variation in any such representation or warranty, and the Majority Lenders have approved such variation in accordance with Section 10.1. Notwithstanding the foregoing, it is understood that to the extent such representations and warranties relate solely to a specified earlier date they only need to be true and correct as of such date.

ARTICLE 6 COVENANTS

Section 6.1 Affirmative Covenants

So long as any amount owing under this Agreement remains unpaid or any Secured Creditor has any obligation under this Agreement, and unless consent is given in accordance with Section 10.1, the Borrower and each other Credit Party (other than the Individual Guarantors, except where otherwise specified) shall:

- (a) **Reporting.** Deliver to the Agent (with sufficient copies for each of the Lenders), in each case, in form and substance satisfactory to the Agent:
 - (i) copies of any pertinent communications, reports, letters, notices, correspondence or writings received from or sent to its independent auditors, whether in connection with an ongoing audit or otherwise;
 - (ii) as soon as practicable, and in any event within three days after the occurrence of each Default or Event of Default, a statement signed by a Key Officer acceptable to the Agent setting forth the details of the Default or Event of Default and the action which the Borrower or such other Credit Party proposes to take or has taken;
 - (iii) from time to time upon request of the Agent, and in any event at least annually, evidence of (A) the maintenance of all insurance required to be maintained pursuant to this Agreement, including originals or copies as the Agent may request of policies, certificates of insurance, riders, endorsements and proof of premium payments, and (B) the good standing of all Authorizations material to any such Corporate Credit Party;
 - (iv) from time to time upon request of the Agent copies of all notices, reports and other documents sent to shareholders and directors of such Corporate Credit Parties;
 - (v) promptly upon becoming aware thereof, a notice of (A) the threat of, or commencement of, any strike or lockout; (B) any work stoppage or other labour dispute in respect of the operations of such Corporate Credit Party; (C) any breach or non-performance of, or any default of such Corporate Credit Party under any material provision of the Existing TEC Financing (Judy Creek), the Existing TEC Credit Agreement (Redwater) the Existing TEC Financing (Swan Hills) or any other Material Agreement of such Corporate Credit Party; (D) any dispute, litigation, investigation, proceeding or suspension between such Corporate Credit Party and any Governmental Authority; (E) the threat of, commencement of, or any material adverse development in, any action, suit, arbitration, investigation or other proceeding affecting such Credit Party; (F) any claim, action, suit, litigation, arbitration or investigation which is threatened or pending against any Credit Party or any Person in respect

of the Acquisition Agreement; and (G) any other matter to the extent that the same has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

- (vi) promptly after the furnishing thereof, copies of any financial statement, material report or material notice furnished to or by any Person pursuant to the terms of the Existing TEC Financing (Judy Creek), the Existing TEC Credit Agreement (Redwater) or the Existing TEC Financing (Swan Hills), any preferred stock designation, indenture, loan or credit or other similar agreement, other than this Agreement and not otherwise required to be furnished to the Secured Creditors hereunder;
 - (vii) such other material information respecting the condition or operations, financial or otherwise, of the Business or such Credit Party as the Agent, on behalf of the Lenders, may from time to time reasonably request, including without limitation, in the event that either the Existing TEC Credit Agreement (Judy Creek), the Existing TEC Credit Agreement (Redwater) or the Existing TEC Credit Agreement (Swan Hills) are terminated in accordance with their terms, the Agent may, in its sole discretion amend, expand or change the reporting requirements hereunder upon written notice to the Borrower; and
 - (viii) promptly upon becoming aware thereof, notice of any information it receives with regard to any type or item of Collateral which might have in any way a Material Adverse Effect on the value of the Collateral as a whole or the rights and remedies of the Secured Creditors with respect thereto;
- (b) **Payments.** The Borrower shall duly and punctually pay or cause to be paid to the Agent and the Lenders all principal, interest, fees and other amounts payable hereunder and under the Credit Documents on the dates, at the places, and in the amounts and manner set forth in such documents;
 - (c) **Corporate Existence.** Except as otherwise permitted in this Agreement, each Corporate Credit Party shall preserve and maintain its corporate existence;
 - (d) **Permitted Uses.** The Borrower shall use the proceeds of the Advance hereunder only for the purposes permitted pursuant to Section 2.3;
 - (e) **Compliance with Applicable Law, etc.** Each of the Credit Parties shall comply in all material respects with the requirements of all Applicable Law. Each of the Credit Parties shall obtain and maintain all Authorizations necessary to the ownership of its property and to the conduct of its business in each jurisdiction where it carries on material business or owns material property, including those issued or granted by Governmental Authorities, except to the extent failure to do so could not reasonably be expected to have a Material Adverse Effect;

- (f) **Environmental Investigations.** Each of the Corporate Credit Parties shall, promptly, if the Agent has a good faith concern that a discharge of a Contaminant has occurred or a condition exists on any of the Subject Properties that could have a Material Adverse Effect, cause to be conducted such environmental investigations (including, without limitation, environmental site assessments and environmental compliance reviews) as are reasonably required by the Agent, on the basis of a duly qualified environmental consultant approved by the Agent, and remedy any condition or non-compliance with Environmental Laws revealed by any such investigation, provided that, in the case of any of the Leased Properties, such Corporate Credit Party shall have no obligation to carry out such environmental investigations if such discharge or such existing conditions exists, other than by reason of any action or omission of any Corporate Credit Party. The reasonable costs of such investigations 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 any Corporate Credit Party is in breach, or with the passage of time will be in breach, of any Environmental Laws 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 Credit Documents, the Borrower will 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 Lenders 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 applicable Corporate Credit Party's compliance with this Section 6.1(f);
- (g) **Maintenance of Subject Properties.** Each of the Corporate Credit Parties shall (i) maintain, preserve and protect the Subject Properties, including the Buildings and Fixtures, Wells and Equipment necessary in the operation of its business, in good working order and condition, taking into consideration the character, age and use thereof, ordinary wear and tear excepted; (ii) make all necessary repairs, renewals, replacements, additions and improvements to the Subject Properties, Wells and Equipment, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect; (iii) use the standard of care typical in the industry of the Corporate Credit Parties in the operation and maintenance of its facilities, Wells, Subject Properties, Equipment, and P&NG Rights; (iv) preserve or renew all of its registered patents, trademarks, trade names and service marks (including licenses thereof), except to the extent that failure to do so could not reasonably be expected to result in a Material Adverse Effect; (v) maintain good and valid title to its Assets; and (vi) do all things necessary to defend, protect and maintain its Assets and the Security Documents (and the priority thereof) 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 Documents as herein provided, or would reasonably be

expected to have a Material Adverse Effect. Each of the Corporate Credit Parties shall maintain the Equipment in good repair and working order and in a manner consistent with industry practice;

- (h) **Operation of Properties.** Each Corporate Credit Party will operate its respective property, or, if it is not the operator, use reasonable efforts to ensure that such property is operated, in accordance with sound industry practice and in accordance in all respects with Applicable Law;
- (i) **Material Agreements.** Each Credit Party shall perform and observe, in all material respects, all terms and provisions of, and make all payments accruing under, each Material Agreement (including those relating to the P&NG Rights) to which it is a party to be performed or observed by such Credit Party and maintain each such Material Agreement in full force and effect in accordance with its terms;
- (j) **Payment of Taxes and Claims.** In the case of each of the Credit Parties (including for an avoidance of doubt, the Individual Guarantors), pay or cause to be paid when due, (i) all Taxes imposed upon such Credit Party or upon its income, sales, capital or profit or any other Assets belonging to it before the same becomes delinquent or in default, and (ii) all claims which, if unpaid, might by Applicable Law become a Lien upon the Assets of such Credit Party, except any such Tax which is being contested in good faith and by proper proceedings and in respect of which the Credit Party has established adequate reserves in accordance with GAAP or which are Permitted Liens;
- (k) **Payment of Royalties and other Preferred Claims.** Each of the Credit Parties shall pay or cause to be paid all royalties, overriding royalties, rents, rates, levies or assessments, ordinary or extraordinary, governmental fees or dues, and to make and remit all withholdings, lawfully levied, assessed or imposed upon any Credit Party or any of the Assets of any Credit Party, as and when the same become due and payable. Each of the Credit Parties shall also pay when due all amounts related to wages, workers' compensation obligations, pension fund obligations and any other amount which would or would reasonably be expected to result in a Lien against the Assets of such Credit Party;
- (l) **Keeping of Books.** Each of the Corporate Credit Parties which is engaged in the Business shall keep (i) proper books of record and account, in which full and correct entries shall be made, in all material respects, in respect of the Business, in accordance with GAAP, and (ii) books and records pertaining to its Collateral in such detail, form and scope as the Agent reasonably requires;
- (m) **Visitation and Inspection.** At any commercially reasonable time or times, and as often as reasonably requested, at the sole expense of the Borrower, each of the Corporate Credit Parties shall permit each Lender and the Agent to (i) visit its properties, (ii) examine, audit and make extracts from and copies of such financial records, and (iii) discuss with its respective directors, partners, Key Officers, officers, supplier, customer and independent auditors its respective

businesses, assets, liabilities, financial positions, results of operations, and business prospects, at all reasonable times during normal business hours and with reasonable advance notice;

- (n) **Maintenance of Insurance.** Each of the Corporate Credit Parties shall maintain with financially sound and reputable insurance companies not Affiliates of any Corporate Credit Party, in respect of such Corporate Credit Party, and at all times, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, including but not limited to, commercial property insurance, all risks property damage, commercial general liability, worker's compensation, business interruption and other insurance, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons. The policies or certificates of insurance evidencing such insurance coverage must show the Agent as additional insured on behalf of the Secured Creditors (in the case of liability insurance) and first loss payee under a mortgage clause in a form acceptable to the Agent in respect of the Redwater Plant Assets. The policies for such insurance shall provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after receipt by the Agent of written notice thereof;
- (o) **Anti-Terrorism Laws.** Each of the Credit Parties shall promptly provide all information with respect to such Credit Party, its respective directors, authorized signing officers, direct or indirect shareholders or other Persons in control of such Credit Party, including supporting documentation and other evidence, as may be reasonably requested by the Agent or a Lender or any prospective assignee or participant of the Agent or a Lender, in order to comply with any applicable Anti-Terrorism Laws or such other applicable "know your client" laws and requirements, whether now or hereafter existence;
- (p) **Acquisition Agreement.** The Borrower shall promptly pay or cause to be paid all amounts payable by the Borrower under the Acquisition Agreement as and when they become due. The Borrower shall (and the Borrower will ensure that each Credit Party will) take all reasonable and practical steps to preserve and enforce its rights (or the rights of any other Credit Party) and pursue any claims and remedies arising under the Acquisition Agreement;
- (q) **Marketing Activities.** None of the Corporate Credit Parties shall engage in marketing activities for any Petroleum Substances or enter into any contracts related thereto other than (i) contracts for the sale of Petroleum Substances scheduled or reasonably estimated to be produced from their proved P&NG Rights during the period of such contract, and (ii) contracts for the purchase and/or sale of Petroleum Substances of third parties (A) which have generally offsetting provisions (i.e., corresponding pricing mechanics, delivery dates and points and volumes) such that no "position" is taken and (B) for which appropriate credit support has been taken to alleviate the material credit risks of the counterparty thereto;

- (r) **Board Observer.** So long as any Obligations remain outstanding, the Agent shall be entitled to appoint one board observer to the Board of Directors (or equivalent governing body) of the Borrower and any committees or sub-committees thereof (including the audit, finance or any other committees or sub-committees). The Borrower shall provide to such board observers (i) notice of any in-person, teleconference or other meeting of the Borrower's board of directors (or equivalent governing body) and/or any committees or sub-committees thereof, and (ii) copies of all communications between the Borrower and the Borrower's Board of Directors (or equivalent governing body) and/or any committees or sub-committees thereof, in each case concurrently with the delivery thereof to such Board of Directors (or equivalent governing body), committee or sub-committee. The Borrower shall reimburse any board observers for all reasonable out-of-pocket costs and expenses incurred in connection with this Section 6.1(r). In addition to the foregoing, if requested by the Agent, the Borrower shall take, or shall cause to be taken, all necessary action to ensure that the Agent is entitled, at the Agent's option, to appoint in lieu of a board observer a member of the Borrower's Board of Directors so long as any Obligations remain outstanding. If the Borrower's equity is listed on a securities exchange that requires a majority of its directors to be independent, the board designee of the Agent pursuant to this Section 6.1(r) shall be an independent director (as that term is defined by the rules of the applicable stock exchange);
- (s) **Subsequent Security.** Each Corporate Credit Party shall, concurrently upon the repayment in full and cancellation of the Existing TEC Financing (Judy Creek), the Existing TEC Credit Agreement (Redwater) and Existing TEC Financing (Swan Hills), obtain: (a) duly executed Blocked Account Agreements in respect of the Bank Accounts of each of the Blocked Account Credit Parties from each of the applicable deposit banks in respect of such Bank Accounts and the applicable Blocked Account Credit Parties; and (b) a life insurance policy taken on the life of Michael Williams in the amount of not less than \$2,000,000, naming the Agent as named insured and first loss payee and thereafter the Borrower shall maintain such policy at all times with a responsible insurance carrier showing the Agent as additional insured on behalf of the Secured Creditors and first loss payee. The policy shall provide that no cancellation shall be effective until at least 30 days after receipt by the Agent of written notice thereof, and no Credit Party shall amend or modify the policy without the prior consent of the Agent; and
- (t) **Further Assurances.** At the cost and expense of the Borrower, upon request of the Agent, each Credit Party shall execute and deliver or cause to be executed and delivered to the Agent such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the Agent to carry out more effectually the provisions and purposes of the Credit Documents.

Section 6.2 Negative Covenants.

So long as any amount owing under this Agreement remains unpaid or any Lender has any obligation under this Agreement and, unless consent is given in accordance with

Section 10.1, the Borrower and each other Credit Party (other than the Individual Guarantors, except where otherwise specified) shall not:

- (a) **Debt.** Create, incur, assume or suffer to exist any Debt except:
 - (i) Debt of the Borrower to the Lenders under the Credit Documents;
 - (ii) Guarantees by the Credit Parties in favour of the Agent and the Lenders pursuant to the Credit Documents;
 - (iii) Debt existing on the date hereof and disclosed on Schedule 6.2(a)(iii) to the extent such Debt conforms to its description on Schedule 6.2(a)(iii) and provided that, upon the request of the Agent, the Borrower shall use commercially reasonable efforts to cause the creditor under any such Debt to enter into intercreditor or subordination arrangements satisfactory to the Agent;
 - (iv) Debt under Capital Leases (including a sale-leaseback agreement) and under purchase money security interest financings, in each case approved by the Agent;
 - (v) Debt associated with (A) worker's compensation claims, performance, bid, surety or similar bonds or (B) surety obligations required by a Governmental Authority in connection with the operation of the P&NG Rights;
 - (vi) Debt under the Existing TEC Financing (Judy Creek);
 - (vii) Debt under the Existing TEC Credit Agreement (Redwater);
 - (viii) Debt under the Existing TEC Financing (Swan Hills);
 - (ix) *bona fide* trade payables in the ordinary course of business; and
 - (x) Guarantees in form and content satisfactory to the Agent, in its sole discretion, dated on or about the date hereof by ACHL in favour of the Royal Bank of Canada in respect of the credit facilities granted to Redwater Water Disposal Company Limited;
- (b) **Treatment of Agent and Lenders.** Engage, except as required by Applicable Law, in any conduct that would result in the Agent or the Lenders receiving proportionally less payments or less favourable treatment than it would otherwise be entitled to hereunder or under the Credit Documents;
- (c) **Liens.** Create, incur, assume or suffer to exist, any Lien on any Assets of such Credit Party, except Permitted Liens;
- (d) **Mergers, Etc.** Enter into any reorganization, consolidation, amalgamation, arrangement, winding-up, merger or other similar transaction, except for an

amalgamation of certain of the Corporate Credit Parties which has been disclosed to the Agent in writing at least thirty days prior to such amalgamation becoming effective;

- (e) **Dissolution, Etc.** Liquidate, dissolve or wind up or take any steps or proceedings in connection therewith except, in the case of a Corporate Credit Party, where the successor thereto or transferee thereof is the Borrower or another Corporate Credit Party;
- (f) **Hedging.** Enter into any exchange rate swap contract, interest rate swap contract, commodity swap contract or any other hedging agreement or derivative agreement or similar agreement or arrangement, except for any commodity hedges required to be entered into under this Agreement. No Corporate Credit Party shall terminate, restructure or unwind any commodity hedges (other than the termination on the scheduled maturity date thereof);
- (g) **Financial Assistance.** Provide any Financial Assistance to any Person (other than another Corporate Credit Party);
- (h) **Disposal of Assets Generally.** Sell, assign, convey, exchange, lease, release or abandon or otherwise dispose of, any assets or properties (including sale-leaseback transactions) to any Person other than pursuant to the ACHL Capital Lease;
- (i) **Transactions with Related Parties.** Other than the ACHL Capital Lease, directly or indirectly, enter into any agreement with, make any financial accommodation for, or otherwise enter into any transaction with, a Related Party except in the ordinary course of, and pursuant to the reasonable requirements of, business and at prices and on terms not less favourable to the Borrower or the Credit Party, as the case may be, than could be obtained in a comparable arm's length transaction with another Person, including entering into or assuming any employment, consulting or analogous agreement or arrangement with any of its or their directors or senior or executive officers or senior management;
- (j) **Change in Management, Financial Reporting, Etc.** Make any change in (i) senior management of any Corporate Credit Party, (ii) the compensation arrangements of any Key Officer, or (iii) the capital structure of any Corporate Credit Party;
- (k) **Nature of Business.** Engage in any business other than the Business and such other lines of business as may be reasonably related or complementary thereto.
- (l) **Share Capital.** Issue any Equity Securities except: (i) to a Corporate Credit Party provided that all such Equity Securities shall be pledged to, and certificates representing the same together with stock transfer powers duly executed in blank have been delivered to, the Agent pursuant to Section 6.1(w). No Corporate Credit Party shall permit or facilitate the transfer of any Equity Securities issued by such Corporate Credit Party without the prior written consent of the Agent, which shall not be unreasonably withheld;

- (m) **New Subsidiaries.** Form or acquire any new Subsidiaries, or acquire Equity Securities in any entity other than a Corporate Credit Party;
- (n) **Distributions.** Declare, make or pay any Distributions except (i) the payment of salaries, fees or incentive plan payments to officers, directors or employees of any Credit Party in their capacity as such pursuant to existing agreements which are satisfactory to the Agent, in its sole discretion, (ii) dividends paid by any Subsidiary of the Borrower to the Borrower with respect to their Equity Securities, (iii) Distributions made by a Corporate Credit Party pursuant to and in accordance with stock option plans or other benefit plans for management or employees, acceptable to the Agent;
- (o) **Investments.** Make any Investment in any Person or otherwise acquire (in one or a series of related transactions) any part of the property (whether tangible or intangible) of any Person (or agree to do any of the foregoing at any future time) other than:
 - (i) accounts receivable arising in the ordinary course of business;
 - (ii) purchases and other acquisitions of Goods and intangible property in the ordinary course of business;
 - (iii) investment in Cash Equivalents; and
 - (iv) leases of real property in the ordinary course of business,provided that, in each case, any property acquired thereby shall be subject to perfected or registered first priority Liens in favour of the Agent for the benefit of the Secured Creditors free and clear of all Liens other than Permitted Liens;
- (p) **Pension Plans and Collective Bargaining Agreements.** Enter into any Pension Plans or collective bargaining agreements;
- (q) **Anti-Hoarding.** Subject to Section 6.1(s), accumulate or maintain cash or Cash Equivalents in one or more accounts (including, for certainty, any depository, investment or securities account) maintained by the Borrower or any Corporate Credit Party in an amount, in the aggregate, greater than \$5,000,000.00 (or the Equivalent Amount in any other currency);
- (r) **Financial Year.** Change its Financial Year;
- (s) **Amendments.**
 - (i) Make or permit to be made any amendments or other modifications to any Material Agreement (including, without limitation, the Existing TEC Credit Agreement (Judy Creek), the Existing TEC Credit Agreement (Redwater), the Existing TEC Credit Agreement (Swan Hills) and the ACHL Capital Lease) or terminate, cancel or surrender any Material

Agreement or any provision thereunder (including, without limitation, the Existing TEC Credit Agreement (Judy Creek), the Existing TEC Credit Agreement (Redwater), the Existing TEC Credit Agreement (Swan Hills) and the ACHL Capital Lease) to which it is a party if such amendments could reasonably be expected to have a Material Adverse Effect or to be adverse to the interests of the Lenders under the Credit Documents;

- (ii) (A) Amend or change any of its articles, by-laws or other constating documents or (B) enter into any agreement with respect to its Equity Securities restricting transfer of the same or otherwise adverse to the interests of the Lenders under the Credit Documents;
- (t) **Agreements.** Enter into any agreement or other arrangement that could reasonably be expected to have a Material Adverse Effect on or to be adverse to the interests of the Agent or the Lenders under the Credit Documents;
- (u) **No Speculation.** No Swap Agreement shall be entered into for speculative purposes.
- (v) **Restrictive Agreements.** Directly or indirectly enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (i) the ability of any Credit Party to create, incur or permit to exist any Lien upon any of its Assets; (ii) the ability of any Credit Party to pay dividends or other distributions with respect to any Equity Securities or with respect to, or measured by, its profits or to make or repay loans or advances to any Credit Party or to provide a guarantee of any Debt of any Credit Party; or (iii) the ability of any Credit Party to sell, lease or transfer any of its Assets to any other Credit Party; in each case, except: (w) restrictions and conditions contained in the Credit Documents; (y) customary provisions in leases and other ordinary course contracts restricting the assignment, sub-letting or pledge thereof;
- (w) **Compromise of Accounts.** Compromise or adjust any of its accounts (as defined in the PPSA) or any other claims or receivables owing to it (or extend the time for payment thereof) or grant any discounts, allowances or credits;
- (x) **Sale or Discount of Receivables.** Except for accounts obtained by any Corporate Credit Party out of the ordinary course of business or the settlement of joint interest billing accounts in the ordinary course of business or discounts granted to settle collection of accounts or the sale of defaulted accounts arising in the ordinary course of business in connection with the compromise or collection thereof and not in connection with any financing transaction, no Corporate Credit Party shall discount or sell (with or without recourse) any of its notes receivable or accounts;
- (y) **Reserves.** Permit the "PDP Reserves" with respect to "Proven Reserves" as evaluated in the most recently delivered "Engineering Report", minus (ii) the aggregate "Obligations", to be equal to less than \$50,000,000. All capitalized terms used in quotation marks in this paragraph have the definitions ascribed to

them in the Existing TEC Credit Agreement (Redwater), a copy of which each Credit Party acknowledges having received and reviewed in advance of the date hereof;

- (z) **Contaminants, etc.** Permit any asbestos, asbestos-containing materials, PCBs, radioactive substances or any other Contaminants which could be the subject of a clean-up order to be located in, on, at, under or about any Subject Property, except in respect of a Leased Property if any such Contaminants were not located thereon by a Credit Party. Permit any underground storage systems to be located or installed at any Subject Property, except in the case of a Leased Property if any such storage systems were not located or installed thereon by such Credit Party; or
- (aa) **Bank Accounts, Securities Accounts.** Permit any Bank Account or securities account to exist or be established unless (i) in the case of the Blocked Account Credit Parties, such Bank Account is a Blocked Account or such securities account is subject to a control agreement, as applicable, in favour of, and satisfactory in form and substance to, the Agent; and (ii) the Agent has viewing rights by way of electronic access to such Bank Account or securities account only if it is a Blocked Account or subject to a control agreement, as applicable, including the transactions and balances with respect to such Bank Account or securities account, as applicable.

Section 6.3 Security Covenants.

So long as any amount owing under this Agreement remains unpaid or any Lender has any obligation under this Agreement, and unless consent is given in accordance with Section 10.1, the Borrower and each other Credit Party (other than the Individual Guarantors) shall:

- (a) **Status of Accounts Receivables, Collateral.** With respect to the Collateral (i) promptly notify the Agent if any accounts in excess of \$500,000.00 arises out of contracts with any Governmental Authority, and execute, or cause any applicable Credit Party to execute, any instruments and take, or cause any applicable Credit Party to take, any steps required by the Agent in order that all moneys due or to become due under the contract are assigned to the Agent and notice of such assignment be given to the Governmental Authority, (ii) report promptly to the Agent any matters materially adversely affecting the value, enforceability or collectability of the Collateral, taken as a whole, (iii) if any amount payable under or in connection with any accounts in excess of \$1,000,000.00 (or the Equivalent Amount in any other currency) is evidenced by a promissory note or other instrument, notify the Agent in writing and, upon the request of the Agent, forthwith pledge, endorse, assign and deliver, or cause any applicable Credit Party to pledge, endorse, assign and deliver, to the Agent the promissory note or instrument, as additional Collateral, and (iv) notify the Agent in writing of any agreement under which any terms of sale or service (written or oral) which are materially different from normal operating procedures may have been or will be granted;

- (b) **Business Outside Certain Jurisdictions.** (i) Obtain the written consent of the Agent in respect of (A) any proposed change in the location of (w) any place of business of such Credit Party, (x) the chief executive office, registered office, principal place of business or head office of such Credit Party, and (y) any place where tangible Assets of such Credit Party are stored, and (B) any proposed change in the name (including the adoption of a French form of name) of such Credit Party, and (ii) promptly notify the Agent of any change in the name, address, contact details or terms affecting any material obligor or customer of such Credit Party; and
- (c) **Perfection and Protection of Security Interest.** Promptly file and perfect any Security that requires filing in order to perfect; and promptly cure or cause to be cured any defects in the execution and delivery of any of the Credit Documents by a Credit Party or any defects in the validity or enforceability of any of the Security relating to a Credit Party and at its expense, execute and deliver or cause to be executed and delivered, all such agreements, instruments and other documents (including the filing of any financing statements or financing change statements) as the Agent may consider necessary or desirable to protect or otherwise perfect the Security including without limitation any specific registrations with respect to Assets of the Credit Parties.

ARTICLE 7 CHANGES IN CIRCUMSTANCES

Section 7.1 **Increased Costs.**

(1) If any Change in Law shall:

- (a) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;
- (b) subject any Lender to any Tax of any kind whatsoever with respect to this Agreement or the Advance made by it or any participation by it in such Advance, or change the basis of taxation of payments to such Lender in respect thereof, except for Indemnified Taxes or Other Taxes for which a payment has been made by a Credit Party pursuant to Section 7.2 and the imposition, or any change in the rate, of any Excluded Taxes payable by such Lender; or
- (c) impose on any Lender or any applicable interbank market any other condition, cost or expense affecting this Agreement or the rateable portion of the Advance made by such Lender or in which such Lender has a participation interest;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, maintaining, issuing or participating in the Advance (or of maintaining its obligation to make, issue or participate in the Advance), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount), then upon request of such Lender the Borrower will pay to such

Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

- (2) If any Lender reasonably determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitment of such Lender or the Advance made by, issued, or participated in by such Lender, to a level below that which such Lender or its holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of its holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or its holding company for any such reduction suffered.
- (3) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in Section 7.1(1) or Section 7.1(2), including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be prima facie evidence of such amount or amounts. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.
- (4) Failure or delay on the part of any Lender to demand compensation pursuant to this Section 7.1 shall not constitute a waiver of such Lender's right to demand such compensation, except that the Borrower shall not be required to compensate a Lender pursuant to this Section 7.1 for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor, unless the Change in Law giving rise to such increased costs or reductions is retroactive, in which case the nine-month period referred to above shall be extended to include the period of retroactive effect thereof.
- (5) The provisions of this Section 7.1 shall survive the termination of this Agreement and the repayment of the Facility.

Section 7.2 Taxes.

- (1) If any Credit Party, the Agent, any Lender or any other recipient is required by Applicable Law to deduct or pay any Indemnified Taxes (including any Other Taxes) in respect of any payment by or on account of any obligation of any Credit Party hereunder or under any other Credit Document, then (a) the sum payable shall be increased by the applicable Credit Party when payable as necessary so that after making or allowing for all required deductions and payments for Indemnified Taxes (including deductions and payments applicable to additional sums payable under this Section 7.2), the Agent, any Lender or other recipient, as the case may be, receives an amount equal to the sum it would have received had no such deductions or payments for Indemnified Taxes been required, (b) the applicable Credit Party shall make any such deductions required to be made by it under Applicable Law and (c) the applicable

Credit Party shall timely pay the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.

- (2) Without limiting the provisions of Section 7.2(1) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.
- (3) Each Credit Party, on a joint and several basis, shall indemnify the Agent, each Lender and any other recipient of a payment by or on account of any obligation of the Credit Parties hereunder or under any other Credit Document, within 30 days after demand therefor, which the Agent or such Lender shall make as soon as practical after it has determined that it is entitled to indemnification, for the full amount of any such Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid or payable by the Agent, Lender or recipient and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by such Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be prima facie evidence of such amount or amounts.
- (4) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Credit Party to a Governmental Authority, such Credit Party shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.
- (5) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which a Credit Party is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Credit Document shall, at the request of such Credit Party, deliver to such Credit Party (with a copy to the Agent), at the time or times prescribed by Applicable Law or reasonably requested by such Credit Party or the Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by a Credit Party or the Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by such Credit Party or the Agent as will enable such Credit Parties or the Agent to determine whether or not such Lender is subject to withholding or information reporting requirements.
- (6) If the Agent or any Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by a Credit Party or with respect to which a Credit Party has paid additional amounts pursuant to this Section 7.2, it shall pay over to such Credit Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Credit Party under this Section 7.2 with respect to

the Indemnified Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including Taxes) of the Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that such Credit Party, upon the request of the Agent or such Lender, shall repay the amount paid over to such Credit Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Agent or such Lender in the event the Agent or such Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 7.2(6), in no event will the Agent or such Lender be required to pay any amount to a Credit Party pursuant to this Section 7.2(6) the payment of which would place the Agent or such Lender in a less favorable net after-Tax position than the Agent or such Lender would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require the Agent or any Lender to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to any Credit Party or any other Person.

- (7) If a payment made to a Lender under any Credit Document would be subject to United States 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 Internal Revenue Code of 1986, as in effect from time to time, as applicable), such Lender shall deliver to Borrower and Agent at the time or times prescribed by law and at such time or times reasonably requested by Borrower or Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code of 1986, as in effect from time to time) and such additional documentation reasonably requested by Borrower or Agent as may be necessary for Borrower and Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for the purposes of this Section 7.2(7), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.
- (8) The provisions of this Section 7.2 shall survive the termination of this Agreement and the repayment of the Facility.

Section 7.3 Illegality.

If any Lender reasonably determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to make, maintain, issue or participate in the Facility, or to determine or charge interest rates based upon any particular rate, then, on notice thereof by such Lender to the Borrower through the Agent, any obligation of such Lender with respect to the activity that is unlawful shall be suspended until such Lender notifies the Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Agent), prepay the Facility or take any necessary steps with respect to the Facility, which are within its reasonable control, in order to avoid the activity that is unlawful. Upon any such prepayment, the Borrower shall

also pay accrued interest on the amount so prepaid and any applicable breakage costs and amounts as a result of prepayment to a Lender. Each Lender agrees to designate a different lending office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

ARTICLE 8 EVENTS OF DEFAULT

Section 8.1 Events of Default.

The occurrence of any one or more of the following events shall constitute an event of default under this Agreement (an "Event of Default"):

- (a) the Borrower fails to pay any amount of the Advance Outstanding when such amount becomes due and payable;
- (b) the Borrower fails to pay any Interest Charges, Fees or other Obligations payable hereunder when they become due and payable;
- (c) the Borrower fails to pay legal and advisor fees of the Agent and the Lenders within five (5) Business Days of being invoiced therefor;
- (d) any representation or warranty or certification made or deemed to be made by a Credit Party or any of their respective directors or officers in any Credit Document shall prove to have been incorrect in any material respect when made or deemed to be made;
- (e) a Credit Party fails to perform, observe or comply with any other term, covenant or agreement contained in this Agreement or any other Credit Document to which it is a party;
- (f) any of the Credit Parties fails to pay the principal of, or premium or interest or other amount on, any of its Debt (excluding Debt under this Agreement) which is outstanding in an aggregate principal amount exceeding \$200,000.00 (or the Equivalent Amount in another currency) when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to the Debt; or any other event occurs or condition exists and continues after the applicable grace period, if any, specified in any agreement or instrument relating to any such, if its effect is to accelerate, or permit the acceleration of the Debt; or any such Debt shall be declared to be due and payable prior to its stated maturity;
- (g) any Credit Party fails to perform or observe any term, covenant or agreement contained in any Material Agreement or Swap Agreement on its part to be performed or observed where such failure could reasonably be expected to have a Material Adverse Effect; or any Material Agreement is terminated or revoked or permitted to lapse (other than in accordance with its terms and not as a result of default);

- (h) any Credit Party repudiates its obligations under any Credit Document or claims any of the Credit Documents to be invalid or withdrawn in whole or in part;
- (i) any one or more of the Credit Documents or any material provision thereof ceases to be, or is determined by a court of competent jurisdiction not to be, a legal, valid and binding obligation of any Credit Party which is a party thereto, enforceable by the Agent and the Lenders or any of them against such Credit Party;
- (j) any of the Security at any time does not constitute a valid and perfected first priority Lien on any of the Redwater Plant Assets and a valid and perfect second priority Lien on all other material Collateral thereunder or any material Assets intended to be Collateral thereunder, subject only to Permitted Liens which rank by law in priority and subject to the provisions of the Intercreditor Agreement;
- (k) any judgment or order for the payment of money in excess of \$200,000.00 (or the Equivalent Amount in another currency) is rendered against any of the Credit Parties, except to the extent fully covered (other than for customary deductibles) by insurance pursuant to which the insurer has not denied coverage, and either (i) enforcement proceedings have been commenced by a creditor upon the judgment or order, or (ii) there is a period of fifteen (15) consecutive days during which a stay of enforcement of the judgment or order, by reason of a pending appeal or otherwise, is not in effect;
- (l) any Credit Party incurs any Environmental Liabilities which are not insured pursuant to an insurance policy maintained by the Borrower and for which it has received insurance proceeds in the amount of such Environmental Liabilities, and which will require expenditures, for any one occurrence, in excess of \$200,000.00 (or the Equivalent Amount in another currency), or aggregating in any Financial Year on a consolidated basis, \$500,000.00 (or the Equivalent Amount in another currency);
- (m) there is a Change of Control;
- (n) any of the Credit Parties (i) becomes insolvent or generally not able to pay its debts as they become due, (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (iii) institutes or has instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding up, administration, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors including any proceeding under applicable corporate law seeking a compromise or arrangement of, or stay of proceedings to enforce, some or all of the debts of such Person, or (z) the entry of an order for relief or the appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its Assets, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a

period of thirty (30) days, such Person fails to diligently and actively oppose such proceeding, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its properties and assets) occurs, or (iv) takes any corporate action to authorize any of the above actions;

- (o) there has occurred an event or development that could, in the sole opinion of the Majority Lenders, reasonably be expected to have a Material Adverse Effect; or
- (p) the audited consolidated financial statements of the Borrower are qualified by an Impermissible Qualification.

Section 8.2 Acceleration.

Upon the occurrence and during the continuance of an Event of Default, the Agent may, and shall at the request of the Majority Lenders, by written notice to the Borrower declare the Facility, all accrued interest and Fees and all other amounts payable under this Agreement to be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided that, upon the occurrence of an Event of Default under Section 8.1(n), the Facility, all accrued interest and Fees and all other amounts payable under this Agreement shall become immediately due and payable, with any presentment, demand, protest or notice of any kind from the Agent or any Lender.

Section 8.3 Remedies upon Default.

- (1) Upon a declaration that the Facility is immediately due and payable pursuant to Section 8.2, the Agent shall at the request of, or may with the consent of, the Majority Lenders, commence such legal action or proceedings as the Majority Lenders, in their sole discretion, deem expedient, including the commencement of enforcement proceedings under the Credit Documents, all without any additional notice, presentation, demand, protest, notice of dishonour, entering into of possession of any property or assets, or any other action or notice, all of which are expressly waived by the Credit Parties.
- (2) The rights and remedies of the Agent and the Lenders under the Credit Documents are cumulative and are in addition to, and not in substitution for, any other rights or remedies. Nothing contained in the Credit Documents with respect to the indebtedness or liability of the Credit Parties to the Secured Creditors, nor any act or omission of the Secured Creditors, or any of them, with respect to the Credit Documents or the Security, provided that such act or omission is not in breach of any term or provision of the Credit Documents, shall in any way prejudice or affect the rights, remedies and powers of the Secured Creditors under the Credit Documents and the Security.

Section 8.4 Right of Set-off.

If a Default or an Event of Default has occurred and is continuing, each of the Lenders and each of their respective Affiliates is hereby authorized at any time and from time to time to set off and apply any and all deposits (general or special, time or demand, provisional or final,

in whatever currency), including amounts in the Blocked Accounts, at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Credit Parties against any and all of the obligations of the Credit Parties now or hereafter existing under this Agreement or any other Credit Document to such Lender, irrespective of whether or not such Lender has made any demand under this Agreement or any other Credit Document and although such obligations of the Credit Parties may be contingent or unmatured. The rights of each of the Lenders and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of set-off, consolidation of accounts and bankers' lien) that the Lenders or their respective Affiliates may have. Each Lender agrees to promptly notify the Borrower and the Agent after any such set-off and application, but the failure to give such notice shall not affect the validity of such set-off and application. If any Affiliate of a Lender exercises any rights under this Section 8.4, it shall share the benefit received in accordance with Section 9.13 as if the benefit had been received by the Lender of which it is an Affiliate.

Section 8.5 Application of Cash Proceeds of Realization.

- (1) All Proceeds of Realization not in the form of cash shall be forthwith delivered to the Agent and disposed of, or realized upon, by the Agent in such manner as the Majority Lenders may approve so as to produce Cash Proceeds of Realization.
- (2) Subject to the claims, if any, of secured creditors of the Credit Parties whose security ranks in priority to the Security, all Cash Proceeds of Realization shall be applied and distributed, and the claims of the Secured Creditors shall be deemed to have the relative priorities which would result in the Cash Proceeds of Realization being applied and distributed, as follows:
 - (a) first, to the payment of all reasonable costs and expenses (including fees of counsel) of the Agent in connection with enforcing the rights of the Lenders under this Agreement and the applicable Credit Documents, including all expenses of sale or other realization of or in respect of the Collateral, including compensation to the agents and counsel for the Agent, and all expenses, liabilities and advances incurred or made by the Agent in connection therewith, and any other obligations owing to the Agent in respect of sums advanced by the Agent to preserve the Collateral or to preserve the Security in the Collateral;
 - (b) second, to the payment of all reasonable costs and expenses (including fees of counsel) of each of the Lenders in connection with enforcing its rights under the Credit Documents or otherwise with respect to the Obligations owing to such Lender;
 - (c) third, to the payment of all of the Obligations under the Facility consisting of accrued fees and interest;
 - (d) fourth, except as set forth in clauses (a) through (c) above, to the payment of the outstanding Obligations owing to any Secured Creditor in connection with the Facility, rateably, as set forth below, with an amount equal to the Obligations being paid to the Agent for the account of the Lenders and the Agent, with each

Lender and the Agent receiving an amount equal to its outstanding Obligations under the Facility, or, if the proceeds are insufficient to pay in full all Obligations thereunder, its Pro-Rata Share of the amount remaining to be distributed until all Obligations under the Facility are satisfied in full; and

- (e) fifth, to the payment of the surplus, if any, to whomever may be lawfully entitled to receive such surplus.
- (3) In carrying out the foregoing, (a) amounts received shall be applied in the numerical order provided in Section 8.5(2) until exhausted prior to application to the next succeeding subsection, and (b) each of the Secured Creditors shall receive an amount equal to its Pro-Rata Share (as defined below) of amounts available to be applied pursuant to Section 8.5(2)(b), Section 8.5(2)(c) and Section 8.5(2)(c).
- (4) For purposes of this Section 8.5, "Pro-Rata Share" means, when calculating a Secured Creditor's portion of any distribution or amount, that amount (expressed as a percentage) equal to a fraction the numerator of which is the then unpaid amount of such Secured Creditor's Obligations and the denominator of which is the then outstanding amount of all Obligations. If any payment to any Secured Creditor of its Pro-Rata Share of any distribution would result in overpayment to such Secured Creditor, such excess amount shall instead be distributed in respect of the unpaid Obligations of the other Secured Creditors, with each Secured Creditor whose Obligations have not been paid in full to receive an amount equal to such excess amount multiplied by a fraction the numerator of which is the unpaid Obligations of such Secured Creditor and the denominator of which is the unpaid Obligations of all Secured Creditors entitled to such distribution.

ARTICLE 9 THE AGENT AND THE LENDERS

Section 9.1 Appointment and Authority.

Each of the Secured Creditors hereby irrevocably appoints the Agent to act on its behalf as the Agent hereunder and under the other Credit Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Secured Creditors, and no Credit Party shall have rights as a third party beneficiary of any of such provisions (other than pursuant to Section 9.12(3)).

Section 9.2 Rights as a Lender.

Each Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include each Person serving as the Agent hereunder in its individual capacity. Each such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any

kind of business with any Credit Party or any Affiliate thereof as if such Person were not the Agent and without any duty to account to the Lenders.

Section 9.3 Exculpatory Provisions.

- (1) The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Credit Documents. Without limiting the generality of the foregoing, the Agent:
 - (a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;
 - (b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Credit Documents that the Agent is required to exercise as directed in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Credit Documents), but the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, (i) may expose the Agent to liability, (ii) is contrary to any Credit Document or Applicable Law, (iii) would require the Agent to become registered to do business in any jurisdiction, or (iv) would subject the Agent to taxation; and
 - (c) shall not, except as expressly set forth herein and in the other Credit Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as Agent or any of its Affiliates in any capacity.
- (2) The Agent (and of its directors, officers, agents or employees) shall not be liable for any action taken or not taken by it (a) with the consent or at the request of the Majority Lenders (or such other number or percentage of the Lenders as is necessary, or as the Agent believes in good faith is necessary, under the provisions of the Credit Documents) or (b) in the absence of its own gross negligence or wilful misconduct. The Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until notice describing the Default or Event of Default is given to the Agent by the Borrower or a Lender.
- (3) Except as otherwise expressly specified in this Agreement, the Agent shall not be responsible for or have any duty to ascertain or inquire into (a) any statement, warranty or representation made in or in connection with this Agreement or any other Credit Document, (b) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (c) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (d) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Credit Document or any other agreement, instrument or document or (e) the satisfaction of

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

- (4) The Agent is not obliged to (a) take or refrain from taking any action or exercise or refrain from exercising any right or discretion under the Credit Documents, or (b) incur or subject itself to any cost in connection with the Credit Documents, unless it is first specifically indemnified or furnished with security by the Secured Creditors, in form and substance satisfactory to it (which may include further agreements of indemnity or the deposit of funds).

Section 9.4 Reliance by the Agent.

The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making available of the Facility that by its terms must be fulfilled to the satisfaction of a Lender, the Agent may presume that such condition is satisfactory to such Lender unless the Agent shall have received notice to the contrary from such Lender prior to making the Facility available. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 9.5 Indemnification of the Agent.

Each Lender agrees to indemnify the Agent and hold it harmless (to the extent not reimbursed by the Borrower), according to its rateable share (and not jointly or jointly and severally) from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel, which may be incurred by or asserted against the Agent in any way relating to or arising out of the Credit Documents or the transactions therein contemplated or any actions taken or omitted to be taken by the Agent. However, no Secured Creditor shall be liable for any portion of such losses, claims, damages, liabilities and related expenses resulting from the Agent's gross negligence or wilful misconduct.

Section 9.6 Delegation of Duties.

The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent of the Agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Article 9 and other provisions of this Agreement for the benefit of the Agent shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agents, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Agent.

Section 9.7 Notices.

The Agent shall promptly deliver to each Lender any notices, reports or other communications contemplated in this Agreement which are intended for the benefit of the Lenders.

Section 9.8 Replacement of the Agent.

- (1) The Agent may resign at any time by giving 30 days prior notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Lenders shall have the right, acting unanimously, with the prior written consent of the Borrower, to appoint a successor. Upon the occurrence of a Default or an Event of Default, the Borrower's consent rights pursuant to this Section 9.8(1) shall cease.
- (2) If no such successor shall have been so appointed by unanimous consent of the Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders, appoint a successor Agent, provided that if the retiring Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents (except that in the case of any collateral security held by the Agent on behalf of the Secured Creditors under any of the Credit Documents, the retiring Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time as the Lenders appoint a successor Agent pursuant to Section 9.8(1).
- (3) Upon a successor's appointment as the Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the former Agent, and the former Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents (if not already discharged therefrom as provided in the preceding paragraph). After the termination of the service of the former Agent, the provisions of this Article 9 and of Section 10.6 shall continue in effect for the benefit of such former Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the former Agent was acting as the Agent.

Section 9.9 Non-Reliance on the Agent and Other Lenders.

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

Section 9.10 Collective Action of the Secured Creditors.

Each of the Secured Creditors hereby acknowledges that to the extent permitted by Applicable Law, any collateral security and the remedies provided under the Credit Documents to the Secured Creditors are for the benefit of the Secured Creditors collectively and acting together and not severally and further acknowledges that its rights hereunder and under any Security Document are to be exercised not severally, but by the Agent in accordance with the terms hereof or thereof and as expressly provided for in the Credit Documents. Accordingly, notwithstanding any of the provisions contained herein or in any Security Document, each of the Secured Creditors hereby covenants and agrees that it shall not be entitled to take any action hereunder or thereunder including, without limitation, any declaration of default hereunder or thereunder, but that any such action shall be taken only by the Agent. Each of the Secured Creditors hereby further covenants and agrees that upon any such written agreement being given, it shall co-operate fully with the Agent to the extent requested by the Agent. Notwithstanding the foregoing, in the absence of instructions from the Lenders and where in the sole opinion of the Agent, acting reasonably and in good faith, the exigencies of the situation warrant such action, the Agent may without notice to or consent of the Secured Creditors take such action on behalf of the Secured Creditors as it deems appropriate or desirable in the interest of the Secured Creditors.

Section 9.11 Obligations.

The Secured Creditors agree that all Obligations shall rank *pari passu* with each other and any proceeds from any realization of the Collateral shall be applied to the Obligations rateably in accordance with Section 8.5 (whether such Collateral is in the name of the Agent or in the name of any one or more of the other Secured Creditors and without regard to any priority to which any Secured Creditor may otherwise be entitled under Applicable Law). The provisions of this Section 9.11 shall survive the termination of this Agreement and the repayment of the Facility.

Section 9.12 Holding of Security; Discharge.

- (1) The Security shall be held by the Agent for the rateable benefit of the Secured Creditors in accordance with its terms and any proceeds from any realization of the Security shall be applied to the Obligations of each Secured Creditor rateably (whether such Security is held in the name of the Agent or in the name of any one or more of the Secured Creditors and without regard to any priority to which the Secured Creditor may otherwise be entitled under Applicable Law).
- (2) Each Secured Creditor agrees with the other Secured Creditors that it will not, without the prior consent of the other Secured Creditors, take or obtain any Lien on any properties or assets of the Borrower or any other Credit Party to secure the obligations of the Borrower under the Credit Documents, except for the benefit of all Secured Creditors or as may otherwise be required by Applicable Law.
- (3) The Secured Creditors hereby irrevocably authorize the Agent to, and the Agent will, release the Security on any Collateral constituting Assets subject to a Disposition to any Person (other than the Borrower or a Subsidiary thereof), if the Borrower has certified to the Agent and the Agent is satisfied with such certificate, in its sole discretion, that the Disposition is in compliance with the terms of this Agreement (and the Agent may

rely conclusively on any such certificate, without further inquiry). The Agent will, at the request and expense of the Borrower, execute and deliver to the relevant Credit Party such financing change statements, releases, discharges, documents or other instruments as the Credit Party may reasonably require to effect the release of discharge of the Security over such Collateral, provided that the proceeds of any such Disposition shall continue to constitute part of the Collateral.

Section 9.13 Sharing of Payments by Lenders.

If any Lender, by exercising any right of set-off or counterclaim or otherwise, obtains any payment or other reduction that might result in such Lender receiving payment or other reduction of a proportion of the aggregate principal amount outstanding to it under the Facility and accrued interest thereon or other obligations hereunder greater than its rateable share thereof as provided herein, then the Lender receiving such payment or other reduction shall (a) notify the Agent of such fact, and (b) purchase (for cash at face value) participations in the Facility and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders rateably in accordance with the aggregate principal amount outstanding to it under the Facility and accrued interest thereon and other amounts owing them.

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against it rights of set-off and counterclaim and similar rights of Lenders with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation, to the extent no other Lender has the right to exercise any such rights as a result of or in respect of the participation acquired by such Lender.

Section 9.14 Liability of the Lenders inter se.

Each of the Lenders agrees with each of the other Lenders that, except as otherwise expressly provided in this Agreement, none of the Lenders has or shall have any duty or obligation, or shall in any way be liable, to any of the other Lenders in respect of the Credit Documents or any action taken or omitted to be taken in connection with them.

Section 9.15 Survival.

The provisions of this Article shall survive the termination of this Agreement and the repayment of the Facility.

**ARTICLE 10
MISCELLANEOUS**

Section 10.1 Amendments, etc.

- (1) Subject to Section 10.1(2) and Section 10.1(3), no amendment or waiver of any provision of any of the Credit Documents, nor consent to any departure by the Credit Parties or any other Person from such provisions, shall be effective unless in writing and approved by the Agent. Any amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

- (2) Without the prior written consent of each Lender, no amendment, waiver or consent shall:
- (a) increase any Lender's Commitment;
 - (b) extend the scheduled final maturity of the Facility;
 - (c) reduce or forgive any principal amount of the Facility;
 - (d) reduce the stated rate of interest on the Facility, or any Fee;
 - (e) change the number or percentage of Lenders, in each case, required for the Lenders, or any of them, or the Agent to take any action;
 - (f) amend the requirement of pro rata application of all amounts received by the Agent in respect of the Facility or the Obligations, or the requirement of pro rata sharing by the Lenders pursuant to Section 9.13;
 - (g) consent to the assignment or transfer by the Credit Parties of any of their rights and obligations under any Credit Document;
 - (h) release any of the guarantees of the Obligations provided by the Credit Parties or, except to the extent provided in Section 9.12(3), any of the Collateral;
 - (i) change the definition of Majority Lenders; or
 - (j) amend this Section 10.1.
- (3) Only written amendments, waivers or consents signed by the Agent, in addition to all of the Lenders, shall affect the rights or duties of the Agent under the Credit Documents.

Section 10.2 Waiver.

- (1) No failure on the part of a Lender or the Agent to exercise, and no delay in exercising, any right under any of the Credit Documents shall operate as a waiver of such right; nor shall any single or partial exercise of any right under any of the Credit Documents preclude any other or further exercise of such right or the exercise of any other right.
- (2) Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties shall not merge on and shall survive the initial Advance and, notwithstanding such initial Advance or any investigation made by or on behalf of any party, shall continue in full force and effect. The closing of this transaction shall not prejudice any right of one party against any other party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

Section 10.3 Additional Subsidiaries.

Additional Subsidiaries of any Corporate Credit Party may from time to time after the date of this Agreement become party by this Agreement by executing and delivering to the

Agent a supplemental agreement (a "Supplement") to this Agreement in substantially the form attached as Exhibit 2 to this Agreement. Effective from and after the date of the execution and delivery by any Subsidiary to the Agent of a Supplement, such Person shall be, and shall be deemed for all purposes to be, a Subsidiary and a Credit Party under this Agreement with the same force and effect, and subject to the same agreements, representations, guarantees, indemnities, liabilities and obligations, as if such Person were, effective as of such date, an original signatory to this Agreement as a Subsidiary and a Credit Party. The execution and delivery of a Supplement by any Person shall not require the consent of any other Credit Party and all of the obligations of each Credit Party under this Agreement shall remain in full force and effect notwithstanding the addition of any additional Subsidiary to this Agreement.

Section 10.4 Evidence of Debt.

The indebtedness of the Borrower under the Facility shall be evidenced by the records of the Agent acting on behalf of the Lenders which shall constitute *prima facie* evidence of such indebtedness.

Section 10.5 Notices; Effectiveness; Electronic Communication.

- (1) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax or email addressed:

- (a) to the Borrower (which shall be deemed to constitute notice to all Credit Parties under the Credit Documents) at:

ACCEL Canada Resources Limited
Livingston Place, South Tower
1400, 222 3rd Avenue SW
Calgary, Alberta T2P 0B4
Attention: Michael Williams
Telephone: (832) 980-5055
Email: mwilliams@accelenergy ltd.com

- (b) to the Agent at:

Third Eye Capital Corporation
Brookfield Place, TD Canada Trust Tower
161 Bay Street, Suite 3930
Toronto ON M5J 2S1

Attention: Operations
Telephone: (416) 601-2270
Telecopier: (416) 981-3393
Email: ops@thirdeyecapital.com

- (2) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by fax shall be

deemed to have been given when sent (except that, if not given on a Business Day between 9:00 a.m. and 5:00 p.m. local time where the recipient is located, shall be deemed to have been given at 9:00 a.m. on the next business day for the recipient). Notices delivered through email shall be deemed to have been given when the sender receives an email from the recipient acknowledging receipt, provided that an automatic "read receipt" does not constitute acknowledgment of an email for purposes of this Section 10.5(2).

- (3) Any party hereto may change its address, fax number or email address for notices and other communications hereunder by notice to the other parties hereto.

Section 10.6 Expenses; Indemnity; Damage Waiver.

- (1) The Borrower shall pay (a) all reasonable expenses incurred by the Secured Creditors, including the reasonable fees, charges and disbursements of counsel, in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Credit Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (b) all expenses incurred by the Secured Creditors, including the reasonable fees, charges and disbursements of counsel, in connection with the enforcement or protection of their rights in connection with this Agreement and the other Credit Documents, including their rights under this Section 10.6, and the Advance hereunder, including all such expenses incurred during any workout, restructuring or negotiations in respect of such Advance; taxes; fees and other charges for registering, publishing or recording the Credit Documents; filing financing statements and continuations, and other actions to perfect, protect, register, signify, publish, render opposable and continue the Agent's Liens; sums paid or incurred to pay any amount or take any action required of any Credit Party under the Credit Documents that the Credit Parties fail to pay or take; reasonable costs of appraisals, inspections, field examinations, and verifications of the Collateral (including, without limitation, a fee of \$1,000.00 per day per person, plus reasonable documented out-of-pocket expenses (including travel, meals and lodging) for each field examination of any Credit Party performed by personnel employed by the Agent, and (c) the fees and charges paid or incurred by the Agent (but, in any event, no less than a charge of \$1,000.00 per day per person, plus out-of-pocket expenses (including travel, meals and lodging) if it elects to employ the services of one or more third person to perform field examinations of any Credit Party, to establish electronic collateral reporting systems, to appraise Collateral, or any portion thereof, or to assess any Credit Party's business valuation; provided that, so long as no Event of Default shall have occurred and be continuing, the Credit Parties shall not be obligated to reimburse the Agent for more than (i) two (2) field examinations during any calendar year; reasonable costs and expenses of the Agent forwarding loan proceeds; collecting cheques and other items of payment, and establishing and maintaining bank accounts; reasonable costs and expenses of preserving and protecting all or any portion of the Collateral; any claims or liabilities whatsoever which may be incurred by any Secured Creditor, including lawyer's and paralegals fees, on a solicitor and his own client basis; and any costs incurred by such Secured Creditor relating to any violation or alleged violation of any Applicable Law by any of the Credit Parties, including Environmental Laws.

- (2) The Borrower shall indemnify the Agent (and any sub-agent thereof), each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnatee") against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnatee, incurred by any Indemnatee or asserted against any Indemnatee by any third party or by any Credit Party arising out of, in connection with, or as a result of:
- (a) the execution or delivery of this Agreement, any other Credit Document or any agreement or instrument contemplated hereby or thereby, the performance or non-performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation or non-consummation of the transactions contemplated hereby or thereby;
 - (b) the Facility or the use or proposed use of the proceeds therefrom;
 - (c) the Acquisition or the funding of the Acquisition (including, without limitation, those incurred in connection with any litigation, arbitration or administrative proceedings concerning the Acquisition);
 - (d) the presence of Contaminants in, on, at, under or about, or the discharge or likely discharge of Contaminants from, any of the Leased Properties or any of the properties now or previously used or occupied by the Borrower, any of the Credit Parties, or the breach by or non-compliance with any Environmental Law by any mortgagor, owner or lessee of such properties, or any Environmental Liability related in any way to the Credit Parties; or
 - (e) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by a Credit Party and regardless of whether any Indemnatee is a party thereto;

provided in each case that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnatee or (y) result from a claim brought by any Credit Party against an Indemnatee for breach in bad faith of such Indemnatee's obligations hereunder or under any other Credit Document, if the Credit Party has obtained a final and non-appealable judgment in its favour on such claim as determined by a court of competent jurisdiction, nor shall it be available in respect of matters specifically addressed in Section 7.1, Section 7.2 or Section 10.6(1).

- (3) To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under Section 10.6(1) or Section 10.6(2) to be paid by it to the Agent (or any sub-agent thereof), a Lender, or any Related Party of any of the foregoing, each Secured Creditor severally agrees to pay to the Agent (or any such sub-agent) or such Related Party, as the case may be, such Secured Creditor's Pro-Rata Share (determined with

reference to Section 8.5(4) as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent (or any such sub-agent) or Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Agent (or any such sub-agent) in connection with such capacity.

- (4) To the fullest extent permitted by Applicable Law, neither the Borrower, any other Credit Party nor any Subsidiary of the Borrower or any other Credit Party shall assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby (or any breach thereof), the transactions contemplated hereby or thereby, the Advance or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby.
- (5) All amounts due under this Section 10.6 shall be payable promptly after demand therefor. A certificate of the Agent or a Lender setting forth the amount or amounts owing to the Agent, Lender or a sub-agent or Related Party, as the case may be, as specified in this Section 10.6, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be deemed to be prima facie evidence of such amount or amounts.
- (6) The provisions of this Section 10.6 shall survive the termination of this Agreement and the repayment of the Facility. To the extent required by law to give full effect to the rights of the Indemnitees under this Section 10.6, the parties hereto agree and acknowledge that the Agent and Lender is acting as agent for its respective Related Parties and agrees to hold and enforce such rights on behalf of such Related Parties as they may direct. The Borrower acknowledges that neither its obligation to indemnify nor any actual indemnification by it of the Lenders, the Agent or any other Indemnitee in respect of such Person's losses for legal fees and expenses shall in any way affect the confidentiality or privilege relating to any information communicated by such Person to its counsel.

Section 10.7 Power of Attorney.

Each of the Credit Parties hereby irrevocably constitutes and appoints the Agent (and any officer or agent thereof) as its true and lawful attorney with power to, upon the occurrence of an Event of Default, in the place of the Credit Parties and in their names with full power of substitution, for the purpose of carrying out the terms of this Agreement and the other Credit Documents, to take any action and to execute documents and instruments which may be necessary or desirable to accomplish the purposes of such agreements. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon,

bankruptcy, dissolution, winding up, insolvency of the Credit Parties. This power of attorney extends to and is binding upon the Credit Parties' successors and permitted assigns. The Agent shall not be liable to the Credit Parties for any action taken by the Agent or its designee under such power of attorney, except to the extent that such action was taken by the Agent in bad faith or with gross negligence or wilful misconduct. This power of attorney shall terminate without further writing upon the payment in full of the Facility and the Lenders having no further obligation hereunder.

Section 10.8 Successors and Assigns.

- (1) This Agreement shall become effective when executed by each Credit Party, the Agent and each Lender and after that time shall be binding upon and enure to the benefit of the Credit Parties, the Lenders and the Agent and their respective successors and permitted assigns.
- (2) No Credit Party shall have the right to assign its rights or obligations under this Agreement or any interest in this Agreement without the prior consent of all the Lenders, which consent may be arbitrarily withheld.
- (3) A Lender may grant participations in all or any part of its interest in the Facility (or either of them) to one or more Persons (each a "**Participant**"). A Lender may also with the prior written consent of the Agent, assign all or any part of its interest in the Facility to one or more Persons (each an "**Assignee**") without any requirement for notice to or consent of the Borrower or any other Person other than the Agent. The Lender granting a participation shall, unless otherwise expressly provided in this Agreement, act on behalf of all of its Participants in all dealings with the Borrower in respect of the Facility and no Participant shall have any voting or consent rights with respect to any matter requiring the Lenders' consent. In the case of an assignment, the Assignee shall have the same rights and benefits and be subject to the same limitations under the Credit Documents as it would have if it was the Lender. The Borrower agrees that each Participant shall be entitled to the benefits of Section 7.1 and Section 7.2 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to this Section 10.8. To the extent permitted by Applicable Law, each Participant also shall be entitled to the benefits of Section 8.4 and Section 10.6 as though it were a Lender, provided such Participant agrees to be subject to Section 9.5 as though it were a Lender.
- (4) The Borrower shall assist the Agent and any Lender to sell assignments or participations under this Section 10.8 in whatever manner reasonably necessary in order to enable or effect such assignment or participation including providing such certificates, acknowledgments and further assurances in respect of this Agreement and the Facility as such Lender may reasonably require in connection with any participation or assignment pursuant to this Section 10.8.
- (5) In the case of an assignment, the Lender shall deliver an assignment and assumption agreement substantially in the form of Exhibit 3 by which the Assignee assumes the obligations of the Lender and agrees to be bound by all the terms and conditions of this Agreement, all as if the Assignee had been an original party. Upon receipt by the Agent of the assignment and assumption agreement, the assigning Lender and the Borrower

shall be released from their respective obligations under this Agreement (to the extent of such assignment and assumption) and shall have no liability or obligations to each other to such extent, except in respect of matters arising prior to the assignment.

- (6) Any Lender may at any time pledge or grant a security interest in all or a portion of its rights under this Agreement to secure obligations of such Lender provided that no such pledge or security shall release such Lender from any of its obligations hereunder or substitute any such pledge for such Lender as a party hereto.
- (7) Any assignment or grant of participation pursuant to this Section 10.8 will not constitute a repayment by the Borrower to the assigning or granting Lender of the Advance, nor a new Advance to the Borrower by the Lender or by the Assignee or Participant, as the case may be, and the parties acknowledge that the Borrower's obligations with respect to the Advance will continue and will not constitute new obligations.

Section 10.9 Judgment Currency.

- (1) If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due to a Lender in any currency (the "**Original Currency**") into another currency (the "**Other Currency**"), the parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, such Lender could purchase the Original Currency with the Other Currency on the Business Day preceding the day on which final judgment is given or, if permitted by Applicable Law, on the day on which the judgment is paid or satisfied.
- (2) The obligations of the Borrower in respect of any sum due in the Original Currency from it to the Lender under any of the Credit Documents shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in the Other Currency, the Lender may, in accordance with normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lender in the Original Currency, the Borrower agrees, as a separate obligation and notwithstanding the judgment, to indemnify the Lender, against any loss, and, if the amount of the Original Currency so purchased exceeds the sum originally due to the Lender in the Original Currency, the Lender shall remit such excess to the Borrower.

Section 10.10 Anti-Terrorism Laws.

- (1) If, upon the written request of any Lender, the Agent has ascertained the identity of the Credit Parties or any authorized signatories of the Credit Parties for purposes of Anti-Terrorism Laws, then the Agent:
 - (a) shall be deemed to have done so as an agent for such Lender, and this Agreement shall constitute a "written agreement" in such regard between such Lender and the Agent within the meaning of the applicable Anti-Terrorism Law; and

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

- (2) Notwithstanding and except as may otherwise be agreed in writing, each of the Lenders agrees that the Agent does not have any obligation to ascertain the identity of the Credit Parties or any authorized signatories of the Credit Parties on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Credit Parties or any authorized signatory in doing so.

Section 10.11 Governing Law; Jurisdiction; Etc.

- (1) This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable in that Province.
- (2) Each of the Credit Parties irrevocably and unconditionally submit, for itself and its Assets, to the fullest extent permitted by Applicable Law, to the non-exclusive jurisdiction of the courts of the Province of Alberta, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Credit Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that the Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against any Credit Party or its Assets in the courts of any jurisdiction.
- (3) The Borrower irrevocably consents to the service of any and all process in any such action or proceeding to the Borrower at the address provided for it in the execution pages of this Agreement. Nothing in this Section 10.11(3) limits the right of the Agent or any Lender to serve process in any other manner permitted by Applicable Law.
- (4) The Credit Parties irrevocably and unconditionally waive, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in Section 10.11(2). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

Section 10.12 Waiver of Jury Trial.

Each party hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or any other Credit Document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, agent or attorney of any other Person has represented, expressly or otherwise, that such other Person would not, in the event

of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Credit Documents by, among other things, the mutual waivers and certifications in this Section.

Section 10.13 Counterparts; Integration; Effectiveness; Electronic Execution.

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Credit Documents and any separate letter agreements with respect to fees payable to the Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 10.14 Treatment of Certain Information; Confidentiality.

- (1) Each of the Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it, its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, managers, administrators, trustees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Law or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 10.14 to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective party (or its partners, directors, officers, employees, managers, administrators, trustees, agents, advisors or other representatives) to any swap, derivative, credit-linked note or similar transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (g) with the consent of the Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Agent or Credit Party.
- (2) For purposes of this Section, "Information" means all information received in connection with this Agreement from any of the Credit Parties or any of their respective Subsidiaries relating to any of the Credit Parties or any of their respective Subsidiaries or any of their respective businesses, other than any such information that is available to the Agent or any Lender on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section 10.14 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such

Information as such Person would accord to its own confidential information. In addition, the Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to make available to the public only such Information as such person normally makes available in the course of its business of assigning identification numbers.

- (3) The Agent agrees that (a) it will not utilize, or disclose to, share with, provide access to or otherwise make any other Person (other than its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, managers, administrators, trustees, agents, advisors and representatives for the purposes of performing its obligations and exercising its rights under the Credit Documents) aware of the existence of, any decryption tools and keys deposited with the Agent, unless and until an Event of Default has occurred and is continuing, (b) it will exercise the same degree of care to prevent the unauthorized use, access or release of such decryption tools and keys as it would accord to its confidential and proprietary information and property, (c) it will not produce copies, extracts or other reproductions of such decryption tools and keys, and (d) upon the full and indefeasible payment and performance of the Obligations and the Agent and the Lenders having no obligations under any Credit Document, at the Borrower's election, the Agent shall return or destroy such decryption tools and keys, such destruction to be certified in writing to the Borrower upon request by the Borrower.

Section 10.15 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 10.16 Time of the Essence.

Time is of the essence of this Agreement.

Section 10.17 USA PATRIOT Act.

Each Lender that is subject to the requirements of the *USA PATRIOT Act* hereby notifies the Borrower that, pursuant to the requirements of the *USA PATRIOT Act*, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the *USA PATRIOT Act*.

Section 10.18 No Fiduciary Duty.

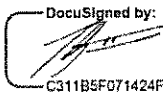
The Agent, each Lender and their respective Affiliates (collectively, solely for purposes of this Section 10.18, the "Lenders"), may have economic interests that conflict with those of the Credit Parties, their shareholders and their Affiliates. The Credit Parties agree that nothing in

the Credit Documents will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and the Credit Parties, its shareholders or its Affiliates, on the other hand. The Credit Parties acknowledge and agree that (a) the transactions contemplated by the Credit Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Credit Parties, on the other hand, and (b) in connection therewith and with the process leading thereto, (i) no Lender has assumed an advisory or fiduciary responsibility in favour of the Credit Parties, its shareholders or its Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise the Credit Parties, its shareholders or its Affiliates on other matters) or any other obligation to the Credit Parties except the obligations expressly set forth in the Credit Documents and (ii) each Lender is acting solely as principal and not as the agent or fiduciary of the Credit Parties, its management, shareholders, creditors or any other person. The Credit Parties acknowledge and agree that the Credit Parties have consulted their own legal and financial advisors to the extent they deemed appropriate and that they are responsible for making their own independent judgment with respect to such transactions and the process leading thereto. The Credit Parties agree that they will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Credit Parties, in connection with such transactions or the process leading thereto.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF the parties have executed this Credit Agreement.

ACCEL CANADA RESOURCES
LIMITED, as Borrower

By:  DocuSigned by:
C311B5F071424FE...

Name: Michael Williams
Title: Director

By:  DocuSigned by:
C311B5F071424FE...

Name: Michael Williams
Title: Director

ACCEL CANADA HOLDINGS,
as a Guarantor

By:  DocuSigned by:
C311B5F071424FE...

Name: Michael Williams
Title: Director

By:  DocuSigned by:
C311B5F071424FE...

Name: Michael Williams
Title: Director

[Signature Page of Corporate Credit Parties]




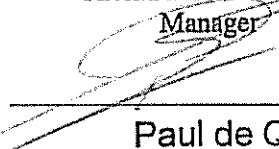
Witness

MICHAEL WILLIAMS, as a Guarantor

[Signature Page of Individual Guarantor]

THIRD EYE CAPITAL CREDIT
OPPORTUNITIES FUND - INSIGHT
FUND, by its Managing General Partner,
THIRD EYE CAPITAL CREDIT
OPPORTUNITIES S.A.R.L., as a Lender

Commitment: \$1,200,000

By: 
Richard GODDARD
Manager
By: 
Paul de Quant
Manager

THIRD EYE CAPITAL ALTERNATIVE
CREDIT TRUST, by its Manager, THIRD
EYE CAPITAL MANAGEMENT INC., as
a Lender

Commitment: \$6,000,000

By: _____
Name: Arif N. Bhalwani
Title: Portfolio Manager

NINEPOINT-TEC PRIVATE CREDIT
FUND by its Manager NINEPOINT
PARTNERS LP, by its general partner,
NINEPOINT PARTNERS GP INC., as a
Lender

Commitment: \$16,800,000

By: _____
Name:
Title:

[Signature Page of Lenders]

THIRD EYE CAPITAL CREDIT
OPPORTUNITIES FUND - INSIGHT
FUND, by its Managing General Partner,
THIRD EYE CAPITAL CREDIT
OPPORTUNITIES S.A.R.L., as a Lender

Commitment: \$1,200,000

By: _____

By: _____

THIRD EYE CAPITAL ALTERNATIVE
CREDIT TRUST, by its Manager, THIRD
EYE CAPITAL MANAGEMENT INC., as
a Lender

Commitment: \$6,000,000

By: _____

Name: Arif N. Bhalwani

Title: Portfolio Manager

NINEPOINT-TEC PRIVATE CREDIT
FUND by its Manager NINEPOINT
PARTNERS LP, by its general partner,
NINEPOINT PARTNERS GP INC., as a
Lender

Commitment: \$16,800,000

By: _____

Name: Kirstin McTaggart

Title: Chief Compliance Officer

[Signature Page of Lenders]

THIRD EYE CAPITAL CORPORATION,
as Agent

By: _____

Name: Arif N. Bhalwani

Title: Managing Director

[Signature Page of Agent]

Schedule 1.1
Redwater

PART 1

The Redwater Plant Assets are the following:

- (1) the sour gas plant assets, being a 100% working interest in a 4.5 million cubic feet/day ("mmcf/d") sour gas processing plant commissioned on September 19, 2016 and located at section 29, township 57, range 21 W4M; and
- (2) multi-well battery assets, being a 100% working interest in an oil battery capable of processing over 30,000 bbls/day in production located at section 29, township 57, range 21 W4M.

PART 2

The Redwater Assets are the following:

- (1) All assets of ACHL purchased pursuant to that asset purchase and sale agreement entered into between ARC Resources Ltd., as vendor, and ACHL dated as of May 10, 2018 other than the Viking formation assets and associated lands, consisting of all P&NG Rights from base to top of the Viking formation within the ACHL acquired Redwater land base. The area is contained within township 55 range 18 W4 to township 60 range 24 W4, with 5,724 hectares (net) of mineral land rights and a 96% average working interest.

**Schedule 5.1(x)
Environmental**

Nil.

Schedule 5.1(z)
Swap Agreements

Nil.

Schedule 5.1(mm)
Security Documents

- Fixed and Floating Charge Debenture granted by the Borrower.
- Assignment of ACHL Capital Lease
- Limited Recourse Guarantee granted by ACHL
- Debenture granted by ACHL in respect of the Redwater Assets
- Limited Recourse Guarantee granted by Michael Williams
- Securities Pledge Agreement granted by Michael Williams in respect of the Equity Securities in the Borrower

Schedule 5.1(pp)
Location of Assets and Business

- (a) all addresses at which each of the Corporate Credit Parties have a chief executive office, head office, registered office and principal place of business:
 - Livingston Place, South Tower, Suite 1400, 222 3rd Avenue SW, Calgary, Alberta T2P 0B4
- (b) all addresses at which each of the Corporate Credit Parties carry on business:
 - Livingston Place, South Tower, Suite 1400, 222 3rd Avenue SW, Calgary, Alberta T2P 0B4
- (c) all addresses at which each of the Corporate Credit Parties store any tangible personal property:
 - all in the Province of Alberta
- (d) list of all jurisdictions in which each of the Corporate Credit Parties has any obligors or customers:
 - Alberta

Schedule 6.2(a)(iii)
Permitted Debt

Nil.

Schedule 6.2(c)
Permitted Liens

Nil.

Exhibit 1
Form of Notice of Advance

NOTICE OF ADVANCE

●, 2018

TO: Third Eye Capital Corporation, as Agent

AND TO: The Lenders

Dear Sirs:

The undersigned, ACCEL Canada Resources Limited (the "**Borrower**"), refers to the credit agreement dated November 9, 2018 (as amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time, the "**Credit Agreement**", the terms defined therein being used herein are as therein defined) among the Borrower, the Guarantors, the Lenders and the Agent, and gives you notice pursuant to Section 3.2 of the Credit Agreement that the Borrower requests the Advance under the Credit Agreement, and, in that connection, sets forth below the information relating to the Advance:

1. The date of the Advance, being a Business Day, is November 9, 2018 (the "**Proposed Borrowing Date**"). The Acquisition Closing is to occur on the Proposed Borrowing Date.
2. The aggregate amount of the Advance is \$24,000,000.00, which will be used for the use and purposes set out in Section 2.3 of the Credit Agreement.
3. The Agent is instructed to retain from the Advance, the amount equal to the original issue discount, being \$3,000,000.
4. All of the representations and warranties of each Corporate Credit Party contained in the Credit Agreement and each other Credit Document to which such Corporate Credit Party is a party are true and correct on and as of the date hereof as though made on and as of the date hereof (and will be true and correct on and as of the Proposed Borrowing Date specified above as though made on and as of such date), in any such case, except to the extent any such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date.
5. All of the covenants of each of the Corporate Credit Parties contained in the Credit Documents to which such Corporate Credit Party is a party have been performed or shall be performed on the date of the Advance, and all of the other conditions precedent to the Advance requested hereby, and all other terms and conditions contained in the Credit Agreement to be complied with by such Corporate Credit Party have been or shall be complied with concurrently with, or immediately following, the funding of the Advance, in each case, fully met or performed.

6. No Default or Event of Default under the Credit Agreement has occurred and is continuing nor will any Default or Event of Default occur as a result of the Advance being requested or the application by the Borrower of the proceeds thereof.

Yours truly,

ACCEL Canada Resources Limited

By: _____
Authorized Signing Officer

CONFIRMATION TO THE NOTICE OF ADVANCE

By executing this Confirmation, each Credit Party (other than the Borrower), acknowledges and confirms that:

1. All of representations and warranties of such Credit Party contained in the Credit Agreement and each other Credit Document to which such Credit Party is a party are true and correct on and as of the date hereof as though made on and as of the date hereof (and will be true and correct on and as of the Proposed Borrowing Date specified above as though made on and as of such date), in any such case, except to the extent any such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date.
2. All of the covenants of such Credit Party contained in the Credit Documents to which such party is a party have been performed, and all of the other conditions precedent to the Advance requested hereby, and all other terms and conditions contained in the Credit Agreement to be complied with by such party have been or shall be complied with concurrently with, or immediately following, the funding of the Advance, in each case, fully met or performed.

DATED the _____ day of ●, 2018

Witness

Michael Williams

ACCEL CANADA HOLDINGS LIMITED

By: _____

Authorized Signing Officer

Authorized Signing Officer

Exhibit 2
Form of Supplemental Agreement

SUPPLEMENTAL AGREEMENT

This Supplemental Agreement, dated as of ●, 20● (this "Supplement"), by and among ● (the "Additional Credit Party"), ACCEL Canada Resources Limited (the "Borrower"), ACCEL Canada Holdings Limited and Michael Williams, as guarantors, and Third Eye Capital Corporation, as administrative agent (the "Agent").

RECITALS:

WHEREAS, reference is hereby made to the Credit Agreement, dated as of November 9, 2018 (as amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time, the "Credit Agreement", the terms defined therein being used herein are as therein defined), among the Borrower, the guarantors signatory thereto from time to time, the lenders signatory thereto from time to time, as lenders (collectively, the "Lenders") and the Agent;

WHEREAS, the Additional Credit Party is a Subsidiary of a Corporate Credit Party; and

WHEREAS, the Additional Credit Party wishes to become party to the Credit Agreement pursuant to Section 10.3 of the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

1. The Additional Credit Party hereby acknowledges, agrees and confirms that, by its execution of this Supplement, it will be deemed to be a party to the Credit Agreement and a "Credit Party" for all purposes to the Credit Agreement, and shall have all of the obligations of a Credit Party thereunder as if it had originally executed the Credit Agreement as such.
2. The Agent hereby acknowledges, agrees and confirms that, by the execution of this Supplement, the Additional Credit Party shall have all of the rights of a Credit Party under the Credit Agreement as if it had originally executed the Credit Agreement as a party thereto.
3. The Additional Credit Party hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement which are applicable to it, including, without limitation (i) all applicable representations and warranties of the Credit Parties and which are not made as of an earlier date, set forth in Article 5 of the Credit Agreement, as supplemented from time to time in accordance with the terms thereof, and (ii) all covenants of the Credit Parties set forth in Article 6 of the Credit Agreement.

4. Without limiting the generality of the foregoing, the Borrower repeats, to and in favour of the Agent and the Lenders, the representations and warranties set forth in Article 5 of the Credit Agreement applicable to the Additional Credit Party, and not made as of an earlier date, and the Borrower acknowledges and confirms that the Agent and Lenders are relying upon such representations and warranties and that they are true and correct as of the date hereof with the same force and effect as if made at and as of the date hereof, including the information required to be updated in the schedules to the Credit Agreement with respect to the Additional Credit Party, which is attached hereto in Schedule A.
5. The Additional Credit Party acknowledges and confirms that it has received a copy of the Credit Agreement and the schedules and exhibits thereto.
6. The Borrower and the current Credit Parties confirm that all of their obligations under the Credit Agreement are, and upon the Additional Credit Party becoming a party, shall continue to be, in full force and effect. The Additional Credit Party hereby agrees that upon becoming a Credit Party, it will assume from and after the date hereof all applicable obligations arising from and after the date hereof of a Credit Party as set forth in the Credit Agreement and shall deliver or cause to be delivered all applicable Credit Documents required to be delivered by the Credit Party, together with any legal opinions and other documents reasonably requested by Agent in connection with this Supplement.
7. This Supplement may not be amended, modified or waived except by an instrument or instruments in writing signed and delivered on behalf of each of the parties hereto.
8. This Supplement and the Credit Agreement constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties or any of them with respect to the subject matter hereof.
9. This Supplement shall be deemed to be a Credit Document.
10. This Supplement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.
11. Any provision of this Supplement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
12. This Supplement may be executed in counterparts, each of which shall be deemed to be an original and which counterparts together shall constitute one and the same Supplement. This Supplement may be executed by facsimile or email PDF, and any

signature contained hereon by facsimile or email PDF shall be deemed to be equivalent to an original signature for all purposes.

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Supplemental Agreement as of the date first written above.

**ACCEL CANADA RESOURCES
LIMITED**

ACCEL CANADA HOLDINGS LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

Witness

MICHAEL WILLIAMS

[NEW CREDIT PARTY]

By: _____

Name:

Title:

By: _____

Name:

Title:

THIRD EYE CAPITAL CORPORATION,
as Agent

By: _____

Name:

Title:

By: _____

Name:

Title:

SCHEDULE A

Credit Agreement Schedule Required Updates

[To be completed by the Borrower and Additional Credit Party]

Exhibit 3
Form of Assignment and Assumption

ASSIGNMENT AND ASSUMPTION

Assignment and Assumption dated as of ●, 20● between ● (the "Assignor") and ● (the "Assignee").

Reference is made to the credit agreement dated as of as of November 9, 2018 (as the same may be amended, supplemented, modified or replaced from time to time, the "Credit Agreement"), between ACCEL Canada Resources Limited, as borrower, the guarantors listed on the signature pages thereto, as guarantors, the lenders listed on the signature pages thereto, as lenders, and Third Eye Capital Corporation, as administrative agent for the Lenders (the "Administrative Agent"). Terms defined in the Credit Agreement are used herein as therein defined.

The Assignor and the Assignee agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, a ●% interest (in the amount of \$●) in and to all of the Assignor's rights and obligations under the Credit Agreement as of the Effective Date (as defined below) (including such percentage interest in the Assignor's Commitment as in effect on the Effective Date, the credit extended by the Assignor under the Facility and outstanding on the Effective Date and the corresponding rights and obligations of the Assignor under all of the Credit Documents).
2. The Assignor (i) represents and warrants that as of the date hereof its Lender's Commitment with respect to the Facility is \$● (without giving effect to the assignment contemplated hereby), and the aggregate outstanding amount of credit extended by it under the Facility is \$● (without giving effect to the assignment contemplated hereby); (ii) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (iii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any other instrument or document furnished pursuant thereto; (iv) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any of the Credit Parties or the performance or observance by the Credit Parties of any of their obligations under the Credit Documents or any other instrument or document furnished pursuant thereto; and (v) gives notice to the Administrative Agent of the assignment to the Assignee hereunder.
3. The effective date of this Assignment (the "Effective Date") shall be the later of ● and the date on which (i) a copy of a fully executed copy of this Assignment has been delivered to the Administrative Agent in accordance with Section 10.8(5) of the Credit Agreement, (ii) the consent of the Administrative Agent has been obtained to the assignment hereunder, and (iii) the Assignee has paid to the Assignor all amounts due to the Assignor in connection with the assignment hereunder.

4. The Assignee hereby agrees to the Lender's Commitment of \$● with respect to the Facility and to the address and facsimile number set out after its name on the signature page hereof for the purpose of notices as provided in Section 10.5 of the Credit Agreement.
5. After giving effect to the assignment and assumption set forth herein, the Lender's Commitment of the Assignor will be \$●.
6. With effect on and after the Effective Date, the Assignee shall be a party to the Credit Agreement and succeed to all of the rights and be obligated to perform all of the obligations of a Lender under the Credit Agreement. The Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.
7. As of the Effective Date (i) the Assignee shall, in addition to any rights and obligations under the Credit Documents held by it immediately prior to the Effective Date, have the rights and obligations under the Credit Documents that have been assigned to it pursuant to this Assignment and (ii) the Assignor shall, to the extent provided in this Assignment, relinquish its rights and be released from its obligations under the Credit Documents to the extent the same have been assigned to the Assignee hereunder.
8. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Documents for periods prior to the Effective Date directly between themselves.
9. This Assignment shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein.

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Assignment and Assumption as of the date first written above.

[ASSIGNOR]

By: _____
Authorized Signing Officer

[ASSIGNEE]

By: _____
Authorized Signing Officer

Acknowledged and agreed to as of this _____ day of _____, 20_____.

THIRD EYE CAPITAL CORPORATION, as
Administrative Agent

By: _____
Authorized Signing Officer

Exhibit 4
Environmental Certificate

**ENVIRONMENTAL CERTIFICATE OF
ACCEL CANADA HOLDINGS LIMITED**

TO: Third Eye Capital Corporation ("TEC"), in its capacity as agent under the Credit Agreement (as defined below) (the "**Agent**")

RE: Credit Agreement dated 9, 2018 (as amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time, the "**Credit Agreement**", the terms defined therein being used herein are as therein defined), among ACCEL Canada Resources Limited, as borrower (the "**Borrower**"), the guarantors signatory thereto from time to time, the lenders signatory thereto from time to time, as lenders (collectively, the "**Lenders**") and the Agent

This certificate is delivered pursuant to Section 4.1(a)(xiii) of the Credit Agreement.

I, Michael Williams, am the duly appointed President and Chief Executive Officer of the Borrower, and hereby certify for and on behalf of the Borrower and not in my personal capacity and without assuming any personal liability whatsoever, as follows:

1. The following certifications are made to the best of my knowledge after due enquiry. My due enquiry has been limited to discussions and correspondence with responsible officers and staff of the Borrower to confirm that the internal environmental reporting and response procedures of the Borrower have been followed in all material respects as they relate to the certifications made herein and that the matters herein set forth are true and correct, and that matters reported on by such officers and staff are true and correct.
2. The following certifications in paragraphs 3 through 8 are qualified as to (i) the matters, if any, disclosed in Exhibit 1 hereto, and (ii) any breach of, or failure to comply with, any Environmental Laws, provided that the breach or failure to comply has not had, or could not reasonably be expected to have (whether on an individual or cumulative basis), a Material Adverse Effect.
3. The property to be acquired by the Borrower under the Acquisition Agreement is owned, leased, managed, controlled or operated, in compliance with Environmental Laws.
4. There are no existing, pending or threatened (by written notice):
 - (a) claims, complaints, notices or requests for information received from an Governmental Authority by the Borrower, or of which any of the Borrower is otherwise aware, with respect to any alleged violation of or alleged liability under any Environmental Laws by the Borrower; or

- (b) stop, cleanup or preventative orders, direction or action requests, notice of which has been received from an Governmental Authority by the Borrower or of which the Borrower is otherwise aware, relating to the Environment which as a result thereof, requires any work, repair, remediation, cleanup, construction or capital expenditure with respect to any property owned, leased, managed, controlled or operated by the Borrower. In this certificate, "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.
5. Except in compliance with Environmental Laws, no Contaminant has been received, handled, used, stored, treated or shipped at or from, and there has been no discharge or Release of a Contaminant at, on, from or under any property owned, leased, managed, controlled or operated by the Borrower. In this certificate, "Release" includes releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping.
 6. None of the lands and facilities owned, leased, managed, controlled or operated by the Borrower, have been used as a land fill site or, except in compliance with Environmental Laws, as a waste disposal site.
 7. No condition exists, at, on or under any of the premises or facilities owned, leased, managed, controlled or operated by the Borrower, which with the passage of time, or the giving of notice or both, has given rise to or could reasonably be expected to give rise to a violation or liability under any Environmental Laws.
 8. The Borrower has obtained all permits, licenses and other authorizations (collectively the "Permits") which are required under Environmental Laws and are in compliance with all terms and conditions of all Permits and each of the Permits is in full force and effect and unrevoked as of the date of this Certificate.
 9. The Borrower is not aware of any matter affecting the Environment which has had or could reasonably be expected to have a Material Adverse Effect.

The undersigned officer acknowledges that the Agent and the Lenders are relying on this certificate in connection with Advance made under the Credit Agreement.

Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

[Signature page follows]

Dated at Calgary, Alberta this ____ day of _____, 2018.

**ACCEL CANADA RESOURCES
LIMITED**

Per: _____

Name: Michael Williams

Title: President and Chief Executive Officer

Exhibit 1 to the Environmental Certificate

35087176_2|NATDOCS

AMENDMENT TO CREDIT AGREEMENT

This Amendment to Credit Agreement is effective as of October 31, 2018 (the "**Amendment**") between ACCEL Canada Holdings Limited, as the Borrower, ACCEL Energy Limited, ACCEL Energy Services Canada Limited, Michael Williams, Wayne Chodzicki and Jonathan Schroeder, as Guarantors, Third Eye Capital Corporation, in its capacity as the Agent and the Lenders (as defined below).

RECITALS:

- (a) Third Eye Capital Corporation, as administrative agent (in such capacity, together with its successors and permitted assigns, the "**Agent**") and the financial institutions and other lenders party thereto from time to time (collectively, the "**Lenders**") have made certain credit facilities available to ACCEL Canada Holdings Limited (the "**Borrower**") upon the terms and conditions contained in a credit agreement among the Borrower, ACCEL Energy Limited, ACCEL Energy Services Canada Limited, Michael Williams, Wayne Chodzicki and Jonathan Schroeder (collectively, the "**Guarantors**"), the Agent and the Lenders dated August 15, 2018 (as may be amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**");
- (b) Each of the Guarantors has guaranteed certain obligations of the Borrower to the Agent and the Lenders pursuant to, and as more particularly described in guarantees dated August 15, 2018 (with respect to each Guarantor, its "**Guarantee**");
- (c) The Borrower have requested that the Agent and Lenders amend certain provisions and requirements of the Credit Agreement (all in accordance with Section 10.1 thereof); and
- (d) The Agent and Lenders have agreed to such amendments on the terms and conditions contained herein.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

Section 1 Interpretation.

- (1) Undefined capitalized terms used in this Amendment have the meanings given to them in the Credit Agreement.
- (2) The division of this Amendment into sections and other subdivisions and the insertion of headings are for convenience only and do not affect its interpretation.
- (3) Any reference to any Credit Document in this Amendment refers to such Credit Document as the same may have been amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it.

Section 2 Maturity Date.

Section 1.1 of the Credit Agreement is hereby amended by deleting the definition of "Maturity Date" and replacing it with the following:

"Maturity Date" means January 30, 2019.

Section 1.1 of the Credit Agreement is hereby amended by adding the following definition:

"First Amendment" means that Amendment to Credit Agreement dated effective October 31, 2018 between the Credit Parties, the Agent and the Lenders.

Section 3 Fees.

A new subsection (3) is hereby added to Section 2.9 of the Credit Agreement as follows:

"In consideration for the agreement of the Lenders to extend the Maturity Date as contemplated in the First Amendment, the Borrower agrees that, in the event the Advance Outstanding and all other Obligations are not repaid in full pursuant to Section 2.4 hereof by December 31, 2018, then an extension fee shall be immediately due and payable on January 2, 2019 in the amount equal to 0.50% of the aggregate Obligations outstanding under the Facility on such date, which shall be non-refundable and fully earned as of such date and paid in accordance with Section 2.6 hereof."

Section 4 Scope of Amendment.

Subject to the terms and conditions herein contained, the Credit Agreement is hereby amended to the extent necessary to give effect to the provisions of this Amendment and to incorporate the provisions of this Amendment into the Credit Agreement.

Section 5 Representations, Warranties and Covenants.

To induce the Agent to enter into this Amendment, each Credit Party represents, warrants and covenants to the Agent and the Lenders as follows, which representations, warranties and covenants shall survive the execution and delivery hereof:

- (a) all necessary action has been taken to authorize the execution, delivery and performance of this Amendment. This Amendment has been duly executed and delivered by each Credit Party and constitutes a legal, valid and binding obligation of each Credit Party enforceable against it in accordance with its terms;
- (b) the execution and delivery by each Credit Party and the performance by it of its obligations under this Amendment will not conflict with or result in a breach of any of the terms or conditions of its constituting documents or by-laws, any Applicable Law or any contractual restriction binding on or affecting it or its Assets;

- (c) except as disclosed to the Agent, each of the representations and warranties contained in Article 5 of the Credit Agreement and in any other Credit Document are true and correct on the date hereof as if they were made on such date except for any representation and warranty which is stated to be made only as of a certain date (and then as of such date);
- (d) the Credit Agreement, as amended pursuant hereto, and each of the other Credit Documents to which any Credit Party is a party remains in full force and effect, unamended, and is enforceable against such Credit Party, in accordance with its terms. Each Guarantee continues to guarantee all debts, liabilities and obligations described therein at any time or from time to time due or accruing due and owing by the Borrower to the Agent and the Lenders pursuant to the Credit Agreement, as amended pursuant hereto, and the Liens and Security granted by any Credit Party in favour of the Agent continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by such Credit Party to the Agent and the Lenders pursuant to the Credit Agreement, as amended pursuant hereto, its Guarantee (as applicable) and the other Credit Documents to which it is party; and
- (e) this Amendment constitutes a "Credit Document" for purposes of the Credit Agreement.

Section 6 Effectiveness and Fee.

This Amendment shall become effective upon the following conditions precedent being satisfied (the date of satisfaction of such conditions being referred to herein as the "Effective Date"):

- (a) duly executed signature pages for this Amendment signed by the Borrower, the Lenders, the other Credit Parties and the Agent shall have been delivered to the Agent;
- (b) the representations and warranties contained herein shall be true and correct;
- (c) the Borrower shall have paid to the Agent in full all fees and expenses then due and payable to the Agent and/or the Lenders.

Section 7 Reference to and Effect on the Credit Agreement.

- (1) Upon this Amendment becoming effective, each reference in the Credit Agreement to "this Agreement" and each reference to the Credit Agreement in the other Credit Documents and any and all other agreements, documents and instruments delivered by any of the Lenders, the Agent, the Borrower or any other Person shall mean and be a reference to the Credit Agreement as amended by this Amendment. The Credit Agreement remains in full force and effect.
- (2) Except to the extent expressly set forth herein, (a) the execution, delivery and effectiveness of this Amendment and any consents and waivers set forth herein shall not directly or indirectly (i) amend, modify or operate as a waiver of any provision of

the Credit Agreement or any other Credit Document or any right, power or remedy of the Agent or any Lender thereunder; or (ii) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument; and (b) the Agent and the Lenders reserve all of their respective rights, powers and remedies under the Credit Agreement, the other Credit Documents and Applicable Law.

Section 8 Governing Law.

This Amendment is governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

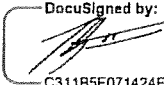
Section 9 Counterparts.

This Amendment may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Amendment.

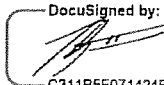
[Remainder of page left intentionally blank]

IN WITNESS WHEREOF the parties have executed this Amendment.


**ACCEL CANADA HOLDINGS
LIMITED, as Borrower**

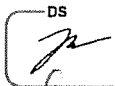
By: 
C311B5F071424FE...
Name: Michael Williams
Title: President

**ACCEL ENERGY LIMITED,
as a Guarantor**

By: 
C311B5F071424FE...
Name: Michael Williams
Title: President

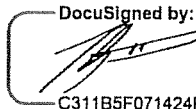
**ACCEL ENERGY SERVICES CANADA
LIMITED, as a Guarantor**

By: 
C311B5F071424FE...
Name: Michael Williams
Title: President

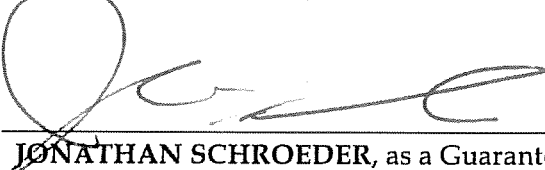

DS
Witness


Witness


Witness


C311B5F071424FE...
MICHAEL WILLIAMS, as a Guarantor


WAYNE CHODZICKI, as a Guarantor


JONATHAN SCHROEDER, as a Guarantor

ACCEPTED AND AGREED as of the date
first above written.

**THIRD EYE CAPITAL CORPORATION,
as Agent**

By: 

Name: Arif N. Bhalwani

Title: Managing Director

[Lenders signatures on next page]

THIRD EYE CAPITAL CREDIT
OPPORTUNITIES FUND - INSIGHT
FUND, by its Managing General Partner,
THIRD EYE CAPITAL CREDIT
OPPORTUNITIES S.A.R.L., as a Lender

By: 

Name: **Richard GODDARD**

Title: **Manager**

By: 

Name:

Title:

Paul de Quant
Manager

THIRD EYE CAPITAL ALTERNATIVE
CREDIT TRUST, by its Manager, THIRD
EYE CAPITAL MANAGEMENT INC., as a
Lender

By: 

Name: **Arif Bhalwani**

Title: **Portfolio Manager**

NINEPOINT-TEC PRIVATE CREDIT
FUND, by its Manager, NINEPOINT
PARTNERS LP, by its general partner,
NINEPOINT PARTNERS GP INC., as a
Lender

By: _____

Name:

Title:

**THIRD EYE CAPITAL CREDIT
OPPORTUNITIES FUND - INSIGHT
FUND, by its Managing General Partner,
THIRD EYE CAPITAL CREDIT
OPPORTUNITIES S.A.R.L., as a Lender**

By: _____
Name:
Title:

By: _____
Name:
Title:

**THIRD EYE CAPITAL ALTERNATIVE
CREDIT TRUST, by its Manager, THIRD
EYE CAPITAL MANAGEMENT INC., as a
Lender**

By: _____
Name: Arif Bhalwani
Title: Portfolio Manager

**NINEPOINT-TEC PRIVATE CREDIT
FUND, by its Manager, NINEPOINT
PARTNERS LP, by its general partner,
NINEPOINT PARTNERS GP INC., as a
Lender**

By:  _____
Name: Kirstin McTaggart
Title: Chief Compliance Officer