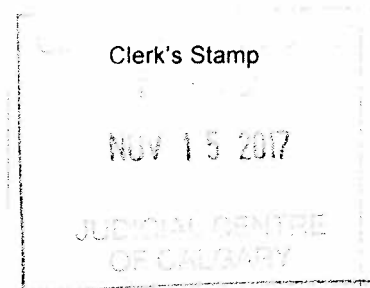


COURT FILE NUMBER 1701-15267
COURT QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ALBERTA TREASURY BRANCHES
DEFENDANT QUESTFIRE ENERGY CORP.
DOCUMENT **AFFIDAVIT (APPOINTMENT OF RECEIVER)**



ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

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AFFIDAVIT OF TRINA HOLLAND
Sworn on November 15, 2017

I, TRINA HOLLAND, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am a director with the Turnaround and Restructuring Group of Alberta Treasury Branches ("**ATB**"). I have been directly involved with the Questfire Energy Corp. ("**Questfire**" or the "**Borrower**") account and have had primary responsibility for managing the syndicated secured credit facilities (collectively, the "**Credit Facilities**") on behalf of ATB. I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based upon information, in which case I believe the same to be true.
2. I am authorized to make this Affidavit on behalf of ATB, as the administrative agent (the "**Agent**") on behalf of ATB and The Toronto-Dominion Bank ("**TD**", TD and ATB are collectively referred to as, the "**Lenders**") under the credit agreement, dated as of June 27, 2014, among the Borrower, the Agent and the Lenders, as subsequently amended, restated, and supplemented pursuant to the following agreements: (i) first amending agreement, dated June 25, 2015; (ii) second amending agreement, dated December 31, 2015; (iii) third amending agreement, dated May 30, 2016; (iv) fourth amending agreement, dated June 30, 2016; (v) fifth amending agreement, dated August 15, 2016; (vi) sixth amending agreement, dated September

28, 2016 (the "**Amended and Restated Credit Agreement**"); (vii) seventh amending agreement, dated November 15, 2016; (viii) eighth amending agreement, dated November 30, 2016; (ix) ninth amending agreement, dated December 15, 2016; (x) tenth amending agreement, dated February 28, 2017; (xi) eleventh amending agreement, dated April 15, 2017; (xii) twelfth amending agreement, dated May 30, 2017; (xiii) thirteenth amending agreement, dated June 9, 2017; (xiv) fourteenth amending agreement, dated July 31, 2017; (xv) fifteenth amending agreement, dated September 15, 2017; (xvi) sixteenth amending agreement, dated October 17, 2017; (xvii) seventeenth amending agreement, dated October 17, 2017; and, (xviii) eighteenth amending agreement, dated October 30, 2017 (collectively referred to as, the "**Credit Agreement**"). The Credit Facilities were provided by the Lenders to the Borrower in accordance with the Credit Agreement. Now shown to me and marked as Exhibit "**A**" to this, my Affidavit, is a copy of the Credit Agreement together with all amendments thereto; however, in accordance with Rule 13.21(3) of the Alberta Rules Of Court only the Amended and Restated Credit Agreement has been attached hereto.

3. Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to them in the Credit Agreement.

Overview

4. Questfire is a junior public oil and natural gas exploration and production company. Questfire was incorporated pursuant to the laws of the Province of Alberta, and carries on business in the City of Calgary and elsewhere in the Province of Alberta.

5. The shares of Questfire are listed and posted for trading on the Toronto Venture Exchange under the symbol "Q.A.".

6. Questfire holds various petroleum and natural gas interests in the Lookout Butte and Medicine Hat areas (collectively, the "**P&NG Interests**"). The petroleum and natural gas substances derived from the Borrower's P&NG Interests in the Lookout Butte and Medicine Hat areas are processed at the Lookout Butte Gas Processing Plant located at LSD: 00/04-13-002-29W4 and the Compressor Stations located at: (i) LSD: 15-14-014-04W4; (ii) LSD: 08-20-014-04W4; (iii) LSD: 12-22-014-04W4; (iv) LSD: 04-27-014-04W4; (v) LSD: 13-27-014-04W4 (collectively referred to as, the "**Facilities**").

7. The Facilities were initially beneficially and legally owned by Questfire. In 2014, Questfire refinanced the Facilities in a \$15 million transaction with Stream Asset Financial

Questfire LP ("**Stream**"). The 2014 Stream financing was designed to de-lever Questfire's balance sheet.

8. As discussed further below, however, subsequent to closing the Stream financing, there was a precipitous drop in commodity prices for oil and natural gas and Questfire has been experiencing financial difficulties since 2015.

9. In an attempt to solve its financial difficulties, Questfire has undertaken strategic review processes, seeking out both domestic and international counterparties, in order to pursue a transaction to repay the Lenders. The strategic review processes led to a proposed arrangement agreement with Manito Energy Inc. ("**Manitok**") (a Calgary-based junior oil and gas producer), but such transaction has not closed. The strategic review processes also led to Questfire receiving an indicative term sheet from a U.S. based private equity firm (the "**US PE Firm**") to provide refinancing (the "**US PE Transaction**") in an amount to repay a portion of the amounts owing to the Lenders and Stream. Questfire had indicated it would close the US PE Transaction in early to mid-November. Recently, however, the US PE Firm declined to pursue the refinancing in accordance with such timeline and there is no indication as to when, if ever, the US PE Transaction will close.

10. Questfire was unsuccessful in completing a transaction, the Credit Facilities have matured, Questfire has not repaid the Credit Facilities and is unable to do so. Questfire's access to the Credit Facilities and Accommodations have been terminated in accordance with the terms of the Credit Agreement.

11. Questfire currently has no access or availability under the Credit Facilities and the Agent and the Lenders are not prepared to extend any further credit to it under the Credit Facilities or otherwise. As a result, Questfire is not able to meet its obligations generally as they become due and Questfire is no longer able to make payments to its creditors.

The Loan

12. In accordance with the Credit Agreement, the Agent and the Lenders have extended credit under the Credit Facilities to Questfire as follows:

- (a) Revolving Term Credit Facility – a revolving term credit facility in the amount of \$23,000,000;

- (b) Supplemental Facility – a supplemental facility in the amount of \$7,191,181; and
- (c) Operating Facility – a revolving credit facility with a limit up to \$5,000,000;

13. The Credit Facilities matured on November 3, 2017 and are due and owing.

14. As of November 8, 2017, the total indebtedness of the Borrower to the Agent and the Lenders pursuant to the Credit Agreement is \$34,072,700 (the “**Outstanding Indebtedness**”), with interest accruing thereafter at the rates set out in the Credit Agreement, plus all legal and other costs and expenses incurred by the Agent and the Lenders in respect of the Credit Agreement.

The Security

15. As security for all amounts owing from the Borrower to the Agent and the Lenders, the Borrower entered into an \$150,000,000 Demand Debenture and Negative Pledge on June 27, 2014, as amended and supplemented by a first supplemental debenture made effective July 6, 2016 (collectively, the “**Demand Debenture**”), granting the Agent, on behalf of itself and the Lenders, security over all of the Borrower’s present and after-acquired property, assets and undertaking, of every nature and kind, both real and personal, and all proceedings therefrom and all accretions, accessions and substitutions thereto (the “**Security**”). Attached hereto and marked as Exhibit “**B**” is a copy of the Demand Debenture.

16. In addition, the Borrower, entered into a Specific Assignment of Rights Under Joint Venture Agreement on June 27, 2014 (the “**Specific Assignment**” and together the Specific Assignment and the Demand Debenture, the “**Security Documents**”), granted by the Borrower to and in favour of the Agent. Attached hereto and marked as Exhibit “**C**” is a copy of the Specific Assignment.

17. The Agent registered its Security against Questfire at the Personal Property Registry. Attached hereto and marked as Exhibit “**D**” is a copy of the Alberta Personal Property Registry search report in respect of the Borrower dated November 3, 2017.

18. In addition, the Agent has registered fixed charges against the interests of Questfire at Alberta Land Titles and Alberta Department of Energy. Copies of the Agent’s registrations are attached hereto as Exhibits “**E**” and “**F**”, respectively.

Operational Background

19. Questfire's production mix is substantially natural gas weighted (77% of total production). Questfire's oil and natural gas properties are located primarily in the Oberlin and Lookout Butte areas with approximately 38% of its current production being produced in these areas.

20. Questfire's current Liability Management Rating ("**LMR**") in Alberta is 1.24.

21. Due to the lower natural gas prices, restricted liquidity, and low oil prices, no new wells have been drilled and brought on since 2015 as Questfire minimized capital expenditures to focus on field maintenance and operating cost reduction projects.

22. As a result of the foregoing, Questfire has not been able to invest in new development projects on its asset base resulting in a 10% per year decline in Questfire's oil and natural gas reserves in 2016 and 2017. Questfire's production has declined since December 31, 2015 from approximately 5,200 boe/d to its current production levels of approximately 4,200 boe/d.

Unsecured Creditors and Alberta Energy Obligations

23. Questfire has advised the Agent that, as of October 24, 2017, approximately \$10.7 million of unsecured accounts payable is owing to trade creditors and accrued liabilities. The amount of payables that are over 60 days at that time was \$7.7 million, representing 72% of total payables. Of the \$10.7 million total, approximately \$5.8 million (54%) was owing to trade creditors and \$3.9 million (37%) was owing to non-operating joint venture partners.

24. The trade creditors are made up primarily of service providers and suppliers who work on specific sites or supply goods to support the operation of the assets. The trade creditors are made up primarily of energy service, transportation and construction companies who have provided goods or services to Questfire.

25. On October 23, 2017, Questfire received a demand from Alberta Energy in respect of an unpaid royalty adjustment in the amount of \$473,891. Alberta Energy has indicated that, absent payment, it has the remedy available to it to cancel Questfire's Crown P&NG Interests. Questfire has not paid the amounts owing to Alberta Energy. Now shown to me and marked as Exhibit "**G**" is a true copy of the demand from Alberta Energy.

26. The Agent is not aware of any builders' liens that have been registered against the property of Questfire. Apart from the Lenders, Stream, and Bearspaw Petroleum Ltd. (which appears to have perfected security in respect of a joint operating agreement), the Agent is not aware of any other secured creditors of Questfire.

27. Questfire currently has approximately 20 employees and 26 field contractor corporations that operate the assets. The Agent understands that, if appointed, the receiver will complete an analysis to determine what if any staff or employees are redundant or whose services are no longer required in order to operate the assets of Questfire.

Questfire's Ongoing Strategic Processes

28. The Borrowing Base under the Credit Agreement was originally established at \$55 million. The original maturity date under the Credit Agreement was May 31, 2016.

29. Questfire began experiencing financial difficulties in 2015. As a result, since June 25, 2015, the Agent, the Lenders, and Questfire have entered into eighteen (18) amendments to the Credit Agreement in order to deal with reestablishing the Borrowing Base and amending the Maturity Date and Term Out Date, in order to allow Questfire additional time to pursue its strategic processes.

30. Questfire's strategic review processes led to: (i) the engagement of Macquarie Capital Markets Canada Ltd. as Questfire's financial advisor with respect to a strategic alternative process (the "**Macquarie Process**"); (ii) the engagement of Grant Thornton Ltd., as Questfire's financial advisor; (iii) the concurrent engagement of Raymond James to act as Questfire's financial advisor in connection with the sale of royalties and to explore all other debt and equity options and Sayer Energy Advisors to act as financial advisor with respect to the sale or joint venture/farm-out of certain oil and natural gas properties (the "**Raymond and Sayer Processes**"); (iv) a proposed arrangement agreement with Manito Energy Inc. (the "**Manito Arrangement**"), another Calgary-based junior oil and gas producer; and, (v) Questfire receiving an indicative term sheet from a US based private equity firm to provide refinancing (the "**US PE Transaction**"), in an amount sufficient to repay a portion of the amounts owing to the Lenders and Stream (collectively referred to as, the "**Strategic Processes**")

31. While the Strategic Process did result in a minor reduction of the amount owed to the Lender's under the Credit Facilities, none of the Strategic Processes resulted in an executable transaction that would result in the repayment of the indebtedness owed to the Lenders, on

terms to which the Lenders might agree. In fact it is important to note that many of the Strategic Processes like the Macquarie Process, the Raymond and Sayer Processes, the Manitok Arrangement Agreement and the US PE Transaction, even if successful, would only see a portion of the indebtedness owed to the Lenders repaid in full now, with the balance to be subordinated.

32. Due to the Borrower's liquidity issues and its inability to meet its obligations as they become due, absent further funding and extensions from the Lenders, the Borrower is unable to continue its operations. The Lenders are no longer in a position to continue providing further funding to the Borrower. Questfire has advised the Lenders that its immediate cash needs to fund critical payables over the course of the next 50 days amount to \$2,000,000.

33. Questfire's liquidity issues continue to impair the value of the Security. The Agent therefore has serious and valid concerns regarding the protection and preservation of the Security and the P&NG Interests as well as the ongoing operation of the Facilities.

Demand NOI

34. On November 8, 2017, ATB sent the Borrower a letter demanding repayment of the Outstanding Indebtedness, in full, together with a Notice of Intention to Enforce Security, in accordance with Section 244 of the *Bankruptcy and Insolvency Act* (the "**BIA**"). Attached hereto and marked as Exhibit "**H**" to this my Affidavit is a copy of the demand letter and the corresponding 244 notice.

Default

35. The failure of the Borrower to pay amounts owed to the Agent and the Lenders when due and owing is a further Event of Default under the terms of the Demand Debenture and the Credit Agreement.

36. The Demand Debenture provides that upon an Event of Default by the Borrower, the Agent and the Lenders are entitled to, among other things, apply for the appointment of a receiver.

37. The Borrower operates the Facilities and is the operator of approximately 4,200 boe/d of production. It is a standard provision in joint operating agreements that insolvency of the operator gives rise to remedies to the other working interest participants. The exercise of such remedies could negatively impact Questfire's operations and further impair the Security.

Necessity of the Appointment of a Receiver

38. As a result of the foregoing, I believe that the appointment of a receiver pursuant to section 243 of the BIA over the assets, undertakings and properties of Questfire is just and convenient, and necessary to protect the interests of the Agent and the Lenders and to preserve and realize on the Security in an orderly fashion. In the alternative, the Agent seeks an order appointing an interim receiver.

39. The Borrower no longer has any credit available under the Credit Facilities and does not have any funds available to continue its operations or pay its debts generally as they become due.

40. PricewaterhouseCoopers Inc., LIT ("**PwC**") is a licensed trustee in bankruptcy and has consented to being appointed receiver of Questfire. Attached hereto and marked as Exhibit "I" is a copy of the consent of PwC to act as receiver of Questfire.

41. ATB is seeking approval to provide financing in the amount of up to \$4 million to fund the Receiver through the proposed receivership proceedings of Questfire. Of this amount, \$2 million would be funded to provide cash to the receiver, as needed. The balance of the financing would be in the nature of the receiver hedging Questfire's production.

Proposed Operator

42. I am advised by Jonathan Reimche of PwC that, if appointed as receiver and manager of Questfire, PwC intends to retain Sproule Niven Fischer ("**SNF**") to operate and provide technical support with respect to the P&NG Interests and Facilities of Questfire.

43. At present, SNF is engaged by Hardie & Kelly Inc., in its capacity as court-appointed receiver and manager of Glencoe Resources Ltd. ("**Glencoe**"), to provide technical support, which mandate is nearing completion. SNF is also engaged by MNP Ltd., in its capacity as court-appointed receiver and manager of COGI Limited Partnership, et al ("**COGI**"), to provide technical support. In both of these proceedings, there are disputes as between these debtors and Questfire. In respect of the Glencoe and COGI proceedings, the respective court-officer has confirmed that it does not view SNF's engagement by PwC, with respect to any Questfire mandate, as creating a conflict. Further, SNF has proposed that the project lead on the Questfire mandate has not and will not be involved in the Glencoe or COGI engagements.

44. Given this information, I am advised that PwC, the Agent, and the Lenders all support proceeding with the engagement of SNF.

Conclusion

45. I believe it is just, convenient, and appropriate for a receiver to be appointed over the Borrower, for the following reasons:

- (a) based on recent discussions I have had with the management of the Borrower, I do verily believe that the Borrower is unable to continue as a viable entity due to its ongoing liquidity issues, including the maturity of the facilities without further extension or renewal thereof;
- (b) despite being provided with an extensive timeframe within which to facilitate a sale or restructuring, the Sales Processes have not resulted in the closing of any sale, plan, or transaction capable of repaying the Indebtedness; and,
- (c) due to the Borrower's ongoing liquidity issues and its inability to meet its obligations as they come due, the Agent has serious concerns regarding the protection and preservation of the Security.

46. PwC has consented to act as receiver of the Borrower. Jonathan Reimche, is responsible for this mandate and is a licensed trustee in bankruptcy.

47. I swear this affidavit in support of an application to appoint PwC as receiver of the Borrower, together with such powers, as set out in the draft Receivership Order, attached to the Notice of Application to be filed concurrently with this, my Affidavit.

SWORN BEFORE ME at the City of
Calgary, in the Province of Alberta, this
15 day of November, 2017.



A COMMISSIONER FOR OATHS
in and for the Province of Alberta

LAN T.X. NGUYEN
Student-at-Law



TRINA HOLLAND

This is Exhibit "A" referred to in the Affidavit of
Trina Holland
sworn before me this 15th day of November, 2017.

A handwritten signature in black ink, appearing to read 'Lan T.X. Nguyen', is written above a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

LAN T.X. NGUYEN
Student-at-Law

**SIXTH AMENDING AGREEMENT
TO THE QUESTFIRE ENERGY CORP.
CREDIT AGREEMENT DATED JUNE 27, 2014**

THIS SIXTH AMENDING AGREEMENT is made effective as of September 28, 2016,

AMONG:

QUESTFIRE ENERGY CORP.,
(as Borrower)

- and -

ALBERTA TREASURY BRANCHES and THE TORONTO-DOMINION BANK

and each such other financial institution which becomes a signatory hereto,
(hereinafter referred to collectively as the "**Lenders**" and individually, a "**Lender**")

- and -

ALBERTA TREASURY BRANCHES,
(as Agent)

PREAMBLE:

- A. Pursuant to the Credit Agreement dated June 27, 2014 among Questfire Energy Corp., as borrower (the "**Borrower**"), Alberta Treasury Branches and The Toronto-Dominion Bank, as amended by a first amending agreement dated June 25, 2015, a second amending agreement dated December 31, 2015, a third amending agreement dated May 30, 2016, a fourth amending agreement dated June 30, 2016, and a fifth amending agreement dated August 15, 2016 (the "**Credit Agreement**"), the Lenders agreed to provide to the Borrower the Facilities.
- B. The parties hereto wish to amend the Credit Agreement on the terms and conditions herein provided.

AGREEMENT:

NOW THEREFORE in consideration of the premises, the covenants and the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged between the parties, the parties agree as follows:

- 1. **Definitions.** Capitalized terms used in this Sixth Amending Agreement will, including in the recitals hereto, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement. In this Sixth Amending Agreement and the recitals hereto, unless something in the subject matter or context is inconsistent therewith:

"**Sixth Amending Agreement**" means this sixth amending agreement made effective as of September 28, 2016 among the Borrower, the Agent and the Lenders.

2. **Amendment Date.** The amendments contained herein shall be effective as of the date of this Sixth Amending Agreement (the “**Sixth Amendment Effective Date**”).
3. **Amendments and Supplements to the Credit Agreement.** Effective as of the Sixth Amendment Effective Date and upon the satisfaction of the conditions precedent set forth in Section 5 below, the Credit Agreement and the schedules to the Credit Agreement are hereby amended to read in their entirety as attached as Exhibit A hereto.
4. **Fees.**

On or before the Sixth Amendment Effective Date, the Borrower agrees to pay to the Agent, on behalf of each Lender:

- (a) an extension fee equal to 15 bps (0.15%) on the sum of the Operating Facility Commitment and the Syndicated Facility Commitment which fee is payable to the Agent on behalf of the Lenders on a *pro rata* basis according to their respective Commitment (the “**Extension Fee**”); and
- (b) a supplemental facility fee equal to 50 bps (0.50%) on the Supplemental Facility Commitment which fee is payable to the Agent on behalf of the Lenders on a *pro rata* basis according to their respective Commitment (the “**Supplemental Facility Fee**”, and together with the Extension Fee, the “**Fees**”).

Such Fees are in addition to and not in substitution for any other fees, charges or other amounts payable by the Borrower under the Credit Agreement.

5. **Conditions Precedent.** This Sixth Amending Agreement shall become effective upon the Borrower delivering or causing to deliver to the Agent, on behalf of the Lenders, where applicable, each of the following conditions precedent being performed to the satisfaction of the Agent and Lenders or waived by the Agent and Lenders:
 - (a) a fully executed copy of this Sixth Amending Agreement;
 - (b) payment of the Fees
 - (c) evidence that the Borrower has repaid an amount of \$275,000 to the Agent for and on behalf of the Lenders to be applied as repayment of the Supplemental Facility concurrent with closing of this Sixth Amending Agreement; and
 - (d) such other documents as the Agent may reasonably request.
6. **Confirmation of Security.** The Borrower agrees with and confirms to the Agent and the Lenders that as of the Sixth Amendment Effective Date, the Security in Section 6.1 of the Credit Agreement is and shall remain in full force and effect in all respects and shall continue to exist and apply to all of the obligations of the Borrower under, pursuant or relating to the Credit Agreement, as amended by this Sixth Amending Agreement. This confirmation of Security is in addition to and shall not limit, derogate from or otherwise affect any provisions of the Security.

7. **Representations and Warranties.** The Borrower agrees with and confirms to each of the Lenders and the Agent that as of the Sixth Amendment Effective Date each of the representations and warranties listed in Article 2 of the Credit Agreement (other than those made as of a specific date), as amended by this Sixth Amending Agreement, is true and accurate. Further, the Borrower hereby represents and warrants to each of the Lenders and the Agent that:
- (a) the execution and delivery of this Sixth Amending Agreement and the performance by it of its obligations hereunder (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constituting documents or by-laws; and
 - (b) this Sixth Amending Agreement is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity.
8. **Governing Law.** The parties agree that this Sixth Amending Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein. There shall be no application of any conflict of law or other rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Sixth Amending Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Sixth Amending Agreement, or any of the transactions contemplated hereby or by any thereof, without prejudice to the rights of the Agent or any Lender to take proceedings in other jurisdictions.
9. **Continuing Effect.** Each of the parties acknowledges and agrees that the Credit Agreement, as amended by this Sixth Amending Agreement, the Security and all other documents executed and delivered pursuant thereto or in connection therewith, will be and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
10. **Further Assurances.** The Borrower will from time to time forthwith at the Agent's request and at the Borrower's own cost and expense, 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 Lenders and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Sixth Amending Agreement.
11. **Counterparts.** This Sixth Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this Sixth Amending Agreement by signing any counterpart.

IN WITNESS WHEREOF, the parties have caused this Sixth Amending Agreement to be duly executed by their respective authorized officers as of the date and year first written above.

**QUESTFIRE ENERGY CORP.,
as Borrower**

Per: 

Name:

RICHARD H. DAHL

Title:

PRESIDENT & CEO

Per: 

Name:

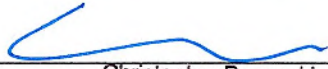
RONALD A. WILLIAMS

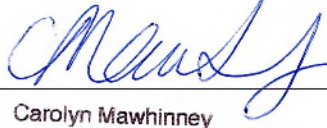
Title:

VP FINANCE & CFO

This is a counterpart signature page to the Sixth Amending Agreement to the Credit Agreement dated June 27, 2014 with Questfire Energy Corp. as Borrower.

ALBERTA TREASURY BRANCHES, as Agent

Per: 
Name: _____
Title: Christopher Borowski
Director, Syndications
ATB Corporate Financial Services

Per: 
Name: _____
Title: Carolyn Mawhinney
Manager-Syndications
ATB Corporate Financial Services

This is a counterpart signature page to the Sixth Amending Agreement to the Credit Agreement dated June 27, 2014 with Questfire Energy Corp. as Borrower.

ALBERTA TREASURY BRANCHES, as Lender

Per: 
Name: _____
Title: Alex Corbett, CA, CIRP, LIT
Turnaround Group Consultant
Per: 
Name: _____
Title: Trina Holland
Senior Associate Director

This is a counterpart signature page to the Sixth Amending Agreement to the Credit Agreement dated June 27, 2014 with Questfire Energy Corp. as Borrower.

THE TORONTO-DOMINION BANK, as Lender

Per:

Name:

Title:


Maurice Moffett
Director

Per:

Name:

Title:

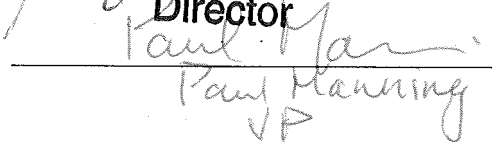

Paul Manning
VP

EXHIBIT A

**TO THE QUESTFIRE ENERGY CORP. SIXTH AMENDING AGREEMENT
DATED SEPTEMBER 28, 2016**

**[CREDIT AGREEMENT BLACKLINED TO SHOW THE AMENDMENTS MADE BY THIS
SIXTH AMENDING AGREEMENT ATTACHED]**

CDN. \$~~45,000,000~~25,000,000
 EXTENDIBLE REVOLVING TERM CREDIT FACILITY

and

And

CDN. \$~~10,000,000~~14,500,000
SUPPLEMENTAL FACILITY

And

CDN. \$5,000,000
 OPERATING FACILITY

CREDIT AGREEMENT

among

QUESTFIRE ENERGY CORP.
 (as Borrower)

- and -

THE FINANCIAL INSTITUTIONS SIGNATORY HERETO
 (as Lenders)

- and -

ALBERTA TREASURY BRANCHES
 (as Agent for the Lenders)

- with -

ALBERTA TREASURY BRANCHES
 (as Lead Arranger)

- and -

ALBERTA TREASURY BRANCHES
 (as Sole Bookrunner)

Dated as of June 27, 2014 as amended by
The First Amending Agreement dated as of June 25, 2015
The Second Amending Agreement dated as of December 31, 2015
The Third Amending Agreement dated as of May 30, 2016
The Fourth Amending Agreement dated as of June 30, 2016
The Fifth Amending Agreement dated as of August 15, 2016

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THIS CREDIT AGREEMENT is dated June 27, 2014.

AMONG:

QUESTFIRE ENERGY CORP., a corporation under the laws of Alberta,
as Borrower

AND:

**EACH OF THE FINANCIAL INSTITUTIONS SIGNATORIES HERETO
AS LENDERS, OR AS FROM TIME TO TIME BECOME LENDERS
HEREUNDER**, in their capacities as Lenders

AND:

ALBERTA TREASURY BRANCHES, in its capacity as Agent

WHEREAS the Borrower has requested and the Lenders have agreed to establish senior secured extendible revolving credit facilities on the terms and conditions set forth herein, and ATB has agreed to act as Agent for the Lenders under such credit facilities;

NOW THEREFORE, in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals and the Schedules hereto and in all notices pursuant to this Agreement, unless something in the subject matter or context is inconsistent therewith, the following words and phrases shall have the following meanings:

"**Acceleration Notice**" is defined in Section 10.2(b);

"**Accommodations**" means:

- (a) the advance of Loans by the Syndicated Lenders and the acceptance and purchase of Bankers' Acceptances or, if applicable, the advance of BA Equivalent Advances by the Syndicated Lenders (the "**Syndicated Accommodations**");
- (b) the advance of Prime Loans by the Supplemental Lenders and the acceptance and purchase of Bankers' Acceptances or, if applicable, the advance of BA Equivalent Advances by the Supplemental Lenders (the "**Supplemental Accommodations**"); and
- (c) ~~(b)~~ the advance of Prime Loans and U.S. Base Rate Loans and the issuing of Letters of Credit by the Operating Lender (the "**Operating Accommodations**");

"**Accounts**" means the accounts and records established by the Agent and the Operating Lender pursuant to Section 4.6 to record the Borrower's liability to each of the Lenders in respect of the Borrowings and other amounts outstanding by the Borrower to each of the Lenders and the Agent hereunder;

"Adjusted Senior Debt" means Debt after excluding the obligations of the Borrower under the Joint Venture Agreement.

"Adjusted Senior Debt to EBITDA Ratio" means, as at the end of each Fiscal Quarter of the Borrower, the ratio of Adjusted Senior Debt on the last day of such Fiscal Quarter to EBITDA for the applicable period ending on the last day of such Fiscal Quarter;

"Adjustment Time" means the time of occurrence of the last event necessary (being either the delivery of a Demand for Repayment or the occurrence of a Termination Event) to ensure that all Lender Outstandings are thereafter due and payable and such time shall conclusively be:

- (a) in the case where such last event is the delivery of a Demand for Repayment, the time of delivery for such Demand for Repayment or, where not delivered as required within a time period specified in Section 10.3, then the last day of such time period; and
- (b) in the case where such last event is the occurrence of a Termination Event, the time of occurrence of such Termination Event determined pursuant to the provisions of the applicable Credit Document giving rise to such Termination Event;

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Agent;

"AER" means the Alberta Energy Regulator (or any successor agency);

"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 ATB and any successor entity to ATB when acting in its capacity as administrative agent hereunder and includes any successor administrative agent appointed pursuant to Section 12.6;

"Agent Parties" is defined in Section 14.7(d)(ii);

"Agent's Account for Payments" means:

- (a) for all payments in Canadian Dollars, the following account maintained by the Agent to which payments and transfers are to be effected as follows:

Alberta Treasury Branches
[239102](#) - 8th Avenue S.W.
 Calgary, Alberta T2P 1B93
 Swift Code: ATBRCA6EXXX
 Beneficiary/for account of: **CAD** Syndication Agency Suspense
 Transit & Account: 07609 – 00127091500

Attention: Manager of Loan Syndications
 Reference: Questfire Energy Corp. - ATB Loan Syndications

- (b) for all payments in U.S. Dollars, the following account maintained by the Agent to which payments and transfers are to be effected as follows:

Bank of America - New York
 100 W 33rd Street,
 New York, New York, USA 10001
 BOFAUS3N, ABA 026009593
 Alberta Treasury Branches A/C #12332-35276

For further credit to: Alberta Treasury Branches
[239102](#) - 8th Avenue S.W., Calgary, Alberta T2P 1B93
 Beneficiary/For Account of: **USD** Syndication Agency Suspense
 Transit & Account: 07609 – 0127092300

Attention: Manager of Loan Syndications
 Reference: Questfire Energy Corp. - ATB Loan Syndications

or such other places or accounts as may be agreed upon by the Agent and the Borrower from time to time and notified in writing to the Lenders;

"Agent's Branch of Account" means the office of the Agent located at the address set forth opposite the Agent's name on the signature pages to this Agreement or such other office or branch of the Agent in Canada as the Agent may from time to time advise the Borrower and the Lenders in writing;

"Agreeing Lender" is defined in Section 3.3(g);

"Agreement" means this credit agreement, all Schedules attached hereto and any future amendments, amendments and restatements, replacements or supplements hereto or thereto;

"AML Legislation" is defined in Section 14.11(a);

"Anti-Money Laundering Laws" is defined in Section 2.1(s)(iii)(A);

"Applicable Law" means, in relation to any Person, property, transaction or event, all applicable provisions (or mandatory applicable provisions, if so specified) of federal, provincial, state or local laws, statutes, rules, regulations, official directives and orders of all Governmental Authorities and Governmental Actions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the Person, property, transaction or event;

"Applicable Lenders" means, in the case of the Syndicated Facility and in respect of a Borrowing Notice, Conversion Notice or Rollover Notice given under the Syndicated Facility, all of the Syndicated Lenders and, in the case of the Operating Facility and in respect of a Borrowing Notice given under the Operating Facility, means only the Operating Lender and, ~~to the extent the original Drawdown in the case of the Supplemental Facility and in respect of a Borrowing subject to Notice, Conversion Notice or Rollover was made from a Term Lender during its Revolving Period, such term shall also include such Term Lender~~ Notice given under the Supplemental Facility, all of the Supplemental Lenders;

"Applicable Margin" means a margin, expressed as a rate per annum, payable to, in the case of the Syndicated Facility, the Agent on behalf of all of the Lenders, and in the case of the Operating Facility, to the Operating Lender, with respect to Borrowings, as set forth in the table below for the applicable Adjusted Senior Debt to EBITDA Ratio:

Level	Adjusted Senior Debt to EBITDA Ratio	Prime Loans and U.S. Base Rate Loans (bps)	Libor Loans, Bankers' Acceptances and Financial Letters of Credit (bps)	Non-Financial Letters of Credit (bps)	Standby Fees (bps)
1	< 1.00	100 <u>200</u>	200 <u>300</u>	133 <u>268.00</u>	50 <u>75.00</u>
2	>= 1.00 < 1.50 <u>2.00</u>	125 <u>250</u>	225 <u>350</u>	150 <u>301.50</u>	56.25 <u>87.50</u>
3	>= 1.50 < 2.00 ≤ <u>3.00</u>	150 <u>350</u>	250 <u>450</u>	167 <u>368.50</u>	62.5 <u>112.50</u>
4	>= 2.00 <u>3.00</u> <	200 <u>450</u>	300 <u>550</u>	200 <u>435.50</u>	75 <u>137.50</u>

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[MT DOCS 15852951v6](#)

	2.50 4.00				
5	$\geq \text{2.50}4.00 < \text{3.00}5.00$	250 500	350 600	233 469.00	87.5 150.00
6	$\geq \text{3.00}5.00 < \text{6.00}$	300 550	400 650	267 502.50	400 162.50
<u>7</u>	$\geq \text{6.00}$	600	700	536.00	175.00

provided that changes in the Applicable Margin shall be effective and adjusted in accordance with Section 5.13; and provided further that, as at the Sixth Amendment Effective Date, the Applicable Margin shall be set at Level ~~3.7~~. For the purposes of calculating the Applicable Margins for Prime Loans, U.S. Base Rate Loans and Bankers' Acceptances, the per annum rate is expressed on the basis of a 365 day year, as applicable, and the Applicable Margin for Libor Loans is calculated as a per annum rate expressed on the basis of a 360 day year. During the Term Period for any Lender, each of the above Applicable Margins will increase by 50 bps for such Lender. Without duplication of interest on overdue amounts as provided in Section 5.7, for any day on which an Event of Default or a Borrowing Base Shortfall exists, each of the above Applicable Margins will increase by 200 bps; Notwithstanding anything herein contained, in respect of Borrowings under the Supplemental Facility, the interest and fees payable by the Borrower will be subject to the applicable margins set forth in the table above plus 200 bps.

"Applicable Percentage" means, at any time prior to the Adjustment Time with respect to each Lender and each Facility, the proportion that such Lender's Commitment in respect of such Facility bears to the amount of the total Commitments of all Lenders in respect of such Facility at such time and, if such total Commitment in respect of such Facility is cancelled or terminated, **"Applicable Percentage"** shall mean the Applicable Percentage of such Lender in effect immediately prior to such cancellation or termination; provided that when such term is used in reference to or in relation to:

- (a) the Operating Facility, the Applicable Percentage for the Operating Lender shall be 100% and for all other Lenders shall be 0%; ~~and~~
- (b) the Syndicated Lenders, the Applicable Percentage for a Syndicated Lender shall be the proportion that the Syndicated Facility Commitment of such Syndicated Lender bears to the Total Syndicated Facility Commitment at such time; and
- (c) the Supplemental Lenders, the Applicable Percentage for a Supplemental Lender shall be the proportion that the Supplemental Facility Commitment of such Supplemental Lender bears to the Total Supplemental Facility Commitment at such time.

After the Adjustment Time, the Applicable Percentage of each Lender shall be calculated based on its Commitment as a proportion of the Total Commitment and without any distinction as to which Facility may be relevant to such Lender, and when used in Section 12.18(b) in relation to both Lenders and Swap Lenders, the "Lender Outstandings" of Swap Lenders for the purposes of such calculation shall be their Permitted Swap Indebtedness as calculated after the Adjustment Time;

"Applicable Percentage of the Total Commitment" means in respect of each Lender, the proportion that such Lender's Commitment bears to the Total Commitment;

"Approved Fund" means any Fund that is administered or managed by:

- (a) a Lender,
- (b) an Affiliate of a Lender, or
- (c) an entity or an Affiliate of an entity that administers or manages a Lender;

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 13.1), and accepted by the Agent, substantially in the form of Schedule "F" or any other form approved by the Agent;

"ATB" means Alberta Treasury Branches and its successors and permitted assigns;

"BA Acceptance Fee" means, with respect to Bankers' Acceptances, the fee, expressed as a rate per annum, payable to each Lender or retained by each Lender, in each case with respect to Bankers' Acceptances to be accepted and purchased by such Lender as set forth in the table in the definition of Applicable Margin for Bankers' Acceptances;

"BA Equivalent Advance" means an advance made in Canadian Dollars by a Non-Acceptance Lender as part of an Accommodation by way of Bankers' Acceptances;

"BA Purchasing Lender" means each Applicable Lender that purchases a Bankers' Acceptance accepted by such Applicable Lender;

"Bankers' Acceptances" means bankers' acceptances denominated in Cdn. Dollars which are issued by the Borrower pursuant to Sections 3.6, 3.13 or 3.14 and accepted and if applicable, purchased by the Applicable Lender pursuant to Section 3.8;

"Basel III" means the agreements on capital requirements, leverage ratios and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, modified, supplemented, reissued or replaced from time to time;

"BBS Cure Period" is defined in Section 3.5(i);

"Bilateral Financial Service Agreements" means each present and future agreement between a Creditcard Lender and a Loan Party with respect to Creditcard Facilities, and each present and future agreement between the Operating Lender and a Loan Party with respect to Cash Management Services;

"Blocked Person" is defined in Section 2.1(s)(i)(B);

"Borrower" means Questfire Energy Corp., a corporation under the laws of Alberta, and its successors and permitted assigns;

"Borrowing Base" means the amount, determined and redetermined, as applicable, by the Lenders from time to time pursuant to Section 3.5 in the exercise of their sole discretion in accordance with their usual and customary practices for loans of a similar nature to the Borrowing Base Facilities, and which represents such Lenders' estimate of the future net revenues or the net present value of revenues (adjusted to take into account coverage ratios customarily applied by such Lenders) expected to be derived in the future from the Borrowing Base Assets to which the Lenders attribute value, after deducting therefrom such capital expenditures, operating and other expenses and charges, royalties, burdens or encumbrances on or in respect of any of the Borrowing Base Assets or deductible in arriving at revenues obtained therefrom, and such abandonment and reclamation costs in respect thereof, as the Lenders determine. In making any determination or redetermination of the Borrowing Base from time to time, the Lenders will utilize their estimates of economic factors, quantity and recoverability of reserves, demand for and deliverability of Petroleum Substances, pricing forecasts, burdens, foreign exchange rates, hedges, escalation or de-escalation of commodity prices and expenses over the economic life of the relevant reserves and other assumptions and factors as the Lenders consider affect such determination or redetermination;

"Borrowing Base Assets" means all and only:

- (a) the P&NG Rights of each Loan Party to which any proved reserves are attributed in the Engineering Report (or the data, information and updates referred to in Section 3.5(d)) most recently provided to the Agent; and
- (b) the Tangibles and Miscellaneous Interests of each Loan Party which are directly or indirectly attributed any value in the Engineering Report (or the data, information and updates referred to in Section 3.5(d)) most recently provided to the Agent and located and primarily used in connection with any reserves described in paragraph (a) of this definition,

in each case, which the Lenders have included in the determination of the Borrowing Base;

"Borrowing Base Facilities" means, collectively, the Syndicated Facility and the Operating Facility, but for greater certainty specifically excludes the Supplemental Facility.

"Borrowing Base Shortfall" is defined in Section 3.5(i);

"Borrowing Base Subsidiary" means any wholly-owned direct or indirect Subsidiary of the Borrower that either owns Borrowing Base Assets, or has a direct or indirect ownership interest in a Borrowing Base Subsidiary that owns Borrowing Base Assets, or is designated by the Borrower as a Borrowing Base Subsidiary in accordance with Section 6.10 and in any case which has provided Security in accordance with Article 6 but, in each case, only for so long as it remains, in the case of a corporation, a corporation of which all shareholders are Loan Parties, in the case of a partnership, a partnership in which all partners are Loan Parties and, in the case of a trust, a trust in which all beneficiaries and trustees are Loan Parties, unless otherwise agreed to in writing by the Required Lenders;

"Borrowing Notice" means a notice to effect an Accommodation delivered under Section 3.6 and substantially in the form of Schedule "B" with all applicable blanks completed;

"Borrowings" means, at any time:

- (a) the principal amount outstanding by way of Loans made by the Syndicated Lenders together with the face amount of outstanding Bankers' Acceptances (and, if applicable, any related BA Equivalent Advances) accepted by the Syndicated Lenders (collectively, the **"Syndicated Borrowings"**);
- (b) the principal amount outstanding by way of Prime Loans made by the Supplemental Lenders together with the face amount of outstanding Bankers' Acceptances (and, if applicable, any related BA Equivalent Advances) accepted by the Supplemental Lenders (collectively, the **"Supplemental Borrowings"**); and
- (c) ~~(b)~~ the principal amount outstanding by way of Prime Loans and U.S. Base Rate Loans made by the Operating Lender and the undrawn amount of all outstanding Letters of Credit issued by the Operating Lender (collectively, the **"Operating Borrowings"**);

"bps" means 1/100th of one percent;

"Branch of Account" means, with respect to each Lender, the branch or office of such Lender (being, in the case of the Operating Lender, the Operating Lender's Branch of Account) located at the address set forth under such Lender's name on Schedule "A" or in its Assignment and Assumption, or such other branch or office in Canada as such Lender may from time to time advise the Borrower and the Agent in writing; provided that, for purposes of delivering any notice required to be delivered by the Agent to a Lender pursuant to Section 12.13 and for purposes of effecting any payments to a Lender in connection with this Agreement, a Lender may specify in writing to the Agent any other branch or office of such

Lender in Canada and such branch or office shall thereafter be the Branch of Account of such Lender for such purpose;

"Budgeted Capital Expenditures" means the budgeted amount of capital expenditures shown in the annual consolidated budget for the Borrower, provided such capital expenditures relate to additions to property, plant or equipment of the Borrower and the Borrowing Base Subsidiaries and do not relate to expenditures to be made with the proceeds of insurance or compensation for lost or damaged assets;

"Business Day" means a day, excluding Saturday and Sunday, on which banking institutions are open for the transaction of commercial business in Calgary, Alberta, Toronto, Ontario and New York, New York; and also, if such term is considered in the context of a Libor Loan or a determination of Libor, London, England;

"Canadian Dollars", "Cdn. Dollars" and the symbols **"Cdn. \$"** and **"\$"** each mean lawful money of Canada;

"Canadian Sanctions Designated Person" is defined in Section 2.1(s)(v);

"Cash Collateral Account" means an account with the Agent, or such other financial institution as designated by the Agent, from which the Borrower does not have any withdrawal rights or privileges until repayment of the Borrowings in full, termination of the Total Commitment and termination of this Agreement, except to apply the amount represented thereby to the Borrowings or a portion thereof, which account and all funds credited thereto and interest earned thereon (which interest shall be at the prevailing rate of the Agent or such other financial institution, as the case may be, for demand deposits of comparable amounts) shall be the subject of a Security Interest in favour of the Agent on behalf of the Lenders;

"Cash Management Services" means, with respect to the Operating Lender, cash or treasury management services (including controlled disbursement, automated clearinghouse transactions, return items, overdrafts, interstate depository network services, wire payments and account netting and pooling services) or any similar services which the Borrower and/or any Loan Party maintains with the Operating Lender;

"CDOR Rate" means on any day:

- (a) with respect to Bankers' Acceptances having a Standard Term which are required to be accepted and, if applicable, purchased on any day, the arithmetic average of the percentage discount rates for Canadian Dollar bankers' acceptances in comparable amounts having an identical issue and maturity date which are quoted on the "Reuters' Screen CDOR CAD BA Page" (as defined in the International Swaps and Derivatives Association, Inc. definitions, as modified and amended from time to time) (or if such screen shall not be available any successor or similar service selected by the Agent) as at approximately 8:00 a.m. (Calgary time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Agent in good faith after 8:00 a.m. (Calgary time) or as soon thereafter as practicable to reflect any error in a posted rate of interest or in the posted average annual rate of interest); and
- (b) with respect to Bankers' Acceptances which do not have a Standard Term or if the rate referred to in paragraph (a) of this definition does not appear on such "Reuters Screen CDOR Page" (or a successor service as referred to in paragraph (a) of this definition), the arithmetic average of the percentage discount rate quoted by each Schedule I Reference Lender (determined by the Agent as of 8:00 a.m. (Calgary time) on such day), which would be applicable in respect of an issue of bankers' acceptances in a comparable amount and with identical maturity dates to the Bankers' Acceptances proposed to be issued by the Borrower on such day or if such day is not a Business Day, then on the immediately preceding Business Day.

If any Lender does not furnish a timely quotation, the Agent shall determine the relevant discount rate on the basis of the quotation or quotations furnished by the remaining Lenders. Each determination of the CDOR Rate shall be conclusive and binding, absent manifest error, and be computed using any reasonable averaging and attribution method provided that, if the CDOR Rate as determined above is less than zero, then the CDOR Rate shall be deemed to be zero;

"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 or treaty,
- (b) any change in any Applicable Law or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or
- (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, to the extent applicable to the Lenders, (x) the Dodd-Frank Wall Street Reform and *Consumer Protection Act* and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued;

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

- (a) any Person or Persons acting jointly or in concert (within the meaning of the *Securities Act* (Alberta)) shall acquire ownership or control, directly or indirectly, of Voting Shares in the capital of the Borrower which have or represent more than 30% of all the votes entitled to be cast by shareholders for an election of the board of directors of the Borrower;
- (b) any Person becomes party to an agreement with the Borrower that allows such Person to appoint a majority of the board of directors of the Borrower;
- (c) other than in the case of an Excluded Replacement, individuals who were elected as members of the board of directors of the Borrower by the most recent resolutions of the shareholders of the Borrower shall no longer constitute a majority of the board of directors of the Borrower at any time prior to the next following resolutions of the shareholders of the Borrower relating to the election of the same, and the Lenders shall have determined that the resulting board of directors shall not be acceptable to the Lenders, such determination to be made by each Lender in its sole discretion;
- (d) other than in the case of an Excluded Replacement, individuals who were members of the board of directors of the Borrower immediately prior to resolutions of the shareholders of the Borrower relating to the election of directors shall not constitute a majority of the board of directors following such election, and the Lenders shall have determined that the resulting board of directors shall not be acceptable to the Lenders, such determination to be made by each Lender in its sole discretion; or
- (e) the Borrower transfers all or substantially all of its assets to any other Person if that transfer is not otherwise permitted by the other provisions of this Agreement;

"CISADA" means the *Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010*, United States Public Law 111195, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect;

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Collateral" is a collective reference to all property, assets, rights and things (whether real, personal or mixed), tangible and intangible, and the proceeds and products thereof, subjected or intended to be subjected from time to time to any Security Interest under any of the Security;

"Commitment" means each Lender's Syndicated Facility Commitment, Supplemental Facility Commitment or Operating Facility Commitment, as the case may be or, if the context so requires, the aggregate thereof;

"Commodity Swap" means an agreement entered into between a Person and a counterparty on a case by case basis, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in commodity prices, whether physically or financially settled;

"Communications" is defined in Section 14.7(d)(ii);

"Compliance Certificate" means a compliance certificate substantially in the form attached hereto as Schedule "D" executed by a senior officer of the Borrower;

"Consolidated Current Assets" means, at any time as determined in accordance with GAAP on a consolidated basis, the amount of current assets of the Borrower ~~plus any available but undrawn credit under the Facilities;~~ provided that to the extent Consolidated Current Assets includes any amount in respect of the Mark-to-Market position of the Loan Parties in respect of any Permitted Swap where such asset remains contingent, such amount shall be excluded from the calculation of Consolidated Current Assets;

"Consolidated Current Liabilities" means, at any time, as determined in accordance with GAAP on a consolidated basis, the amount of current liabilities of the Borrower less, to the extent included in the calculation of such current liabilities, any Borrowings, provided that to the extent Consolidated Current Liabilities includes any amount in respect of the Mark-to-Market position of the Loan Parties in respect of any Permitted Swap where such liability remains contingent, such amount shall be excluded from the calculation of Consolidated Current Liabilities;

"Consolidated Net Debt" means, at any time as determined in accordance with GAAP on a consolidated basis, the sum, without duplication, of:

(a) Consolidated Working Capital (excluding any amounts accounted for below); and

(b) the Borrowings;

"Consolidated Working Capital" means, as of the last day of each Fiscal Quarter, the amount by which Consolidated Current Assets exceeds Consolidated Current Liabilities (in which case the excess shall be treated as a negative number) or the amount by which Consolidated Current Liabilities exceeds Consolidated Current Assets (in which case the excess shall be stated as a positive number);

"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 meanings correlative thereto;

"Conversion" means a conversion of a Borrowing (other than a Letter of Credit) or part thereof from one basis of Borrowing to another (other than a Letter of Credit) and, where applicable, such term shall include the issuance of new Bankers' Acceptances in respect of converted or unconverted portions of a Borrowing;

"Conversion Date" means each Business Day that the Borrower has notified the Agent as the date on which the conversion of a Borrowing or a portion thereof is to be made pursuant to a request from the Borrower under Section 3.13;

"Conversion Notice" means a notice to effect a Conversion delivered under Section 3.13 and substantially in the form of Schedule "C" with all applicable blanks completed;

"Convertible Debenture Indenture" means the convertible debenture indenture dated June 28, 2012 between the Borrower and Olympia Trust Company.

"Convertible Debenture Obligations" means any and all of the present and future indebtedness, liabilities and obligations of the Borrower at any time owing to the holders of its unsecured senior convertible debentures issued by the Borrower on or about June 28, 2012 pursuant to the Convertible Debenture Indenture, up to a maximum principal amount of \$1,435,000.

"Credit Documents" mean, collectively, this Agreement, all ISDA Master Agreements between a Swap Lender and a Loan Party and all Transactions documented thereunder, all agreements between a Creditcard Lender and a Loan Party with respect to Creditcard Facilities, and all agreements between the Operating Lender and a Loan Party with respect to Cash Management Services, in each case both present and future, and all renewals, extensions, or restatements of, or amendments, modifications or supplements to, all or any part of the foregoing; and **"Credit Document"** means any of them;

"Creditcard Facilities" means any corporate credit card facilities for commercial purposes (including "commercial credit cards" and "purchasing cards");

"Creditcard Lender" means a Lender or an Affiliate of a Lender which has provided Creditcard Facilities to a Loan Party;

"Creditcard Obligations" means indebtedness, liabilities and obligations of any Loan Party to a Creditcard Lender arising under any Creditcard Facilities;

"Current Revolving Lender" is defined in Section 3.3(a);

"Currency Swap" means a contract entered into between a Person and a counterparty on a case by case basis in connection with forward rate, currency swap or currency exchange and other similar currency related transactions, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in exchange rates;

"Debt" means, as at any particular time and as determined on a consolidated basis in respect of the Borrower in accordance with GAAP, all obligations, indebtedness and liabilities (without duplication):

- (a) for borrowed money;
- (b) arising pursuant to bankers' acceptance facilities, note purchase facilities and commercial paper programs, or the stated amount of letters of credit, letters of guarantee and surety bonds supporting obligations which would otherwise constitute Debt within the meaning of this definition or indemnities issued in connection therewith;
- (c) evidenced by bonds, debentures, notes or other similar instruments (whether or not with respect to the borrowing of money);
- (d) arising under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the obligations of any other Person which would otherwise constitute Debt within the meaning of this definition, and all obligations incurred for the purpose of or having the effect of providing Financial Assistance;

- (e) for or in respect of Financial Leases, Prepaid Obligations or Production Payments;
- (f) for or in respect of the deferred purchase or acquisition price of property (including obligations secured by Purchase Money Security Interests and obligations in respect of a Sale-Leaseback) in excess of 120 days but excluding, for certainty, accounts payable arising in the ordinary course of business;
- (g) all obligations for or in respect of the purchase from another Person of any of such other Person's property, assets or undertaking, the purchase price in respect of which has been prepaid by the purchaser;
- (h) for or in respect of redemption obligations with respect to any shares issued by the Borrower or a Subsidiary (excluding shares that may be redeemed in whole or in part in specie) which are not held by the Borrower or its Subsidiaries and which are by their terms or pursuant to any contract, agreement or arrangement:
 - (i) redeemable, retractable, payable or required to be purchased or otherwise retired or extinguished, or convertible into Debt in any case, prior to the latest Maturity Date of any Lender (A) at a fixed or determinable date, (B) at the option of any holder thereof, or (C) upon the occurrence of a condition not solely within the control and discretion of the Borrower or such Subsidiary, or
 - (ii) convertible into any other shares described in (i) above; and
- (i) the Joint Venture Agreement Obligations;

but excluding the obligations of the Borrower under:

- (i) the Convertible Debentures;
- (ii) the convertible Class B Shares in the capital of the Borrower; and
- (iii) for certainty, deferred income taxes and decommissioning obligations;

each up to the amounts and with the terms and conditions as they exist on the Effective Date.

"Debtor Relief Laws" means the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief laws of Canada or other applicable jurisdictions from time to time in effect;

"Debt to EBITDA Ratio" means, as at the end of each Fiscal Quarter of the Borrower, the ratio of Debt on the last day of such Fiscal Quarter to EBITDA for the applicable period ending on the last day of such Fiscal Quarter;

"Default" shall mean the occurrence of any of the events specified in Section 10.1, whether or not any requirement for notice or lapse of time or other condition precedent has been satisfied;

"Defaulting Lender" means, subject to Section 14.2(c), any Lender that:

- (a) has failed to (i) fund all or any portion of any Accommodation required to be made by it hereunder within two Business Days of the date such Accommodation was required to be funded hereunder unless such Lender notifies the Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such

writing) has not been satisfied, or (ii) pay to the Agent or any Lender any other amount required to be paid by it hereunder within two Business Days of the date when due;

- (b) has notified the Borrower or the Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund an Accommodation hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied);
- (c) has failed, within three Business Days after written request by the Agent or the Borrower, to confirm in writing to the Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Agent and the Borrower); or
- (d) has, or has a direct or indirect parent entity that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within Canada or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

Any determination by the Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 14.2(c)) upon delivery of written notice of such determination to the Borrower and each Lender;

"Demand for Repayment" means delivery of an Acceleration Notice or a Swap Demand for Repayment;

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

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

where **"Face Amount"** is the face amount of such bankers' acceptance and **"Price"** is equal to:

$$\frac{1}{1 + (\text{Rate} \times \frac{\text{Term}}{365})}$$

where the **"Rate"** is the applicable Discount Rate expressed as a decimal on the day of purchase; the **"Term"** is the term of such Bankers' Acceptance expressed as a number of days; and the Price as so determined is rounded up or down to the fifth decimal place with .000005 being rounded up;

"Discount Rate" means:

- (a) with respect to an issue of Bankers' Acceptances having the same maturity date accepted by a Lender that is a bank under Schedule I of the *Bank Act* (Canada), the CDOR Rate; and

- (b) with respect to an issue of Bankers' Acceptances having the same maturity date accepted by a Lender that is not a bank under Schedule I to the *Bank Act* (Canada), the CDOR Rate plus 10 bps;

"Distribution" by a Person means:

- (a) any declaration, payment or setting aside for payment of any dividend, return of capital or other distribution on or in respect of any of the share, partnership or trust capital of such Person;
- (b) any redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any of the share, partnership or trust capital of such Person or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for share, partnership or trust capital of such Person, including options, warrants, conversion or exchange privileges and similar rights;
- (c) the payment of any principal, interest, fees, redemption amounts or other amounts on or in respect of any loans, advances or other indebtedness owing at any time by such Person to a holder of shares, partnership interests or trust units of such Person or an Affiliate of such holder;
- (d) any loan, advance, payment of management or consulting fees or reimbursement of costs which is made by the Person to or in favour of a holder of shares, partnership interests or trust units of such Person or an Affiliate of such holder except where any such payment is made to any such holder in such holder's capacity as an officer, director or employee of such Person in the ordinary course of business;
- (e) the transfer by the Person of any property or assets for consideration of less than its or their fair market value or on non-arms' length terms and conditions to a holder of shares, partnership interests or trust units of such Person or an Affiliate of such holder;
- (f) any payment of principal, interest, fees or other amounts owing in respect of any Debt that is subordinate or ranks junior to the Lender Outstandings; or
- (g) any other payment or distribution whereby any production or revenues from Borrowing Base Assets are paid or distributed to a holder of shares, partnership interests or trust units of such Person or an Affiliate of such holder;

whether any of the foregoing is made, paid or satisfied in or for cash, property or both;

"Drawdown" means the advance of a Borrowing other than as a result of a Conversion, Rollover or a drawing under a Letter of Credit;

"Drawdown Date" means each Business Day on which Borrowings are to be made pursuant to a request from the Borrower under Section 3.6;

"EBITDA" means, for any fiscal period ending at a particular time and as determined in accordance with GAAP on a consolidated basis in respect of the Borrower:

- (a) all Net Income for such period, plus
- (b) all Financing Charges to the extent deducted in determining such Net Income, plus
- (c) all amounts deducted in the calculation of such Net Income in respect of the provision for income taxes, plus

- (d) all amounts deducted in the calculation of such Net Income in respect of non-cash items, including depletion, depreciation and amortization (other than depreciation related to any asset being leased under a Premises Lease), accretion, future taxes, non-cash losses resulting from foreign currency obligations (in accordance with GAAP), non-cash losses resulting from the Mark-to-Market of outstanding Swaps (in accordance with GAAP), stock-based compensation and the write down of assets, plus
- (e) all amounts deducted in the calculation of such Net Income in respect of one time transaction costs and fees relating to acquisitions, dispositions, seismic exploration, unsuccessful drilling expenditures, arrangements, equity offerings and other similar transactions but which, prior to the Borrower's adoption of International Financial Accounting Standards, would have been capitalized; plus
- (f) all losses attributable to extraordinary and non-recurring losses, in each case to the extent deducted in the calculation of such Net Income,

less (on a consolidated basis, without duplication):

- (g) earnings attributable to extraordinary and non-recurring earnings and gains, in each case to the extent included in the calculation of such Net Income,
- (h) to the extent included in such Net Income, gains from asset sales;
- (i) the net income of any Subsidiary of the Borrower, to the extent that the distribution by that Subsidiary of amounts of such Net Income to the Borrower is restricted by a contract, operation of law or otherwise;
- (j) all cash payments during such period relating to non-cash charges which were added back in determining EBITDA in any prior period; and
- (k) to the extent included in such Net Income, any other non-cash items increasing such Net Income for such period including non-cash gains resulting from the Mark-to-Market of outstanding Swaps (in accordance with GAAP);

provided that for the purposes of this definition:

- (i) EBITDA as at the end of any particular Fiscal Quarter shall be calculated on a trailing four-quarter basis, and
- (ii) if any Material Acquisition is made by a Loan Party (whether by amalgamation, asset or share acquisition or otherwise) at any time during the relevant period of calculation, such Material Acquisition shall be deemed to have been made on and as of the first day of such calculation period; and if any Material Disposition is made by a Loan Party (whether by asset or share disposition or otherwise) at any time during the relevant period of calculation, or the assets cease to be owned by a Loan Party, such Material Disposition shall be deemed to have been made on and as of the first day of such calculation period;

"Effective Date" means the date on which all of the conditions precedent under Section 8.1 have been satisfied;

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 13.1(b)(iii), 13.1(b)(v) and 13.1(b)(vi) (subject to such consents, if any, as may be required under Section 13.1(b)(iii));

"Engineering Report" means a detailed report prepared by GLJ Petroleum Consultants Inc. or another independent petroleum engineer or firm thereof satisfactory to the Required Lenders, acting reasonably, which report shall, as of its date, set forth the reserves attributable to the P&NG Rights and which report shall be in form and substance satisfactory to the Required Lenders, acting reasonably, and shall, at a minimum, set forth each Loan Party's royalty interests, proved developed producing, proved developed non-producing, proved undeveloped reserves and total proven reserves and a projection of the rate of production and future net revenue therefrom;

"Environmental Certificate" means a certificate substantially in the form of Schedule "J" hereto;

"Environmental Laws" means all Applicable Laws and Governmental Actions regarding the environment or pursuant to which Environmental Liabilities could arise or have arisen, including all Applicable Laws and Governmental Actions relating to the Release or threatened Release of any contaminant or the generation, use, storage or transportation of any contaminant;

"Environmental Liabilities" means any and all liabilities for any Release, any environmental damage, any contamination or any other environmental problem caused or alleged to have been caused to any Person, property or the environment as a result of any Release or the condition of any property or asset, whether or not caused by a breach of Applicable Laws, including all liabilities arising from or related to any surface, underground, air, groundwater, or surface water contamination; the abandonment or plugging of any well; restorations and reclamations; the removal of or failure to remove any foundations, structures or equipment; the cleaning up or reclamation of storage sites; any Release; violation of pollution standards; and personal injury (including sickness, disease or death) and property damage arising from the foregoing;

"Equivalent Amount" in one currency (the **"First Currency"**) of an amount in another currency (the **"Other Currency"**) means, as of the date of determination, the amount of the First Currency which would be required to purchase such amount of the Other Currency at the Bank of Canada noon (Toronto time) mid-point spot rate for such currencies on such date of determination (as quoted or published from time to time by the Bank of Canada) or, if such date of determination is not a Business Day, on the Business Day immediately preceding such date of determination, or at such other rate as may have been agreed to by the Borrower and the Agent;

"ERISA" means the U.S. *Employee Retirement Income Security Act of 1974*, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect;

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Borrower under section 414 of the U.S. Internal Revenue Code;

"ERISA Plan" shall mean any employee pension benefit plan (as such term is defined in section 3(2) of ERISA);

"Escrow Funds" has the meaning ascribed thereto in Section 10.4;

"Event of Default" means any of the events or circumstances specified in Section 10.1;

"Excluded Replacement" means, with respect to the Borrower, the replacement of those of its directors who have died, have been found to be of unsound mind by a court of competent jurisdiction, have become bankrupt or have otherwise ceased to be qualified to act as a director under Applicable Law;

"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 overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income 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 other jurisdiction in which the Borrower is located,
- (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 11.3(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 11.2(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 11.2(a); and
- (d) any U.S. federal withholding Taxes imposed under FATCA;

"Existing Credit Agreement" means the Amended and Restated Credit Agreement dated as of March 26, 2014 among the Borrower, ATB and National Bank of Canada;

"Existing Joint Venture Intercreditor Agreement" means the intercreditor agreement dated as of May 9, 2014 among Stream Asset Financial Questfire LP, National Bank of Canada, Alberta Treasury Branches and the Borrower, as amended, modified, supplemented, restated or replaced to the Effective Date;

"Existing Letters of Credit" means the letters of credit or letters of guarantee issued by National Bank of Canada under the Existing Credit Agreement and listed in Schedule "M" hereto;

"Existing Swaps" means the Swaps listed in Schedule "L" hereto to which the Borrower and certain of the "Swap Lenders" under the Existing Credit Agreement are counterparties;

"Facilities" means, collectively, the Syndicated Facility, [Supplemental Facility](#) and the Operating Facility and **"Facility"** means either of them;

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code;

"Federal Funds Effective Rate" means, on any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the annual rates of interest on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such day is not a Business Day, such weighted average for the immediately preceding Business Day for which the same is published or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent, acting reasonably;

"Financial Assistance" means, with respect to 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) 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 (i) any guarantee of or indemnity in respect of the Debt of the other person, (ii) any capital investment in the Facilities (as that

term is defined in the Joint Venture Agreement) and (iii) any absolute or contingent obligation to (directly or indirectly):

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

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

"Financial LC" means a stand-by letter of credit if it serves as a payment guarantee of a Borrower's financial obligations and is treated as a direct credit substitute for purposes of applicable capital adequacy guidelines;

"Financial Lease" means any lease of property, real or personal, or any similar arrangement which would, in accordance with GAAP, be required to be classified and accounted for as a capital lease on a balance sheet of a lessee, where the lessee is the Borrower or a Subsidiary of the Borrower;

"Financing Charges" means, for any fiscal period, without duplication, interest expense of the Borrower determined on a consolidated basis in accordance with GAAP, as the same would be set forth or reflected in a consolidated statement of comprehensive income (loss) of the Borrower and, in any event and shall include:

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

- (f) for certainty, accretion on the Class B Shares (as currently constituted) in the capital of the Borrower, and on decommissioning obligations;

"Fiscal Quarter" means the three month period commencing on the first day of each Fiscal Year and each successive three month period thereafter during such Fiscal Year;

"Fiscal Year" means the Borrower's fiscal year commencing on January 1 of each year and ending on December 31 of such year;

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, Canada and each province and territory thereof shall be deemed to constitute a single jurisdiction and the United States of America, each State thereof and the District of Columbia are considered to be one jurisdiction;

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

"GAAP" means generally accepted accounting principles which are in effect from time to time in Canada, and which encompass International Financial Reporting Standards adopted by the Canadian Accounting Standards Board;

"Governmental Action" means an authorization, consent, approval, waiver, order, decree, licence, exemption, permit, registration, filing, qualification or declaration of or with any Governmental Authority (other than routine reporting requirements) or the giving of notice to any Governmental Authority or any other action in respect of a Governmental Authority;

"Governmental Authority" means the government of Canada or any other nation, or of any political subdivision thereof, whether state 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 supra-national bodies such as the European Union or the European Central Bank) and including a Minister of the Crown, the Superintendent of Financial Institutions or other comparable authority or agency;

"Guarantee" means any undertaking, whether direct or indirect, contingent or otherwise, to assume, guarantee, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any indebtedness or liability of any Person, or indemnifying any Person against loss in any manner, whether direct or indirect; provided that the amount of each Guarantee shall be deemed to be the amount of the indebtedness or liability guaranteed, indemnified or assured thereby, unless the Guarantee is limited to a specified amount or to realization on specified assets, in which case the amount of such Guarantee shall be deemed to be the lesser of such specified amount or the fair market value of such specified assets, as the case may be, or the amount of such indebtedness or liability;

"Indemnified Taxes" means Taxes other than Excluded Taxes;

"Indemnitee" is defined in Section 14.3(c);

"Information" is defined in Section 13.4;

"Interest Date" means the last Business Day of each month;

"Interest Swap" means a contract entered into between a Person and a counterparty, on a case by case basis, in connection with interest rate swap transactions, interest rate options, cap transactions, floor

transactions, collar transactions and other similar interest rate related transactions, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in interest rates;

"ISDA Master Agreement" means either the 1992 form of Master Agreement (Multi Currency-Cross Border) or the form of 2002 Master Agreement or any successor form thereof, in each case published and as from time to time amended, restated or replaced by the International Swaps and Derivatives Association, Inc. and as used in this Agreement in relation to Lender Swaps means the form of such agreement as entered into between the applicable Loan Party and the applicable Swap Lender;

"Joint Venture Agreement" means the joint venture agreement dated as of March 26, 2014 between the Borrower and Stream Asset Financial Questfire LP, as amended, modified, supplemented, restated or replaced from time to time.

"Joint Venture Agreement Obligations" means all indebtedness, liabilities and obligations of the Borrower to Stream Asset Financial Questfire LP arising under or pursuant to the Joint Venture Agreement.

"Joint Venture Intercreditor Agreement" means the intercreditor agreement to be dated as of June 27, 2014 among Stream Asset Financial Questfire LP, the Agent, Alberta Treasury Branches and the Borrower, as amended, modified, supplemented, restated or replaced from time to time.

"Lender BA Suspension Notice" has the meaning ascribed thereto in Section 11.5(b);

"Lender Libor Suspension Notice" has the meaning ascribed thereto in Section 11.5(a);

"Lender Outstandings" means collectively all Borrowings, Creditcard Obligations and Permitted Swap Indebtedness;

"Lender Swap" means any Swap entered into by any Loan Party where the counterparty, at the time the Swap was entered into, is a Lender or an Affiliate of a Lender, whether or not such Lender remains a Lender thereafter, and including, for certainty, each Existing Swap assigned and novated to a Lender under this Agreement;

"Lenders" means the Persons listed on the signature pages hereto as Lenders and any other Person that shall have become party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption, and **"Lender"** means any one of them;

"Letter of Credit" means a standby or documentary letter of credit or letter of guarantee in Cdn. Dollars or U.S. Dollars issued by the Operating Lender at the request of the Borrower pursuant to this Agreement, and which are either Financial LC's or Non-Financial LC's;

"Letter of Credit Fee" means a fee based on the applicable Adjusted Senior Debt to EBITDA Ratio from the definition of "Applicable Margin" and expressed as a rate per 365 day period with respect to Letters of Credit issued by the Operating Lender, as applicable, hereunder and for purposes of calculating the Letter of Credit Fee with respect to Financial LC's or Non-Financial LC's, as applicable;

"Libor" means, with respect to any Libor Interest Period applicable to a Libor Loan, a per annum rate of interest, based on a 360 day year, equal to the applicable Libor Screen Rate, provided that if the Libor Interest Period is for a period for which a Libor Screen Rate is not available, then Libor shall be equal to the Agent's cost of funds in the Libor market as advised by the Agent acting reasonably and in a manner consistent with comparable borrowers and transactions, in each case at 11:00 a.m. (London, England time), two Business Days before the first day of the applicable Libor Interest Period in an amount substantially equal to the Libor Loan and for a period equal to such Libor Interest Period; provided that, if Libor as determined above is less than zero, then Libor shall be deemed to be zero.

"Libor Interest Date" means the date falling on the last day of each Libor Interest Period; provided that if the Borrower selects a Libor Interest Period for a period longer than three months, the Libor Interest Date shall be each date falling every three months after the beginning of such Libor Interest Period and the date falling on the last day of such Libor Interest Period;

"Libor Interest Period" means, with respect to each Libor Loan, the period (subject to availability) of approximately one month, two months, three months or six months (as selected by the Borrower and notified to the Agent pursuant to Section 3.6 or 3.7) commencing on and including the Drawdown Date, Conversion Date or Rollover Date, as the case may be, applicable to such Libor Loan and ending on and including the last day of such period; provided that no Libor Interest Period may be selected which, in the case of any Libor Loan made by a Lender, ends after such Lender's Maturity Date;

"Libor Loans" means the advances or any portion thereof, made available by the Lenders to the Borrower pursuant to Sections 3.6, 3.13 or 3.14 and outstanding from time to time, which are denominated in U.S. Dollars and on which the Borrower has agreed to pay interest in accordance with Section 5.3;

"Libor Screen Rate" means, with respect to any Libor Interest Period applicable to a Libor Loan, the rate per annum, based on a 360 day year, determined by the Agent to be the offered rate that appears on the page of the LIBOR 01 screen of Reuters Limited (or any successor or other commercially available source providing quotations of Libor as designated by the Agent from time to time) that displays the average ICE Benchmark Administration Limited (or its successor) Interest Settlement Rate for deposits in U.S. Dollars (for delivery on the first day of such Libor Interest Period) with a term equal to such Libor Interest Period, determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to the first day of such Libor Interest Period;

"LMR" means the liability management rating as set forth and described in AER (formerly ERCB) Directive 006 and Directive 011 for Alberta based assets, as same may be amended, supplemented or replaced from time to time; to the extent the Borrower or any other Loan Party acquires assets in any province other than Alberta, "LMR" shall include the equivalent liability management rating program as provided for in any Applicable Laws;

"Loan Documents" means this Agreement, the Security, each Bankers' Acceptance, each application and indemnity with respect to a Letter of Credit, the arrangement/syndication fee agreements pertaining to the Facilities, the agency agreement pertaining to the Facilities, and all other agreements, certificates, instruments and documents delivered by or on behalf of any Loan Party in connection herewith or therewith from time to time and all future renewals, extensions, or restatements of, or amendments, modifications or supplements to, all or any part of the foregoing; and **"Loan Document"** means any of them;

"Loan Parties" means, collectively, the Borrower and each Borrowing Base Subsidiary and **"Loan Party"** means any of them;

"Loans" means Prime Loans, U.S. Base Rate Loans and Libor Loans;

"Mandatory Capital Expenditure Allowance" means capital expenditures for asset retirement obligations and maintenance not to exceed \$625,000;

"Mark-to-Market" means, in respect of any Swap and for any day on which the Mark-to-Market is calculated, the amount, if any, that would be payable by any Loan Party to a counterparty (expressed as a positive number, a **"Positive Mark-to-Market"**) or by such counterparty to such Loan Party (expressed as a negative number, a **"Negative Mark-to-Market"**), estimated by making at mid-market the calculations required by the ISDA Master Agreement between such counterparty, on the one hand, and such Loan Party, on the other hand, as if such ISDA Master Agreement were being terminated as a result of a

Termination Event (as defined in the ISDA Master Agreement) with two Affected Parties (as defined in the ISDA Master Agreement) on that day of calculation;

"Material Acquisition" means an acquisition by a Loan Party of shares or other assets which increases the Borrowing Base Assets by more than 5% thereof;

"Material Adverse Effect" means any event, circumstance, occurrence or change which could reasonably be expected to:

- (a) impair in any material manner the ability of any Loan Party to perform any material obligation under this Agreement or any other Credit Document or Loan Document;
- (b) have any material and adverse effect upon the validity or enforceability of any of the Security or upon the ranking of any of the Security Interests granted thereby or the material rights or remedies intended or purported to be granted to the Agent under or pursuant to the Security; or
- (c) be material and adverse to the business, operations, assets, condition (financial or otherwise) or results of operations of the Loan Parties, on a consolidated basis;

provided that fluctuations in commodity prices for Petroleum Substances shall not be regarded as an event or circumstance that constitutes a Material Adverse Effect except for the purposes of any redetermination of the Borrowing Base requested by the Lenders pursuant to Section 3.5(e);

"Material Disposition" means a disposition by a Loan Party of shares or other assets which decreases the Borrowing Base Assets by more than 5% thereof;

"Material Contract" means any lease, agreement or other contract, the termination or non-performance of which would, or would reasonably be expected to, have a Material Adverse Effect, and shall include:

- (a) the Joint Venture Agreement; and
- (b) any revenue stream contract with a term in excess of 12 months with net annual revenue payable to a Loan Party in excess of 5% of the Borrowing Base;

"Maturity Date" means, in respect of each Lender, ~~the date which is one year after the Term Out Date of such Lender (as such Term Out Date may be extended hereunder); as at the date of this Agreement, the Maturity Date for each Lender is May~~ November 30, 2016;

~~**"Minimum Adjusted Working Capital Ratio"** means the ratio of Consolidated Current Assets to Consolidated Current Liabilities;~~

"Minor Title Defects" means, in respect of a Person, Title Defects or irregularities which are of a minor nature, do not constitute Security Interests, and in the aggregate do not materially detract from the value or use of such Person's title to such property for the purposes for which it is held, nor impair its saleability, nor cause a material disruption or reduction in the production of Petroleum Substances or cash flow (if any) associated therewith;

"Miscellaneous Interests" means, in respect of any P&NG Rights or Tangibles, all interests, property and rights at such time, whether contingent or absolute, legal or beneficial, present or future which affect or are related to or are associated with such P&NG Rights or Tangibles, including the following property, rights, and assets:

- (a) all present and future contracts, agreements and documents (including Title and Operating Documents and insurance contracts) relating to any of such P&NG Rights or Tangibles or any rights in relation thereto;

- (b) all present and future surface rights which are used or useful in connection with any of such P&NG Rights or Tangibles;
- (c) all present and future permits, licenses, authorizations and deposits relating to any of such P&NG Rights or Tangibles, including in respect of facilities, wells and pipelines, or the export, removal, transportation, purchase or sale of Petroleum Substances;
- (d) all Petroleum Substances in the course of production from any of such P&NG Rights;
- (e) books, maps, records, documents, seismic, geological, engineering, data processing, well, plant and other reports, data, information, computer programs or other records which relate to or are used or useful in connection with any of such P&NG Rights or Tangibles; and
- (f) all extensions, renewals, amendments or replacements of or to any of the foregoing items described in paragraphs (a) through (e) of this definition;

"Negative Mark-to-Market" is defined in the definition of Mark-to-Market;

"Net Income" means, for any fiscal period, the net income of the Borrower determined on a consolidated basis in accordance with GAAP, as set forth in the consolidated financial statements of the Borrower for such period;

"Non-Acceptance Discount Rate" means, for any day, the Discount Rate in paragraph (b) of the definition thereof, other than as it relates to ATB, where it shall mean the CDOR Rate;

"Non-Acceptance Lender" means a Lender which does not accept bankers' acceptances in the ordinary course of its business;

"Non-Agreeing Lender" is defined in Section 3.3(g);

"Non-Agreeing Lender Group" is defined in Section 3.3(d);

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver or amendment that (i) requires the approval of all affected Lenders in accordance with the terms of Section 12.19 and (ii) has been approved by the Required Lenders;

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time;

"Non-Financial LC" means a Letter of Credit that is not a Financial LC;

"Non-U.S. Plan" means any plan, fund or other similar program that (a) is established or maintained outside the United States of America by the Borrower or any Subsidiary primarily for the benefit of employees of the Borrower or one or more Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and (b) is not subject to ERISA or the U.S. Internal Revenue Code;

"OFAC" is defined in Section 2.1(s)(i)(A);

"OFAC Listed Person" is defined in Section 2.1(s)(i)(A);

"OFAC Sanctions Program" means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>;

"Oil and Gas Ownership Certificate" means a certificate substantially in the form of Schedule "K";

"Oil and Gas Properties" means, in respect of the Loan Parties:

- (a) all of their P&NG Rights;
- (b) all of their Tangibles; and
- (c) all of their Miscellaneous Interests;

"Old GAAP" is defined in Section 1.6(b)(i);

"One Month BA Rate" means, on any day, the CDOR Rate (determined as of 8:00 a.m. Calgary time on such day) which would be applicable in respect of an issuance of Bankers' Acceptances with a term to maturity of one month in an aggregate amount of \$10,000,000 issued on such day, or if such day is not a Business Day, then on the immediately preceding Business Day;

"Operating Facility" has the meaning set forth in Section 3.1(a)(ii);

"Operating Facility Amount" means Cdn. \$~~10,000,000~~5,000,000;

"Operating Facility Commitment" means, with respect to the Operating Lender, its obligation to make Prime Loans and U.S. Base Rate Loans available to, and issue Letters of Credit at the request of, the Borrower, subject to the terms of this Agreement, in an aggregate amount not at any time in excess of the Operating Facility Amount, as such amount may hereafter be cancelled, reduced, increased or terminated from time to time pursuant to the provisions of this Agreement;

"Operating Lender" means ATB in its capacity as the provider of the Operating Facility;

"Operating Lender's Account for Payments" means:

- (a) for all payments in Canadian Dollars, the following account maintained by the Operating Lender to which payments and transfers are to be effected as follows:

Alberta Treasury Branches
~~239-102~~- 8th Avenue S.W.
 Calgary, Alberta T2P 1B~~93~~
 Swift Code: ATBRCA6EXXX
 Beneficiary/For Account of: Questfire Energy Corp.
 Address: ~~Suite 500, 400-3rd~~1100, 350 – 7th Avenue S.W., Calgary, Alberta T2P ~~4H2-3N9~~
 Transit & Account: **CAD** 07609-00302407500

- (b) for all payments in U.S. Dollars, the following account maintained by the Operating Lender to which payments and transfers are to be effected as follows:

Bank of America - New York
 100 W 33rd Street, New York, New York, USA 10001
 BOFAUS3N, ABA 026009593
 Alberta Treasury Branches A/C #12332-35276
 For further credit to: Alberta Treasury Branches
~~239-102~~ - 8th Avenue S.W.
 Calgary, Alberta T2P 1B~~93~~
 Beneficiary/For Account of: Questfire Energy Corp.
 Address: ~~Suite 500, 400-3rd~~1100, 350 – 7th Avenue S.W., Calgary, Alberta T2P ~~4H2-3N9~~
 Transit & Account: **USD** 07609-00302179300

or such other place or account as may be agreed upon by the Operating Lender and the Borrower from time to time;

"Operating Lender's Branch of Account" means the office or branch of the Operating Lender located at the address set forth under the Operating Lender's name on Schedule "A" or such other office or branch of the Operating Lender in Canada as the Operating Lender may advise the Borrower in writing;

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

"Overdraft" means, in respect of the Operating Facility, an amount owing by the Borrower to the Operating Lender from time to time as a result of clearance of cheques or drafts drawn on, or transfers of funds from, accounts that the Borrower maintains with the Operating Lender at the Operating Lender's Branch of Account for such purpose;

"P&NG Rights" means the entire right, title, estate and interest of the Loan Parties (whether legal or beneficial, contingent or absolute, present or future) in and to all:

- (a) rights to explore for, drill for, produce, save or market Petroleum Substances;
- (b) rights to a share, when produced, of Petroleum Substances;
- (c) rights to a share of proceeds of, or to receive payments calculated by reference to the quantity or value of, production from Petroleum Substances when produced;
- (d) rights in lands or documents of title relating thereto, including leases, subleases, licenses, permits, reservations, rights and privileges; and
- (e) rights to acquire any of the rights described in subparagraphs (a) through (d) of this definition;

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

"Partial Extension" is defined in Section 3.3(d);

"Participant" is defined in Section 13.1(d);

"Pension Plan" means any plan, fund or other similar program that is established or maintained by the Borrower or any Subsidiary primarily for the benefit of employees of the Borrower or one or more Subsidiaries which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment;

"Permitted Dispositions" means, in respect of the Loan Parties:

- (a) the sale or disposition in the ordinary course of business of its share of current production of Petroleum Substances from its Oil and Gas Properties, provided that such sales are not Prepaid Obligations, Production Payments or sales or other such dispositions made as a means of borrowing or raising monies or providing, directly or indirectly, Financial Assistance to any Person;
- (b) any sale, lease, sublease, trade or other disposition of any tools, implements, equipment or machinery which may have become worn out, unserviceable, obsolete, unsuitable or unnecessary

in operations or activities relating to its Oil and Gas Properties provided that such sale, lease, sublease, trade or other disposition is in keeping with prudent industry practice;

- (c) abandonments, surrenders or terminations of P&NG Rights or interests therein which are effected in accordance with prudent industry practice with respect to P&NG Rights which are not capable of production in economic quantities;
- (d) the sale or disposition of P&NG Rights in the ordinary course of business which do not comprise or relate to Borrowing Base Assets;
- (e) the sale or disposition of P&NG Rights in the ordinary course of business which are not capable of production in economic quantities;
- (f) the sale or disposition resulting from any pooling or unitization of P&NG Rights which are Borrowing Base Assets in the ordinary course of business which is necessary or advisable to facilitate the orderly exploration, development or operation of such P&NG Rights, provided that the value to any Loan Party of its interests in the P&NG Rights which are subject to the pooling or unitization immediately after the pooling or unitization (taking into account obligations associated therewith) is not less than the value of its interest in such P&NG Rights immediately before the pooling or unitization;
- (g) the sale or disposition by a Loan Party to another Loan Party or to a Subsidiary of the Borrower that is not a Loan Party if, immediately upon the completion of the proposed sale or disposition, such Subsidiary becomes a Borrowing Base Subsidiary hereunder and provides the requisite Security and other Loan Documents to the Agent; or
- (h) the sale or disposition of any assets or properties (excluding any sale or disposition included in any of subsections (a) through (g) above, but including any sale or disposition pursuant to the exercise of any ROFR), where the fair market value of the assets and properties so sold or disposed of, when taken in the aggregate in respect of all such sales and dispositions by all Loan Parties since the last determination or redetermination of the Borrowing Base, does not exceed 5% of the amount of the Borrowing Base most recently determined or redetermined;

and for certainty, shall not include Sale/Leasebacks; provided that with respect to the Permitted Dispositions referred to in clauses (d) through (g) above, no Default or Event of Default exists at the time such Permitted Disposition is made or would reasonably be expected to result therefrom;

"Permitted Encumbrances" means any of the following Security Interests or other encumbrances:

- (a) reservations, limitations, provisos and conditions expressed in any original grant from the Crown;
- (b) Security Interests for Taxes, assessments or governmental charges and any other statutory Security Interests which:
 - (i) are not due or delinquent; or
 - (ii) relate to claims being contested at the time in good faith by a Loan Party if during such contestation there is no risk of forfeiture of any material assets or property of such Person;
- (c) undetermined or inchoate Security Interests arising in the ordinary course of business and incidental to construction or operations which relate to obligations:
 - (i) not due or delinquent and which have not at such time been filed pursuant to law and no other statutory proceedings have been taken to enforce the same; or

- (ii) being contested at the time in good faith by a Loan Party if during such contestation there is no risk of forfeiture of any material assets or property of such Person;
- (d) Security Interests incurred or created in the ordinary course of business as security in favour of any other Person which is conducting the exploration, development or operation of the property to which such Security Interests relate for any Loan Party's obligations in respect of the costs and expenses of such exploration, development or operation, which relate to obligations of any Loan Party not due or delinquent or to obligations of any Loan Party being contested at the time in good faith by such Loan Party if during such contestation there is no risk of forfeiture of any material assets or property of such Person;
- (e) the Security Interest of any judgment rendered, or claim filed, against a Loan Party which such Loan Party shall be contesting in good faith if during such contestation there is no risk of forfeiture of any material assets or property of such Person;
- (f) easements, rights-of-way, servitudes or other similar rights in land (including rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons and other minor defects, encumbrances and restrictions which either alone or in the aggregate do not materially detract from the value of such land or materially impair its use in the operation of the Oil and Gas Properties;
- (g) Security Interests given by a Loan Party to a public utility or any municipality or governmental or other public authority when required by such public utility or municipality or other governmental authority in the ordinary course of the business of such Loan Party in connection with the Oil and Gas Properties provided such security does not either alone or in the aggregate materially detract from the value of the assets or properties affected thereby or materially impair its use in the operation of the Oil and Gas Properties;
- (h) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease by any statutory provision to terminate any lease or to require payment of royalties as a condition of the continuance thereof;
- (i) to the extent that a Security Interest is constituted or created thereby, a pooling or unitization of P&NG Rights in the ordinary course of business which is necessary or advisable to facilitate the orderly exploration, development or operation of such P&NG Rights, provided that the value to any Loan Party of its interests in the P&NG Rights which are subject to the pooling or unitization immediately after the pooling or unitization (taking into account obligations associated therewith) is not less than the value of its interest in such P&NG Rights immediately before the pooling or unitization;
- (j) Security Interests on Petroleum Substances or the proceeds of sale of Petroleum Substances arising or granted or assumed by any Loan Party in the ordinary course of its business pursuant to a processing or transmission arrangement entered into or assumed by it in the ordinary course of business, securing the payment of its obligations in respect of the fees attributable to the processing or transmission (as the case may be) of any such Petroleum Substances under any such processing or transmission arrangement, but only insofar as such Security Interests relate to its obligations which are at such time not due or delinquent;
- (k) the Security Interests of the Security and any Security Interests created in favour of the Agent pursuant to any of the Loan Documents;
- (l) inchoate liens or any rights of distress reserved in or exercisable under any real property lease or sublease to which any Loan Party is a lessee which secure the payment of rent or compliance

with the terms of such lease or sublease, provided that such rent is not then overdue and such Loan Party is then in compliance in all material respects with such terms;

- (m) lessor royalties (including crown or freehold lessor royalties) granted in the ordinary course of business or assumed at the time of acquisition of oil and gas properties by the Borrower;
- (n) any lien, charge or encumbrance which does not secure Debt, the satisfaction of which has been provided for by deposit with the Agent of cash or a surety bond or other security satisfactory to the Agent in an amount sufficient to pay the liability in respect of such lien in full;
- (o) Purchase Money Security Interests provided that such Security Interests are granted at the time of acquisition of the property subject thereto and are limited to the property so acquired;
- (p) Security Interests constituted by Financial Leases and Sale-Leasebacks provided that such Security Interests are granted at the time such leases are entered into and are limited to the property which is the subject thereof;
- (q) Security Interests granted by a Loan Party to another Loan Party provided that the obligations secured thereby have been subordinated and postponed to the Syndicated Borrowings, the Supplemental Borrowings, the Operating Borrowings and the Permitted Swap Indebtedness by subordination provisions satisfactory to the Agent acting reasonably;
- (r) Security Interests granted by the Borrower to Stream Asset Financial Questfire LP pursuant to the Joint Venture Agreement, provided that all such Security Interests are subordinated to the Security Interests in favour of the Agent and the Lenders pursuant to any of the Credit Documents, on terms satisfactory to the Agent and the Lenders, in accordance with the terms of the Joint Venture Intercreditor Agreement;
- (s) cash collateral deposited with National Bank of Canada to secure the Existing Letters of Credit pending their replacement under the Operating Facility, as contemplated by Section 3.10(g), in an amount commensurate with the aggregate outstanding amount of such Existing Letters of Credit, as reduced or expired from time to time; and
- (t) ordinary course rights of first refusal arising under or pursuant to any of the Title and Operating Documents in an amount not to exceed \$1,000,000 in the aggregate;
- (u) Security Interests held by any Person (other than the Borrower and its Subsidiaries) that encumber the interest of any Person (other than the Borrower and its Subsidiaries) in and to the Borrowing Base Assets or any portion thereof;
- (v) trust interests of any Person (other than the Borrower and its Subsidiaries) which are not attributed to the Borrower in the land schedule attached to the Oil and Gas Ownership Certificate provided by the Borrower pursuant to Section 8.1(d)(ix) and which do not adversely affect the value of the Borrowing Base Assets;
- (w) all areas of mutual interest provisions contained in the Title and Operating Documents or to which the Borrowing Base Assets are otherwise subject; and
- (x) all such other claims and encumbrances as are specifically disclosed by notice in writing from the Borrower to the Agent to the extent that the Required Lenders, by specific notice in writing to the Borrower, consent to such claims and encumbrances as Permitted Encumbrances;

provided that in respect of paragraphs (o) and (p) above, the Debt thereunder is permitted under subsection (d) of the definition of "Permitted Indebtedness";

"Permitted Financial Assistance" means:

- (a) any Financial Assistance which a Loan Party has provided or agreed to provide, in the ordinary course of its business, provided that the maximum aggregate amount for all Loan Parties does not at any time exceed \$5,000,000; and
- (b) any Financial Assistance by a Loan Party to, or for the benefit of, another Loan Party;

provided that with respect to the Permitted Financial Assistance referred to in clause (a) above, no Event of Default exists at the time such Financial Assistance is made or would reasonably be expected to result therefrom;

"Permitted Indebtedness" means:

- (a) all Debt of a Loan Party to the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders under this Agreement, any Bilateral Financial Service Agreement or a Permitted Swap;
- (b) all Debt of a Loan Party to another Loan Party;
- (c) all Financial Assistance to the extent it constitutes Permitted Financial Assistance;
- (d) Debt in respect of Purchase Money Security Interests or Financial Leases or secured by other Security Interests (excluding (i) general Security Interests such as floating charges and general security agreements with respect to all or substantially all of the personal property of a Loan Party, or all or substantially all of the receivables of a Loan Party, and (ii) Sale/Leasebacks), provided that the amounts so secured are not, in the aggregate, in excess of \$5,000,000 at any time outstanding for all Loan Parties;
- (e) the Joint Venture Agreement Obligations;
- (f) obligations of the Borrower under its convertible Class B shares and the Convertible Debentures, in each case in the amount and having the terms and conditions on the date hereof; and
- (g) such other Debt of a Loan Party which the Required Lenders have consented to in writing;

provided that with respect to the Permitted Indebtedness referred to in clause (d) above, no Event of Default exists at the time such Permitted Indebtedness is incurred or would reasonably be expected to result therefrom;

"Permitted Swap Indebtedness" means Swap Indebtedness of any Loan Party to a Swap Lender under a Permitted Swap and for which the only security is the Security;

"Permitted Swaps" means any Swap permitted by the provisions of Section 9.2(k);

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

"Petroleum Substances" means petroleum, natural gas, natural gas liquids, related hydrocarbons and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur;

"Platform" is defined in Section 14.7(d)(i);

"Positive Mark-to-Market" is defined in the definition of "Mark-to-Market";

"Premises Lease" means a lease of land and buildings by a Loan Party for use by it in the ordinary course of its business operations;

"Prepaid Obligations" means "take-or-pay" or similar obligations of a Person whereby such Person is obligated to settle, at some future date, payment in respect of Petroleum Substances, whether by deliveries (accelerated or otherwise) of Petroleum Substances, payment of money or otherwise howsoever, including all such obligations for which such Person is liable without having received and retained a payment therefor or having assumed such obligations;

"Prime Loans" means the advances or any portion thereof made available by the Lenders to the Borrower pursuant to either Section 3.6, 3.10, 3.13, 3.14 or 3.18 and outstanding from time to time, which are denominated in Canadian Dollars and on which the Borrower has agreed to pay interest in accordance with Section 5.1;

"Prime Rate" means, with respect to Prime Loans on any day, the greater of:

- (a) the annual rate of interest announced from time to time by the Agent or the Operating Lender, as applicable, as being its reference rate then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by the Agent or the Operating Lender, as applicable, in Canada; and
- (b) the One Month BA Rate in effect on such day plus 100 bps;

"Production Payment" means:

- (a) the sale (including any forward sale) or other transfer of any Petroleum Substances, whether in place or when produced, for a period of time until, or of an amount such that, the purchaser will realize therefrom a specified amount of money (however determined, including by reference to interest rates or other factors which may not be fixed) or a specified amount of such product; and
- (b) any other interest in property of the character commonly referred to as a "production payment";

"Purchase Money Security Interest" means:

- (a) a Security Interest taken or reserved in property to secure payment of all or part of its purchase price; and
- (b) a Security Interest taken in property by a Person who gives value for the purpose of enabling a Loan Party to acquire rights in such property, to the extent that the value is applied to acquire those rights;

but does not include a Financial Lease or a Premises Lease;

"Purchasing Lender" is defined in Section 3.3(g);

"Rateable" and **"Rateably"** means, subject to adjustment pursuant to Section 10.8, the proportion that the Lender Outstandings of any Lender or Swap Lender (if not then a Lender) bears to the aggregate of the Lender Outstandings of all Lenders and Swap Lenders, as determined at the Adjustment Time;

"Register" is defined in Section 13.1(c);

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates;

"Release" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, leaching or migration of any element or compound in or into the indoor or outdoor environment (including the abandonment or disposal of any barrels, tanks, containers or receptacles containing any contaminant), or in, into or out of any vessel or facility, including the movement of any contaminant through the air, soil, subsoil, surface, water, groundwater, rock formation or otherwise;

"Removal Effective Date" is defined in Section 12.6(b);

"Repayment Notice" means a notice to effect a repayment of Borrowings delivered under Section 3.11 and substantially in the form of Schedule "C" with all applicable blanks completed;

"Replacement Lender" is defined in Section 3.3(h)(i);

"Request for Extension" means a request of the Borrower substantially in the form attached as Schedule "E";

"Required Lenders" means:

- (a) when there are less than three Lenders, all of the Lenders;
- (b) where there are three or more lenders, during the continuance of a Default or an Event of Default when there are any Borrowings, and subject to Section 10.5(a), those Lenders to whom there is owing 66⅔% or more of the aggregate Borrowings under the Syndicated Facility, the Supplemental Facility and Operating Facility; and
- (c) at any other time, those Lenders whose Commitments are, in the aggregate, at least 66⅔% of the Total Commitment;

provided that the Borrowings and Commitments of any Defaulting Lender shall be disregarded in determining Required Lenders from time to time;

"Resignation Effective Date" has the meaning set forth in Section 12.6(a);

"Removal Effective Date" has the meaning set forth in Section 12.6(b);

"Revolving Period" means, in respect of each Lender, the period from the Effective Date until its Term Out Date;

"ROFR" means, in relation to any of the Oil and Gas Properties, an option, right of first refusal, right to first purchase, right of first offer or similar right;

"Rollover" means, in respect of a maturing Bankers' Acceptance or Libor Loan, the provision by a Lender of a further Borrowing by way of a Bankers' Acceptance or Libor Loan, as applicable, in the same currency, the proceeds of which are to be applied in whole or part to the repayment of the maturing Borrowing;

"Rollover Date" means that date that a Rollover is to be made pursuant to a Rollover Notice;

"Rollover Notice" means a notice to effect a Rollover delivered under Section 3.14 and substantially in the form of Schedule "C" with all applicable blanks completed;

"Sale/Leaseback" means an arrangement under which title to any property or asset, or an interest therein, is transferred by a Person (the **"First-Mentioned Person"**) to some other Person which leases or otherwise gives or grants the right to use such property or asset or interest therein to the First-Mentioned Person, whether or not in connection therewith the First Mentioned Person also acquires a right or is

subject to an obligation to reacquire the property, asset or interest, and regardless of the accounting treatment of such arrangement;

"Schedule I Reference Lender" means up to two Canadian chartered banks listed on Schedule I to the *Bank Act* (Canada) as are determined from time to time by the Agent;

"Second Amendment Effective Date" means [December 31, 2015](#);

"Security" has the meaning ascribed thereto in Section 6.1, any amendments thereto and any indentures or instruments supplemental to or in implementation thereof, and any and all other documents, instruments or agreements pursuant to which the Agent or any Lender is granted or receives a Security Interest pursuant to the terms hereof or thereof;

"Security Interest" means any assignment, mortgage, charge, pledge, lien, hypothec, encumbrance securing or in effect securing an obligation or any indebtedness of any Person, conditional sale, title retention agreement or security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or not, and includes the rights of a lessor pursuant to a Financial Lease or Sale/Leaseback and the proprietary rights, if any, of a lender or buyer in respect of a Production Payment or a transaction giving rise to a Prepaid Obligation, but does not include a right of set-off or a set-off unless such right of set-off has been created expressly for the purpose of, or has the effect of, securing Debt;

"Sixth Amendment Effective Date" means [September 28, 2016](#);

"Standard Term" means the term to maturity of a Bankers' Acceptance (subject to availability) of approximately one month, two months, three months or six months (as selected by the Borrower and notified to the Agent pursuant to Section 3.6 or 3.8) for which a quote is available pursuant to paragraph (a) of the definition of CDOR Rate, commencing on and including the Drawdown Date, Conversion Date or Rollover Date, as the case may be, applicable to such Bankers' Acceptance;

"Standby Fee Rate" means, at any time, the rate, expressed as a rate per annum based on a year of 365 days, set out in the table in the definition of Applicable Margin in this Agreement, under the heading "Standby Fees (bps)", opposite the applicable Adjusted Senior Debt to EBITDA Ratio;

"Subsidiary" means:

- (a) a Person of which another Person alone or in conjunction with its other Subsidiaries owns an aggregate number of the Voting Shares sufficient to enable the election of a majority of the directors (or other persons performing similar functions) regardless of the manner in which other Voting Shares are voted;
- (b) a Person of which another Person alone or in conjunction with its other Subsidiaries has, through the operation of any agreement or otherwise, the ability to elect or cause the election of a majority of the directors (or other Persons performing similar functions) or otherwise exercise control over the management and policies of such Person; and
- (c) any partnership or trust of which any Loan Party:
 - (i) is the general or managing partner or trustee; or
 - (ii) directly or indirectly owns more than 50% of the equity or beneficial interest thereof;

and shall include any Person in like relation to a Subsidiary;

"Subsidiary Guarantee" means a guarantee in the form included in Schedule "G" and executed by a Borrowing Base Subsidiary with such changes as the Agent may approve;

"Supplemental Facility" is defined in Section 3.1(a)(iii);

"Supplemental Facility Amount" means Cdn. \$14,500,000;

"Supplemental Facility Commitment" means, with respect to each Supplemental Lender, such Lender's obligation to make Loans under the Supplemental Facility available to, and accept and purchase Bankers' Acceptances from (or, if applicable, make BA Equivalent Advances) for the account of, the Borrower, subject to the terms of this Agreement, in an aggregate amount not at any time in excess of the amount set forth under such Lender's name on Schedule "A" (or in any Assignment and Assumption executed hereafter) as such Lender's Supplemental Facility Commitment, as such amount may hereafter be cancelled, reduced, increased or terminated from time to time pursuant to the provisions of this Agreement;

"Supplemental Lender" means a Lender in its capacity as a provider of the Supplemental Facility and in no other capacity;

"Swap" means a Commodity Swap, Currency Swap or Interest Swap;

"Swap Demand for Repayment" means a demand made by a Swap Lender pursuant to an agreement evidencing a Lender Swap demanding repayment of all indebtedness relating thereto and shall include any notice under any agreement evidencing a Lender Swap which, when delivered, would require an early termination thereof and may require a payment by any Loan Party in settlement of obligations thereunder as a result of such early termination;

"Swap Indebtedness" means:

- (a) at any time prior to the Adjustment Time, an amount determined by the Agent (or by the Borrower for the purposes of Section 6 of the Compliance Certificate) by,
 - (i) calculating, for each Swap Lender, the difference, if positive, between the Positive Mark-to-Market and Negative Mark-to-Market for all of its Lender Swaps, and
 - (ii) when such term is used in reference to all Lenders or Swap Lenders, adding together the aggregate net amounts calculated in (a)(i) under this definition above for all Swap Lenders; and
- (b) after the Adjustment Time, an amount being determined by each Swap Lender by,
 - (i) calculating for each of its Lender Swaps, the Termination Amount, and determining the difference, if positive, of the aggregate net amounts payable by any Loan Party to such Swap Lender, and
 - (ii) when such term is used in reference to all Lenders or Swap Lenders, adding together the amounts calculated in (b)(i) under this definition above for all Swap Lenders;

"Swap Lender" means a Person which, at the time that it entered into any Swap with any Loan Party, was a Lender or an Affiliate of a Lender;

"Syndicated Facility" is defined in Section 3.1(a)(i);

"Syndicated Facility Amount" means Cdn. \$~~45,000,000~~, 25,000,000, as such amount may be amended pursuant to the provisions of this Agreement;

"Syndicated Facility Commitment" means, with respect to each Syndicated Lender, such Lender's obligation to make Loans under the Syndicated Facility available to, and accept and purchase Bankers' Acceptances from (or, if applicable, make BA Equivalent Advances) for the account of, the Borrower, subject to the terms of this Agreement, in an aggregate amount not at any time in excess of the amount set forth under such Lender's name on Schedule "A" (or in any Assignment and Assumption executed hereafter) as such Lender's Syndicated Facility Commitment, as such amount may hereafter be cancelled, reduced, increased or terminated from time to time pursuant to the provisions of this Agreement;

"Syndicated Lender" means a Lender in its capacity as a provider of the Syndicated Facility and in no other capacity;

"Tangibles" means, in respect of a Loan Party at any time, all right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, of such Loan Party at such time in and to any tangible property, apparatus, plants, equipment, machinery and fixtures, fixed or non-fixed, real or personal, used or capable of use in exploiting any Petroleum Substances including:

- (a) systems, plants and facilities used or useful in producing, gathering, compressing, processing, treating, refining, storing, transporting or shipping Petroleum Substances;
- (b) tangible property and assets used or intended for use in exploration, producing, storing, injecting or removing Petroleum Substances; and
- (c) all extensions, additions and accretions to any item described in items (a) or (b) above;

"Target" is defined in Section 3.16.

"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;

"Term Out Date" means, for a Lender:

- (a) ~~May 31, 2015~~November 30, 2016; and
- (b) if the Term Out Date is thereafter further extended pursuant to Section 3.3, that date which is 364 days after its then current Term Out Date;

"Term Period" means, for a Lender, the period commencing on its Term Out Date and ending on its Maturity Date;

"Termination Amount" means, in respect of a Lender Swap on any day, the amount (whether positive or negative) determined by the Swap Lender thereunder in accordance with its customary practices and acting reasonably as of the close of business as though such day were an "Early Termination Date" and the Swap was a "Terminated Transaction" in accordance with the payment measures provided for in the ISDA Master Agreement between any Loan Party and such Swap Lender, with any such termination amount being expressed in Canadian Dollars and all defined terms used in this definition and not otherwise defined in this Agreement having the meaning ascribed thereto in such ISDA Master Agreement;

"Termination Event" means:

- (a) an automatic acceleration of the repayment of indebtedness outstanding hereunder without any notice being required thereunder from the Agent or any Lender; or

- (b) an automatic early termination of obligations relating to a Lender Swap, without any notice being required from the Swap Lender;

"Threshold Amount" means an amount equal to the lesser of (a) \$2,500,000 (or the Equivalent Amount thereof in any other currency relevant to the context in which such definition is used); and (b) 5% of the Borrowing Base;

"Title and Operating Documents" means, in respect of any P&NG Rights or Tangibles at any time, all of the documents (including leases, reservations, permits, licenses of all sorts, exploration agreements, operating agreements, unit agreements, production sharing agreements, pooling agreements, assignments, trust declarations or other agreements to recognize a Loan Party's interest, participation agreements, farmin or farmout agreements, royalty agreements, purchase agreements and transfers; gas, oil, condensate and other production sale contracts; gathering, common stream, transportation and processing agreements; and agreements for the construction, ownership and/or operation of Tangibles):

- (a) by virtue of which P&NG Rights or Tangibles were acquired or constructed or held at such time;
- (b) to which the construction, ownership, operation, exploitation, development, production, transportation or marketing of P&NG Rights or Tangibles are subject; or
- (c) which grant rights which are or may be used by such Loan Party in connection with such P&NG Rights or Tangibles;

and including the rights (except for P&NG Rights) granted under or created by such documents;

"Title Defect" means:

- (a) the exercise or assertion by any Person of an entitlement to an actual or alleged ROFR with respect to any of the Oil and Gas Properties; or
- (b) a determination or written claim made or threatened by any Person that a Loan Party's right or title to any Oil and Gas Property is or may reasonably be considered to be void, forfeited, lost or subject to a ROFR, or was never acquired by it, or comprises an interest less than, or is subject to greater or different burdens, encumbrances or adverse claims of whatsoever nature or kind (other than Permitted Encumbrances) than, that evaluated in the most recent Engineering Report;

"Total Commitment" means the aggregate of the Operating Facility Commitment and the Total Syndicated Facility Commitment and the Total Supplemental Facility Commitment;

"Total Supplemental Facility Commitment" means, at any time, the amount equal to the aggregate of the Supplemental Facility Commitment of each Supplemental Lender at such time;

"Total Syndicated Facility Commitment" means, at any time, the amount equal to the aggregate of the Syndicated Facility Commitment of each Syndicated Lender at such time;

"Transaction" has the meaning ascribed thereto in the applicable ISDA Master Agreement between any Loan Party and a Swap Lender;

"U.S. Base Rate" means, with respect to U.S. Base Rate Loans on any day, the greater of:

- (a) the annual rate of interest announced from time to time by the Agent as being its reference rate then in effect for determining interest rates on U.S. Dollar denominated commercial loans made by the Agent in Canada,
- (b) Libor for a Libor Interest Period of one month, plus 1.0%, and

- (c) the Federal Funds Effective Rate plus 1.0%;

"U.S. Base Rate Loan" means the advances or any portion thereof made available by the Lenders to the Borrower pursuant to either Section 3.6, 3.10, 3.13, 3.14 or 3.18 and outstanding from time to time, which are denominated in U.S. Dollars and on which the Borrower has agreed to pay interest in accordance with Section 5.2;

"U.S. Dollars" and the symbol **"U.S. \$"** each mean lawful money of the United States of America; and

"Voting Shares" means:

- (a) share capital of any class of any corporation or securities of any other Person which carry voting rights to elect the board of directors or other body exercising similar functions under any circumstances, but shares or other securities which carry the right to so vote conditionally upon the happening of an event shall not be considered Voting Shares until the occurrence of such event; and
- (b) an interest in a general partnership, limited partnership, trust, joint venture or similar Person which entitles the holder of such interest to receive a share of the profits, or on dissolution or partition, of the assets, of such Person.

1.2 Headings and Table of Contents

The headings, the table of contents and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 References

Unless something in the subject matter or context is inconsistent therewith, all references to Sections, Articles and Schedules are to Sections and Articles of and Schedules to this Agreement. The words "hereto", "herein", "hereof", "hereunder" and similar expressions mean and refer to this Agreement.

1.4 Rules of Interpretation

In this Agreement, unless otherwise specifically provided,

- (a) the singular includes the plural and vice versa, **"month"** means calendar month, **"quarter"** means calendar quarter, and **"in writing"** or **"written"** includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including facsimile;
- (b) references to any agreement, contract, document or other instrument means a reference to any such agreement, contract, document or other instrument as the same has been or may be amended, modified, supplemented or restated from time to time; provided that, if consent to any such amendment, modification, supplement or restatement is required under any Loan Document, such consent must have been obtained; and
- (c) references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced.

1.5 Generally Accepted Accounting Principles

All financial statements required to be furnished by the Borrower to the Agent hereunder shall be prepared in accordance with GAAP. Each accounting term used in this Agreement that has a meaning assigned to it under GAAP shall, unless otherwise defined herein, have such meaning assigned to it under GAAP and, except as otherwise provided herein, reference to any balance sheet item, statement of income item or statement of cash flows item means such item as computed from the applicable financial statement prepared in accordance with GAAP.

1.6 Accounting Terms: Changes to Generally Accepted Accounting Principles

- (a) Each accounting term used in this Agreement, unless otherwise defined herein, has the meaning assigned to it under GAAP applied consistently throughout the relevant period and relevant prior periods.
- (b) If the Borrower, the Agent or the Required Lenders determine at any time that any amount required to be determined hereunder would be materially different if such amount were determined in accordance with:
 - (i) Generally Accepted Accounting Principles applied by the Borrower in respect of its financial statements on the date hereof ("**Old GAAP**"), rather than
 - (ii) Generally Accepted Accounting Principles subsequently in effect in Canada and applied by the Borrower in respect of its financial statements and utilized for purposes of determining such amount,

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

- (c) If the Borrower adopts a change in an accounting policy in the preparation of its financial statements in order to conform to accounting recommendations, guidelines, or similar pronouncements, or legislative requirements, and such change would require disclosure thereof under Old GAAP, or could reasonably be expected to adversely affect (i) the rights of, or the protections afforded to, the Agent or the Lenders hereunder or (ii) the position of the Borrower or of the Agent or the Lenders hereunder, the Borrower shall so notify the Agent, describing the nature of the change and its effect on the current and immediately prior year's financial statements in accordance with Old GAAP and in detail sufficient for the Agent and the Lenders to make the determination required of them in the following sentence. If either the Borrower, the Agent or the Required Lenders determine at any time that such change in accounting policy results in an adverse change either (A) in the rights of, or protections afforded to, the Agent or the Lenders intended to be derived, or provided for, hereunder or (B) in the position 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 Required Lenders.
- (d) Upon the delivery of a written notice pursuant to Section 1.6(b) or Section 1.6(c), the Borrower and the Agent on behalf of the Lenders shall meet to consider the impact of such change in Old GAAP or such change in accounting policy, as the case may be, on the rights of, or protections afforded to, the Agent and the Lenders or on the position of the Borrower or of the Agent and the Lenders and shall in good faith negotiate to execute and deliver an amendment or amendments to this Agreement in order to preserve and protect the intended rights of, or protections afforded to, the Agent and the Lenders on the date hereof or the position of the Borrower or the Agent and the Lenders (as the case may be); provided that, until this Agreement has been amended in accordance with the foregoing, then for all purposes hereof, the applicable changes from Old

GAAP or in accounting policy (as the case may be) shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under Old GAAP and the Borrower's prior accounting policy, as applicable. For the purposes of this Section 1.6, the Borrower, the Lenders and the Agent acknowledge that the amendment or amendments to this Agreement are to provide substantially the same rights and protection to the Agent and the Lenders as is intended by this Agreement on the date hereof. If the Borrower and the Agent on behalf of the Required 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 the Agreement within 60 days following the date of delivery of such written notice, the Borrower shall either (i) continue to provide financial calculations in accordance with Old GAAP or (ii) provide such financial information as the Agent may reasonably request in order for any amount required to be determined hereunder to be determined in accordance with Old GAAP; and, for all purposes hereof, the applicable changes from Old GAAP or in accounting policy (as the case may be) shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under Old GAAP and the Borrower's prior accounting policy, as applicable.

1.7 Time

Unless otherwise provided herein, all references to a time in this Agreement shall mean local time in the city of Calgary, Alberta.

1.8 Payment for Value

All payments required to be made hereunder shall be made for value on the required day in same day immediately available funds.

1.9 Monetary References

Whenever an amount of money is referred to herein, such amount shall, unless otherwise expressly stated, be in Canadian Dollars.

1.10 Swap Lenders, Creditcard Lenders and Cash Management Lenders

Each Lender, in its capacity as a Swap Lender, Creditcard Lender or Cash Management Lender and for and on behalf of any of its Affiliates which become a Swap Lender, a Creditcard Lender or Cash Management Lender, agrees to comply with and to cause each such Affiliate in its capacity as a Swap Lender, Creditcard Lender or Cash Management Lender to comply with the Loan Documents and Credit Documents to the extent they apply to any Lender Swap or a Creditcard Lender and agrees that any action taken by it under or in connection with such documents in its capacity as a Lender shall be binding on it, and, if applicable, any of its Affiliates, each in their capacity as a Swap Lender, Creditcard Lender or Cash Management Lender.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties

The Borrower represents and warrants to each of the Lenders and the Agent (all of which representations and warranties the Borrower hereby acknowledges are being relied upon by the Lenders and the Agent in entering into this Agreement) that:

- (a) **Existence:** each Loan Party is a duly incorporated and organized corporation or a duly created partnership or trust, as applicable, under the laws of Canada or a Province of Canada, is validly existing under such laws, and is duly registered and qualified as an extra-provincial corporation,

partnership or trust, as applicable, under the laws of each jurisdiction in which the nature of any business transacted by it or the character of any properties and assets owned or leased by it requires such registration and qualification, except where the failure to be so registered or qualified would not reasonably be expected to have a Material Adverse Effect;

- (b) **Power:** each Loan Party has full corporate, partnership or trust, as applicable, capacity, power and authority to own its properties and assets, including its Oil and Gas Properties, to conduct business as now conducted and as proposed to be conducted, to execute and deliver each Loan Document to which it is a party and to perform its obligations thereunder;
- (c) **Authorization:** the execution, delivery and performance by each Loan Party of each Loan Document to which it is a party have been duly authorized by all necessary corporate, partnership, trust or other action;
- (d) **Execution:** each Loan Document to which any Loan Party is a party has been duly executed and delivered by it;
- (e) **Binding Obligations:** each Loan Document to which any Loan Party is a party is a legal, valid and binding obligation of each Loan Party that is a party thereto enforceable against such Loan Party or other party thereto, as applicable, in accordance with its terms except as enforceability may be limited by general principles of equity and by Applicable Laws regarding bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by moratorium laws from time to time in effect;
- (f) **Violations and Approvals:** the execution, delivery and performance by each Loan Party of each Loan Document to which it is a party:
 - (i) does not and will not violate its articles, by-laws, partnership agreement, trust indenture (each as applicable) or other governing documents;
 - (ii) does not and will not result in a breach of or constitute a default or require any consent under, or result in the creation of any Security Interest, other than a Permitted Encumbrance, upon any of its property or assets pursuant to any material indenture or other material agreement or material instrument to which it is a party or by which it or its property or assets may be bound or affected;
 - (iii) does not require any Governmental Action, licence, consent or approval of or notice to or filing with any Governmental Authority other than such as are necessary with respect to the registration and perfection of the Security and the Security Interests constituted thereby; and
 - (iv) does not and will not contravene any presently existing provision of Applicable Law or any Governmental Action applicable to it or any of its property and assets;
- (g) **Title to Assets:** each Loan Party has good and valid title to all of its properties and assets free and clear of all Security Interests, claims and encumbrances other than Minor Title Defects and Permitted Encumbrances which are applicable to it and Title Defects of which the Borrower has notified the Agent pursuant to Section 3.5(g)(ii) and, to the best of its knowledge, information and belief, no Person is asserting or has given notice of its intention to assert any Security Interest other than Permitted Encumbrances relating to any such properties or assets;
- (h) **Litigation:** there are no actions, suits or proceedings pending or, to the best of the knowledge, information and belief of any Loan Party, threatened against any Loan Party at law or in equity by or before any court, tribunal, governmental department, commission, board, bureau, agent or instrumentality, domestic or foreign, or before any arbitrator of any kind which could reasonably be

expected to have a Material Adverse Effect and no Loan Party is in default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, tribunal, governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign or any arbitrator of any kind which, in the aggregate, would reasonably be expected to have a Material Adverse Effect;

- (i) **Engineering Information:** all engineering data, production and cash flow projections, economic models and other information and data provided to the Agent by or on behalf of the Loan Parties in respect of any Loan Party's properties, assets and undertakings (including the most recent Engineering Report) are true and correct in all material respects except to the extent any such data, projections, models or information has been superseded or replaced by additional data, projections, models or information provided to the Agent hereunder;
- (j) **Financial Condition:** all financial statements of the Loan Parties provided to the Agent by or on behalf of any Loan Party fairly reflect, as of the dates thereof, the financial condition of the Loan Parties in all material respects and the results of their operations for the periods covered thereby, have been prepared in accordance with GAAP (except that any unconsolidated financial statements of any Subsidiary may be prepared without notes) and, from the date of the latest of such financial statements submitted to the Agent, no event or circumstance has occurred which would reasonably be expected to have a Material Adverse Effect;
- (k) **Taxes:** all material income tax and other returns required to be filed prior to the date hereof have been filed by or on behalf of each Loan Party to the relevant taxation or other authorities and no Loan Party is in default of payment of any taxes of any material amount, except for taxes the payment of which is being contested by it in good faith and for which provision in accordance with GAAP has been made for adequate reserves, and no reassessment, appeal or material claim is, to the best of the knowledge, information and belief of any Loan Party, being asserted or processed with respect to taxes which is not disclosed in the financial statements referred to in Section 2.1(j), in respect of periods to which such financial statements relate;
- (l) **Insurance:** each Loan Party has in full force and effect such policies of insurance in such amounts issued by insurers of recognized standing insuring its properties, assets and undertakings and providing such coverage as would be maintained by Persons engaged in the same or similar business in the localities where its properties and assets are located or, if such insurance is not available on commercially reasonable terms, such other insurance to the satisfaction of the Lenders, acting reasonably;
- (m) **Compliance with Laws and Contracts:** each Loan Party is:
 - (i) in compliance with all Applicable Laws; and
 - (ii) not in breach or default of, nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a breach or default under, any contract, agreement, licence or permit or employee benefit plan to which any Loan Party is a party or by which it or any of its properties, assets or undertakings are bound;

except for any non-compliance, breach or default, as applicable, which would not reasonably be expected to have a Material Adverse Effect;
- (n) **Environmental Laws:** each Loan Party:
 - (i) has obtained, made or given all Governmental Actions which are required under all applicable Environmental Laws except to the extent that failure to obtain, make or give the same would not reasonably be expected to have a Material Adverse Effect;

- (ii) is, and its assets are, in compliance with all Environmental Laws and all terms and conditions of all such Governmental Actions, except to the extent failure to comply would not reasonably be expected to have a Material Adverse Effect; and
 - (iii) has not received any notice of non-compliance with any Environmental Laws from any Governmental Authority or other Person or that any Release has occurred of, from, around, under or in respect of any of the Oil and Gas Properties which would reasonably be expected to have a Material Adverse Effect;
- (o) **Environmental Condition of Property:** the assets of each Loan Party:
 - (i) are not the subject of any outstanding orders from a Governmental Authority alleging violation of any Environmental Laws; and
 - (ii) comply, with respect to their use and condition, with all Environmental Laws,

except to the extent failure to so comply would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect;
- (p) **Indebtedness:** no Loan Party has any Debt other than Permitted Indebtedness;
- (q) **Financial Assistance:** no Loan Party has provided any Financial Assistance to any Person or Persons other than Permitted Financial Assistance;
- (r) **Employee Benefit Plans:**
 - (i) no Loan Party nor any ERISA Affiliates maintains or contributes to any ERISA Plan subject to Title I or Title IV of ERISA; and
 - (ii) if applicable, all Non-U.S. Plans have been established, operated, administered and maintained in compliance with all laws, regulations and orders applicable thereto, except where failure so to comply could not be reasonably expected to have a Material Adverse Effect. All premiums, contributions and any other amounts required by applicable Non-U.S. Plan documents or Applicable Laws to be paid or accrued by the Loan Parties have been paid or accrued as required, and each Loan Party is otherwise in compliance with all employee benefit plans to which it is a party or by which it is bound, except where failure so to pay, accrue or comply could not be reasonably expected to have a Material Adverse Effect;
- (s) **Foreign Assets Control Regulations, Etc.:**
 - (i) neither the Borrower nor any of its Affiliates is
 - (A) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, U.S. Department of Treasury ("**OFAC**") (an "**OFAC Listed Person**"), or
 - (B) a department, agency or instrumentality of, or is otherwise controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or (y) any Person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program (each OFAC Listed Person and each other Person, entity, organization and government of a country described in clause (B), a "**Blocked Person**").

None of the Borrower nor any of its Affiliates is engaged in any activity that could reasonably be expected to subject any holder to sanctions under CISADA or under any applicable state law that imposes sanctions on Persons that do business with Iran or any other country that is subject to an OFAC Sanctions Program;

- (ii) no part of the Accommodations hereunder constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used, directly by any Loan Party or indirectly through any of their Affiliates, in connection with any investment in, or any transactions or dealings with, any Blocked Person;
- (iii) neither the Borrower nor any of its Affiliates
 - (A) is under investigation by any Governmental Authority for, or has been charged with, or convicted of, money laundering, drug trafficking or terrorist-related activities under any Applicable Law (collectively, "**Anti-Money Laundering Laws**"),
 - (B) has been assessed civil penalties under any Anti-Money Laundering Laws, or
 - (C) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws.

The Borrower has taken reasonable measures appropriate to the circumstances (in any event as required by Applicable Law) to ensure that the Borrower and each of its Affiliates is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws;

- (iv) no part of the Accommodations will be used, directly or indirectly, for any improper 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 Applicable Law. The Borrower has taken reasonable measures appropriate to the circumstances (in any event as required by Applicable Law) to ensure that the Borrower and each of its Affiliates is and will continue to be in compliance with all applicable current and future anti-corruption laws and regulations; and
- (v) none of the Borrower nor any of its Affiliates is (i) a Person described or designated under the provisions of the *Special Economic Measures Act* (Canada) or the *United Nations Act* (Canada), or any associated regulations (each a "**Canadian Sanctions Designated Person**"), (ii) engages in any dealings or transactions with any Canadian Sanctions Designated Person, or (iii) is in possession or control of any property or entity that is owned or controlled by a Canadian Sanctions Designated Person;
- (t) **Ranking:** the obligations of the Borrower hereunder and of each other Loan Party under its Guarantee of the obligations of the Borrower hereunder rank, for all purposes, at least *pari passu* in right of payment with the other most senior Debt of the Borrower and such other Loan Party, as applicable;
- (u) **Existing Swaps:** as at the Effective Date all Swaps to which any Loan Party is a party are listed in Schedule "L", and all such Swaps would have been permitted by the terms of Section 9.2(k) had they been entered into on the Effective Date;
- (v) **Subsidiaries and Affiliates:** as of the Effective Date, the Borrower has no Subsidiaries or Affiliates;

- (w) **Shareholders' Agreements:** as of the Effective Date, there is no shareholders' agreement in effect with respect to the Borrower;
- (x) **Joint Venture Agreement:** a true and complete copy of the Joint Venture Agreement has been provided to the Agent and such agreement has not been amended, modified, supplemented, restated, replaced or terminated;
- (y) **Borrowing Base Assets:** as of the Effective Date the only Loan Party (and the only entity owning Borrowing Base Assets) is the Borrower;
- (z) **Location of Borrowing Base Assets:** as at the Effective Date all of the Borrowing Base Assets are located in Alberta;
- (aa) **Location of Business:** as at the Effective Date the Borrower does not carry on business in any jurisdiction other than Alberta;
- (bb) **Chief Executive Office:** as at the Effective Date the chief executive office of the Borrower is located in Calgary, Alberta;
- (cc) **Material Contracts:** as at the Effective Date the only Material Contract is this Agreement and the Joint Venture Agreement;
- (dd) **Events of Default:** no Default or Event of Default has occurred and is continuing; and
- (ee) **Accuracy of Information:** all information (including financial information and projections), materials and documents delivered by or on behalf of the Borrower or any other Loan Party to the Agent in contemplation of the transactions contemplated by this Agreement or as required by the terms of this Agreement were:
 - (i) in the case of all such information, materials and documents (but excluding therefrom any projections), true, complete and accurate in all material respects as at their respective dates; and
 - (ii) in the case of any such projections, prepared in good faith based upon assumptions believed to be reasonable at the time made.

2.2 Deemed Representations and Warranties

Each request by the Borrower for Accommodations on any Drawdown Date after the Effective Date shall be deemed to be a representation and warranty by the Borrower to the Agent and each Lender that the representations and warranties contained in Section 2.1 (other than those made as of a specific date) are, as of the date of such request, and will be, as of the applicable Drawdown Date, true and correct in all material respects and each request by the Borrower for a Conversion or Rollover shall be deemed to be a representation and warranty by the Borrower to the Agent and each Lender that as of the date of such request and as of the applicable Conversion Date or Rollover Date, there exists no Default or Event of Default.

ARTICLE 3 THE CREDIT FACILITIES

3.1 Establishment of the Facilities

- (a) [Deemed Advances under the Supplemental Facility: On the Sixth Amendment Effective Date:](#)

(i) Prime Loans advanced in the face amount of (i) \$4,500,000 previously made to the Borrower in respect of the Operating Facility, and (ii) \$10,000,000 previously made to the Borrower in respect of the Syndicated Facility, prior to the Sixth Amendment Effective Date, shall be deemed to be outstanding as advances in respect of the Supplemental Facility (with the outstanding balances under the Operating Facility and Syndicated Facility being reduced accordingly) and all other advances previously made to the Borrower in respect of the Operating Facility and the Syndicated Facility under the Agreement prior to the Sixth Amendment Effective Date, shall be deemed to be outstanding as advances in respect of the Operating Facility and Syndicated Facility respectively.

(b) ~~(a)~~ **Availment Options:** From and after the Effective Date and relying on each of the representations and warranties set out in Article 2 and subject to the terms and conditions of this Agreement:

(i) each Syndicated Lender agrees to make Syndicated Accommodations available to the Borrower up to the amount of its Syndicated Facility Commitment, by way of an extendible revolving term credit facility for the purposes set forth in Section 3.4, commencing on the Effective Date and ending on each such Syndicated Lender's Maturity Date (collectively, the "**Syndicated Facility**");

(ii) the Operating Lender agrees to make Operating Accommodations available to the Borrower up to the amount of the Operating Facility Commitment, by way of an extendible revolving operating term credit facility for the purposes set forth in Section 3.4, commencing on the Effective Date and ending on the Operating Lender's Maturity Date (the "**Operating Facility**"); ~~and~~

(iii) each Supplemental Lender agrees to make Supplemental Accommodations available to the Borrower in accordance with Section 3.1 up to the amount of its Supplemental Facility Commitment, by way of a non-revolving term credit facility for the purposes set forth in Section 3.4, commencing on the Sixth Amendment Effective Date and ending on each such Supplemental Lender's Maturity Date (collectively, the "**Supplemental Facility**"); and

(iv) ~~(iii)~~ the Operating Lender agrees to make available to the Borrower and any other Loan Party Cash Management Services under the Operating Facility, provided that the Borrower and any other applicable Loan Party shall have first executed and delivered to the Operating Lender such ancillary documents and any other applications and indemnities as the Operating Lender requires for similar transactions.

(c) ~~(b)~~ **Maximum Amount:** At no time shall:

(i) the Equivalent Amount in Canadian Dollars of the Syndicated Borrowings exceed the lesser of (A) the Total Syndicated Facility Commitment ~~and~~ (B) the Borrowing Base less the Operating Facility Commitment; ~~and~~

(ii) the Equivalent Amount in Canadian Dollars of the Operating Borrowings exceed the Operating Facility Commitment; and

(iii) ~~(ii)~~ the Equivalent Amount in Canadian Dollars of the ~~Operating~~ Supplemental Borrowings exceed the ~~Operating~~ Supplemental Facility Commitment.

3.2 Revolving Feature

(a) **Syndicated Facility:** During the Revolving Period of each Syndicated Lender, the Syndicated Borrowings of each such Syndicated Lender may, within the limits herein provided, increase and

decrease and the Borrower may borrow, repay and reborrow Cdn. Dollars and/or U.S. Dollars and obtain Syndicated Accommodations until the end of the Revolving Period of such Syndicated Lender. On the Term Out Date of each Syndicated Lender, the Syndicated Facility Commitment of such Syndicated Lender shall be reduced to the Equivalent Amount in Canadian Dollars of all Syndicated Borrowings then outstanding to such Syndicated Lender. Thereafter, the Borrower may only effect Conversions and Rollovers in respect of its Syndicated Borrowings. During the Term Period of a Syndicated Lender, any Loans or Bankers' Acceptances repaid or prepaid under the Syndicated Facility (except upon a Conversion or Rollover) shall effect a permanent reduction of its Syndicated Facility Commitment.

- (b) **Operating Facility:** During the Revolving Period of the Operating Lender, the Operating Borrowings may, within the limits herein provided, increase and decrease and the Borrower may borrow, repay and reborrow Operating Accommodations until the end of the Revolving Period of the Operating Lender. On the Term Out Date of the Operating Lender, the Operating Facility Commitment shall be reduced to the Equivalent Amount in Canadian Dollars of the Operating Borrowings then outstanding. During the Term Period of the Operating Lender, any Loans repaid or prepaid under the Operating Facility shall effect a permanent reduction of the Operating Facility Commitment.

3.3 Extension of Term Out Date and Revolving Period

- (a) **Request for an Extension:** The Borrower may, from time to time and provided there is no Default which is continuing, request an extension of the Term Out Date of each Lender that is not then a Non-Agreeing Lender (a "**Current Revolving Lender**") by sending to the Agent and, if applicable, the Operating Lender, a Request for Extension not less than 60 days and not more than 90 days prior to the then current Term Out Date and the Agent shall forthwith notify such Current Revolving Lenders of such request and each such Current Revolving Lender shall acknowledge receipt of such notification. Each such Current Revolving Lender shall advise the Agent as to whether it agrees with such request within 30 days of the later of:

- (i) being notified of the Borrower's Request for Extension; and
- (ii) having received the Engineering Report required pursuant to Section 3.5;

provided that in the event such Lender does not so advise the Agent within such 30 day period, such Current Revolving Lender shall be deemed to have advised the Agent that it is not prepared to make an offer to the Borrower to extend its Term Out Date. Within two Business Days of the Agent receiving from each such Current Revolving Lender its decision with respect to making an offer to the Borrower to extend its Term Out Date, the Agent shall, subject to Section 3.3(b), provide the Borrower with an offer to extend the applicable Term Out Date in accordance with Section 3.3(c) or 3.3(d), as the case may be, and the Borrower, subject to Section 3.3(f), shall be entitled to accept any such offer at any time up to and including the last Business Day preceding the then current Term Out Date by written notice to the Agent of such acceptance.

- (b) **Non-Extension:** The Agent shall not provide the Borrower with an offer to extend the Term Out Date of any of the Current Revolving Lenders unless Current Revolving Lenders holding more than 66 2/3% of the aggregate Commitments of all such Current Revolving Lenders agree to make an offer to extend the Term Out Date.

If Current Revolving Lenders do not agree to make an offer to extend the Term Out Date:

- (i) the Term Out Date of all Current Revolving Lenders shall not be extended; and

- (ii) the Term Period shall commence for all Current Revolving Lenders on such Term Out Date and all such Lenders shall be deemed to be Non-Agreeing Lenders for the purposes hereof.
- (c) **Extension for All Lenders:** If all Current Revolving Lenders agree to make an offer to the Borrower to extend the Term Out Date pursuant to a Request for Extension and the Borrower accepts such offer in accordance with Section 3.3(a), then the Term Out Date for each such Current Revolving Lender shall be extended for a period of 364 days from the date of the acceptance by the Borrower of the offer made to them to extend the Term Out Date by the Agent on behalf of such Current Revolving Lenders.
- (d) **Partial Extension:** If, with respect to a Request for Extension, the provisions of Section 3.3(b) or 3.3(c) are not applicable and there are Non-Agreeing Lenders under Section 3.3(g) (a "**Partial Extension**"), the remaining Syndicated Facility Commitments and Operating Facility Commitment of the Non-Agreeing Lenders shall continue for the Term Period applicable to such Lenders but any undrawn portion of such Commitments shall be cancelled on the Term Out Date applicable to such Lenders. Thereafter, any Drawdowns under the Syndicated Facility may only be obtained from the Agreeing Lenders in proportion to their respective Syndicated Facility Commitments and all applicable provisions of this Agreement shall be construed accordingly. Without limiting the foregoing, in the event of any Partial Extension:
 - (i) the Revolving Period (and the corresponding Term Out Date and Maturity Date) under the Syndicated Facility and the Operating Facility will only be extended in respect of the Agreeing Lenders and the Term Out Date and Maturity Date for the Non-Agreeing Lenders will remain unchanged;
 - (ii) the provisions herein relating to the Term Period under the Syndicated Facility and the Operating Facility shall apply separately to the Non-Agreeing Lenders as a group and to each other group of Lenders having a common Term Period (each, a "**Non-Agreeing Lender Group**"); and
 - (iii) for so long as the Revolving Period under the Syndicated Facility exists concurrently with one or more Term Periods under the Syndicated Facility:
 - (A) any subsequent Drawdowns under the Syndicated Facility pursuant to Section 3.6 shall be allocated *pro rata* among the Agreeing Lenders in accordance with their respective Syndicated Facility Commitments;
 - (B) any reduction in the Total Syndicated Facility Commitment pursuant to Section 3.5 or 4.4 shall be allocated *pro rata* among the Agreeing Lenders and the Non-Agreeing Lenders in accordance with their respective Syndicated Facility Commitments; and
 - (C) if the Borrower makes an optional prepayment under the Syndicated Facility during the Revolving Period other than pursuant to Section 4.4, such prepayment shall be deemed to have been made to the Agreeing Lenders only and shall not be applied in repayment of Borrowings owed to Non-Agreeing Lenders unless the Agent is expressly directed in writing by the Borrower at the time of payment to allocate such payment *pro rata* among the Agreeing Lenders and the Non-Agreeing Lenders in accordance with their respective Syndicated Facility Commitments.
- (e) **Independent Decision:** The Borrower understands that consideration of any Request for Extension constitutes an independent credit decision which each Current Revolving Lender retains the absolute and unfettered discretion to make, and that no commitment in this regard is

given by any such Lender and that any extension of the Term Out Date may be on such terms and conditions in addition to those set out herein as the Current Revolving Lenders may stipulate and the Borrower may agree to.

- (f) **Default or Event of Default:** Notwithstanding the foregoing, the Borrower shall not be entitled to accept any offer made by the Agent on behalf of the Agreeing Lenders to extend the Term Out Date if a Default or Event of Default has occurred and is continuing unless such Default or Event of Default is waived by all of the Agreeing Lenders; provided any such waiver shall be effective only for the purposes of this Section 3.3(f) and shall not be applicable to any such Lenders which are not Agreeing Lenders.
- (g) **Request Refused:** Subject to Section 3.3(b), if a Current Revolving Lender does not agree to make an offer to extend its Term Out Date (each such Lender being a "**Non-Agreeing Lender**" and any Current Revolving Lender agreeing to make an offer to extend its Term Out Date being an "**Agreeing Lender**"), each of the Agreeing Lenders shall have the right (but not the obligation) to purchase the Commitment of the Non-Agreeing Lender for a purchase price in an amount equal to the aggregate principal amount owing to each such Non-Agreeing Lender, together with accrued and unpaid interest and fees thereon to the date of payment of such principal amount. Each of the Agreeing Lenders wishing to exercise its rights to purchase the Commitment of a Non-Agreeing Lender (each, a "**Purchasing Lender**") shall forthwith so notify the Borrower, the Agent, the Non-Agreeing Lender and each of the other Lenders, if any, and each such Purchasing Lender shall thereupon be obligated to purchase, and the Non-Agreeing Lender shall be obligated to sell, not less than five Business Days prior to the then current Term Out Date, that portion of such Commitment of each Non-Agreeing Lender which is in the ratio that its proportion of the Syndicated Facility Commitment of each Purchasing Lender bears to the aggregate of the Syndicated Facility Commitments of all Purchasing Lenders or as otherwise agreed to by the Borrower and the Purchasing Lenders, provided that only one Lender may purchase the Operating Facility Commitment if the Operating Lender is a Non-Agreeing Lender and any such decision shall be made by the Borrower. Notwithstanding the foregoing, and unless otherwise agreed at that time, the Non-Agreeing Lender shall not be obligated to sell to any Purchasing Lender unless:
 - (i) provision satisfactory to the Non-Agreeing Lender (acting reasonably) has been made for payment of any costs, losses, premiums or expenses incurred by the Non-Agreeing Lender by reason of any liquidation or re-deployment of deposits or other funds in respect of Libor Loans outstanding;
 - (ii) provision satisfactory to the Non-Agreeing Lender (acting reasonably) has been made for payment at maturity of outstanding Bankers' Acceptances accepted by it; and
 - (iii) if the Non-Agreeing Lender is the Operating Lender, such purchase shall be subject to the replacement or collateralization satisfactory to the Operating Lender, acting reasonably, of all outstanding Letters of Credit issued by the Operating Lender under the Operating Facility, not less than three Business Days prior to the applicable Term Out Date.

The Non-Agreeing Lenders, the Purchasing Lenders, the Agent, the Borrower and each of the other Lenders, if any, shall forthwith duly execute and deliver any necessary documentation to give effect to any purchase under this Section 3.3(g). Notwithstanding any such purchase, the Non-Agreeing Lender shall be entitled to retain a *pari passu* sharing of the Security for any Permitted Swap then outstanding with it.

- (h) **Replacement or Repayment:** If a Non-Agreeing Lender's Commitment is not purchased pursuant to Section 3.3(g), the Borrower may:

- (i) arrange for a replacement lender (a "**Replacement Lender**") (which may be one of the Agreeing Lenders) to purchase the Non-Agreeing Lender's Commitment on the same basis and subject to the same requirements and indemnities as specified in Section 3.3(g). Any such Replacement Lender which is not an Agreeing Lender shall require the approval of the Agent, such approval not to be unreasonably withheld, and no later than three Business Days prior to the Term Out Date such Replacement Lender shall have purchased the Non-Agreeing Lender's Commitment by execution of all necessary documentation including execution and delivery of an Assignment and Assumption; or
 - (ii) as long as there exists no Event of Default, repay all Borrowings and other amounts owing under the Loan Documents to, and terminate the Commitment of, the Non-Agreeing Lender on or prior to such Non-Agreeing Lender's Term Out Date and, upon such payment, each such Non-Agreeing Lender shall cease to be a Syndicated Lender hereunder and, if applicable, the Operating Lender, and such Non-Agreeing Lender's Syndicated Facility Commitment and, if applicable, its Operating Facility Commitment, shall be terminated and the Total Commitment reduced accordingly.
- (i) **Adjustment of Fees:** If, on the Term Out Date of any Lender, any Borrowings are outstanding to such Lender by way of Letters of Credit or Bankers' Acceptances, then such Lender shall be entitled to receive Letter of Credit Fees and BA Acceptance Fees in respect of such outstanding Letters of Credit and Bankers' Acceptances calculated based upon Letter of Credit Fees and BA Acceptance Fees for the period from the Term Out Date to the expiry date of the Letter of Credit or the maturity date of the Bankers' Acceptance, as the case may be, at the rate set out in the last sentence of the definition of Applicable Margin. After the Term Out Date, the Agent shall calculate the adjusted fees payable by the Borrower to such Lender in respect of such Borrowings and such fees shall be payable not later than 10 days after receipt by the Borrower of written notice from the Agent as to such amounts. The notice of the Agent setting forth the additional amounts payable shall be conclusive evidence thereof, absent manifest error.

3.4 Purpose

Borrowings under the Borrowing Base Facilities shall be used by the Borrower to repay or otherwise provide for the repayment of all amounts outstanding under the Existing Credit Agreement, and thereafter for working capital and general corporate purposes of the Borrower.

Borrowings under the Supplemental Facility shall only be used to repay amounts outstanding and drawn under the Syndicated Facility Commitment and Operating Facility Commitment and permanently cancel availability in respect of the Syndicated Facility and Operating Facility under this Agreement.

3.5 Borrowing Base

- (a) **Engineering Report:** The Borrower shall furnish to the Agent (for distribution to the Lenders):
- (i) not later than March 31 (or such other date as may be agreed to by the Required Lenders) of each year, an Engineering Report dated effective as of a date not earlier than December 31 of the immediately preceding year; and
 - (ii) concurrently with provision of the Engineering Report under Section 3.5(a)(i), a quarterly cash flow budget for the Fiscal Year in which the Engineering Report is provided, prepared by a senior officer of the Borrower and including projected monthly production volumes and gross revenues therefrom, general and administrative costs, operating costs, royalties and other burdens, commodity price assumptions, Taxes and Budgeted Capital Expenditures.

- (b) **Oil and Gas Property Information:** At the time of delivery of any Engineering Report, the Borrower shall deliver to the Agent an Oil and Gas Ownership Certificate with respect to the Borrowing Base Assets evaluated in any such Engineering Report, the most current LMR of the Borrower and any other Loan Party, and the status of the abandonment program of the Borrower, all in such detail as the Agent may request, acting reasonably.
- (c) **Annual Redetermination of Borrowing Base:** Upon receipt of an Engineering Report pursuant to Section 3.5(a)(i) and provided the financial statements required to be delivered pursuant to Section 9.1(d) are delivered on a timely basis, all of the Lenders shall, by May 30 of each year and in their sole discretion, make a redetermination of the Borrowing Base.
- (d) **Semi-Annual Redetermination of Borrowing Base:** Not later than October 30 of each year, the Borrower shall provide the Agent (with sufficient copies for each of the Lenders) with engineering data, information and updates, with an effective date of June 30 of such year (or such later date up to the date such report was prepared), prepared by the internal engineering personnel of the Borrower or, at the option of the Borrower, from an independent petroleum engineer or firm acceptable to the Agent (including GLJ Petroleum Consultants Inc.), in sufficient detail as reasonably required by the Lenders to allow the Lenders to redetermine the Borrowing Base, and all of the Lenders shall make a redetermination of the Borrowing Base in their sole discretion not later than November 30 of such year.
- (e) **Other Redeterminations:** The Lenders may redetermine the Borrowing Base at a time other than or in addition to the redeterminations pursuant to Sections 3.5(c) and 3.5(d) if the Required Lenders, acting reasonably, determine that an event or circumstance has occurred in respect of the Borrower that would reasonably be expected to have a Material Adverse Effect. If the Required Lenders, in their sole discretion acting reasonably, deem receipt of an updated Engineering Report to be warranted in this regard, the Borrower shall provide such updated Engineering Report within 90 days of such request, such report to be effective not earlier than 90 days prior to the date of the Lenders' request for same.
- (f) **Redetermination of Borrowing Base by Lenders:** The Lenders shall make each redetermination of the Borrowing Base under this Article 3 in consultation with each other and all such redeterminations must be approved by all Lenders; provided that if the Lenders cannot reach agreement on any decrease in or affirmation of the Borrowing Base, the Borrowing Base shall be set at the maximum level which is acceptable to the Lender which requires the lowest Borrowing Base. At such time each year as the Lenders make any redetermination of the Borrowing Base, the Agent shall promptly advise the Borrower of the redetermined Borrowing Base and the Borrowing Base so redetermined shall be effective immediately upon notice thereof to the Borrower and, subject to Section 3.5(i), any resulting adjustment of the Commitment shall occur automatically.
- (g) **Sale of Properties or Title Defects:** If:
 - (i) any Loan Party wishes to effect a sale, disposition (including the grant of a royalty, net profits interest or similar interest) or reconveyance of any Oil and Gas Properties (including pursuant to a ROFR), but excluding any Permitted Disposition, the Borrower shall provide the Agent with not less than 15 days prior notice in writing indicating the Oil and Gas Properties being sold or disposed of and seeking the Lenders' consent thereto; or
 - (ii) the Agent is notified of a Title Defect or the Agent or any Lender otherwise becomes aware of a Title Defect (in each case other than a Minor Title Defect);

the Lenders may thereupon redetermine the Borrowing Base in accordance with this Section 3.5 at the sole cost and expense of the Borrower with all such Oil and Gas Properties to be sold or

disposed of, or which are subject to such a Title Defect, excluded from the Borrowing Base Assets or an appropriate amount, as determined by the Lenders, deducted from the Borrowing Base in the redetermination. If the Lenders are satisfied, in their sole discretion, that the Borrowing Base as so redetermined will not result in any Borrowing Base Shortfall and that no Default or Event of Default exists, the Lenders shall provide their consent to such sale of Oil and Gas Properties or, in the case of such a Title Defect, shall exclude such Oil and Gas Properties from the Borrowing Base Assets or deduct an appropriate amount, as determined by the Lenders, from the Borrowing Base until such Title Defect is cured to the satisfaction of the Lenders, acting reasonably. The Borrowing Base as so redetermined shall be in effect from the date of notification by the Agent to the Borrower of such redetermination until any subsequent redetermination of the Borrowing Base pursuant to this Agreement.

If any Loan Party is in receipt of any proceeds of a disposition of any Oil and Gas Properties pursuant to the exercise of a ROFR which does not constitute a Permitted Disposition, prior to the Lenders having redetermined the Borrowing Base as a result thereof, the Borrower shall cause the funds received to be paid to the Agent for deposit to a Cash Collateral Account in accordance with Section 10.4 for release to the Borrower, at such time as the Lenders have completed such redetermination, to the extent there will be no Borrowing Base Shortfall after such release, and otherwise to be applied on account of the indebtedness hereunder to the extent necessary to eliminate any such Borrowing Base Shortfall.

- (h) **Borrowing Base:** The Borrowing Base has been determined as at the [Sixth Amendment](#) Effective Date to be Cdn. \$~~55,000,000~~ [30,000,000](#).
- (i) **Reduction of Borrowings:** If at any time the Borrowing Base, upon any redetermination hereunder, is less than the aggregate of the Borrowings (determined in Cdn. Dollars with all Borrowings denominated in U.S. Dollars being converted to the Equivalent Amount of Cdn. Dollars), with such deficiency amount being referred to herein as the "**Borrowing Base Shortfall**", then any undrawn credit hereunder shall cease to be available to the Borrower and the Total Commitment (and the Total Syndicated Facility Commitment and the Operating Facility Commitment on a *pro rata* basis unless otherwise agreed to by the Operating Lender) shall be permanently reduced to an amount equal to the Borrowing Base. In addition, the Borrower shall, within 60 days from its receipt of notice of such Borrowing Base Shortfall in writing from the Agent (the "**BBS Cure Period**"), eliminate the Borrowing Base Shortfall by:
 - (i) providing the Agent, or causing another Loan Party to provide the Agent, other security or third party guarantees for the Borrowings in form, substance, amount and in respect of assets satisfactory to all of the Lenders in their sole discretion (provided that any additional oil and gas assets offered as security will be evaluated by all of the Lenders in accordance with their normal oil and gas evaluation parameters); and/or
 - (ii) by effecting a permanent repayment of such Borrowings as are in excess of the new redetermined Borrowing Base.

During the BBS Cure Period, the Lenders shall not be obligated to make any further Borrowings available under this Agreement (other than Conversions or Rollovers which do not increase the Borrowings and with maturities not exceeding the last day of the BBS Cure Period). If the Borrowing Base Shortfall is not eliminated as required above within the BBS Cure Period, such failure shall be an Event of Default for the purposes of this Agreement. If the Borrowing Base Shortfall is eliminated as required above within the BBS Cure Period, then the undrawn credit hereunder shall again become available on the terms and conditions hereof to the extent of the Total Commitment (as permanently reduced to the newly determined Borrowing Base) in accordance with the provisions of this Section 3.5(i) as aforesaid. All amounts paid to the Lenders pursuant to this Section shall be applied in the manner provided for in Section 7.2.

- (j) **No Increase:** No increase in the Borrowing Base shall, unless otherwise agreed to by all of the Lenders in their sole discretion, result in any increase of the Total Commitment.
- (k) **Determination Conclusive:** Any redetermination of the Borrowing Base by the Lenders (in accordance with the requirements of the definition of "Borrowing Base" and this Section 3.5) shall be final, binding and conclusive. Without in any manner limiting the discretion of the Lenders in making any redetermination of the Borrowing Base, the Lenders specifically reserve the right to exclude:
 - (i) properties, assets, undertakings and contractual rights in respect of which, in the reasonable opinion of the Lenders, the Agent does not then hold (and subject only to Permitted Encumbrances) a lawful, valid, binding and enforceable Security Interest as and to the extent provided for herein; and
 - (ii) properties or assets which, in the reasonable opinion of the Lenders, are subject to a Title Defect (other than a Minor Title Defect) unless and to the extent that the circumstances or events giving rise to such Title Defect are reversed or eliminated to the reasonable satisfaction of the Lenders.

3.6 Borrowings – Syndicated Facility ~~and~~, Operating Facility and Supplemental Facility

- (a) **Syndicated Facility:** Subject to the provisions of this Agreement, the Borrower may borrow, repay and reborrow by way of Syndicated Accommodations from each Syndicated Lender pursuant to the Syndicated Facility up to the amount of such Lender's Syndicated Facility Commitment by:
 - (i) **Prime Loans:** borrowing Prime Loans from the Syndicated Lenders in minimum aggregate amounts of Cdn. \$2,000,000 and in integral multiples of Cdn. \$100,000 thereafter, upon at least one Business Day prior written notice;
 - (ii) **Bankers' Acceptances:** issuing Bankers' Acceptances to be accepted by the Syndicated Lenders in minimum aggregate amounts of Cdn. \$5,000,000 and in integral multiples of Cdn. \$100,000 thereafter, upon at least two Business Days prior written notice;
 - (iii) **U.S. Base Rate Loans:** borrowing U.S. Base Rate Loans from the Syndicated Lenders in minimum aggregate amounts of U.S. \$2,000,000 and in integral multiples of U.S. \$100,000 thereafter, upon at least one Business Day prior written notice; and
 - (iv) **Libor Loans:** borrowing Libor Loans from the Syndicated Lenders in minimum aggregate amounts of U.S. \$5,000,000 and in integral multiples of U.S. \$100,000 thereafter, upon at least three Business Days prior written notice;

each such notice to be given to the Agent at or prior to 10:00 a.m. (Calgary time) on the last day on which such notice can be given pursuant to this Section 3.6 and to be substantially in the form of Schedule "B". Any such notice may be given by telephone and if so, shall be followed by delivery of written notice, substantially in the form of Schedule "B", by no later than 2:00 p.m. (Calgary time) on the same day.
- (b) **Operating Facility:** Subject to the provisions of this Agreement, the Borrower may borrow, repay and reborrow by way of Operating Accommodations from the Operating Lender pursuant to the Operating Facility up to the Operating Facility Amount as follows:
 - (i) **Prime Loans:** by borrowing Prime Loans from the Operating Lender, by Overdraft, without notice;

- (ii) **U.S. Base Rate Loans:** by borrowing U.S. Base Rate Loans from the Operating Lender by Overdraft, without notice; and
- (iii) **Letters of Credit:** by way of the issuance of Letters of Credit in Canadian Dollars or U.S. Dollars on at least three Business Days prior written notice.

With respect to Operating Accommodations made concurrently under Sections 3.6(b)(i) and 3.6(b)(ii), the Borrower shall advise the Operating Lender of applicable allocations as between Accommodations in Canadian Dollars and those in U.S. Dollars. Such advice may be given by telephone by no later than 10:00 a.m. (Calgary time) on the same day.

Each Operating Accommodation for a Letter of Credit shall require delivery of a Borrowing Notice to the Operating Lender at or prior to 10:00 a.m. (Calgary time) on the last day on which such notice can be given pursuant to this Section 3.6, substantially in the form of Schedule "B". Any such notice may be given by telephone and if so, shall be followed by delivery of written notice, substantially in the form of Schedule "B", by no later than 2:00 p.m. (Calgary time) on the same day.

(c) **Supplemental Facility:** Subject to the provisions of this Agreement, the Supplemental Lenders agree to make an amount of the Supplemental Facility not exceeding the Supplemental Facility Commitment available to the Borrower in accordance with Section 3.1(a) on the Sixth Amendment Effective Date; provided that the obligation of each Supplemental Lender to make advances to the Borrower under the Supplemental Facility shall be several and shall not exceed its proportionate share of the Supplemental Facility. Any undrawn Commitment under the Supplemental Facility will be cancelled. Supplemental Accommodations are available to the Borrower by way of:

- (i) **Prime Loans:** borrowing Prime Loans from the Supplemental Lenders in minimum aggregate amounts of Cdn. \$2,000,000 and in integral multiples of Cdn. \$100,000 thereafter, upon at least one Business Day prior written notice; and
- (ii) **Bankers' Acceptances:** issuing Bankers' Acceptances to be accepted by the Supplemental Lenders in minimum aggregate amounts of Cdn. \$5,000,000 and in integral multiples of Cdn. \$100,000 thereafter, upon at least two Business Days prior written notice;

each such notice to be given to the Agent at or prior to 10:00 a.m. (Calgary time) on the last day on which such notice can be given pursuant to this Section 3.6 and to be substantially in the form of Schedule "B". Any such notice may be given by telephone and if so, shall be followed by delivery of written notice, substantially in the form of Schedule "B", by no later than 2:00 p.m. (Calgary time) on the same day.

3.7 Selection of Libor Interest Periods

If the Borrower elects to borrow by way of a Libor Loan pursuant to Section 3.6, elects to convert a Borrowing into a Libor Loan pursuant to Section 3.13 or elects to Rollover a Libor Loan pursuant to Section 3.14, the Borrower shall, prior to the beginning of the Libor Interest Period applicable to such Libor Loan, in accordance with the same period of notice required for the initial drawdown of a Libor Loan as set forth in Section 3.6, select and notify the Agent by delivery of a Borrowing Notice, Conversion Notice or Rollover Notice, as the case may be, of the Libor Interest Period (which shall begin and end on a Business Day) applicable to such Libor Loan. If the Borrower fails to give to the Agent a notice as aforesaid prior to the date of maturity of a Libor Loan in accordance with the same period of notice required for the original Borrowing, then the amount of such Libor Loan shall be converted on its maturity to a U.S. Base Rate Loan pursuant to Section 3.13.

3.8 Conditions Applicable to Bankers' Acceptances and BA Equivalent Advances

- (a) **Acceptance of Bankers' Acceptances:** Subject to the terms and conditions of this Agreement, each Applicable Lender hereby agrees to accept its Applicable Percentage of Bankers' Acceptances as requested by the Borrower pursuant to a Borrowing Notice, Conversion Notice or Rollover Notice delivered under Sections 3.6, 3.13 or 3.14. Each such Lender shall purchase such Bankers' Acceptances at the applicable Discount Rate and shall deliver the Discount Proceeds thereof (less any BA Acceptance Fees payable to such Lender in respect thereof) for the account of the Borrower through the Agent's Account For Payment. Notwithstanding the foregoing, no Applicable Lender shall be obligated to purchase a Bankers' Acceptance which is not for a Standard Term, unless each Applicable Lender has consented thereto.
- (b) **Payment to Borrower:** On the Drawdown Date, Conversion Date or Rollover Date relating to any issue of Bankers' Acceptances:
- (i) on any Drawdown Date, each Applicable Lender shall deliver the Discount Proceeds thereof (less any BA Acceptance Fees payable to such Lender in respect thereof), for the account of the Borrower through the Agent at the Agent's Account for Payments;
 - (ii) on any Rollover Date relating to any Rollover of Bankers' Acceptances, the Borrower shall be liable to the Applicable Lenders for the principal amount of maturing Bankers' Acceptances. In order to satisfy the continuing liability of the Borrower to the Applicable Lenders for the principal amount of the maturing Bankers' Acceptances, each Applicable Lender shall receive and retain for its own account the Discount Proceeds from the purchase by such Applicable Lender of such new Bankers' Acceptances and the Borrower shall on the maturity date of the maturing Bankers' Acceptances pay to the Agent, for the benefit of such Applicable Lender an amount equal to the difference between the principal amount of the maturing Bankers' Acceptances and the Discount Proceeds from the purchase by such Applicable Lender of such new Bankers' Acceptances together with the BA Acceptance Fees to which such Applicable Lender is entitled pursuant to Section 5.4; and
 - (iii) on any Conversion Date relating to Bankers' Acceptances:
 - (A) in the case of a Conversion from a Prime Loan, in order to satisfy the continuing liability of the Borrower to the Applicable Lenders for the amount of the converted Borrowing, each Applicable Lender shall receive for its own account the Discount Proceeds from the purchase by such Applicable Lender of such Bankers' Acceptances and the Borrower shall on the Conversion Date pay to the Agent for the benefit of such Applicable Lender the difference between the principal amount of the converted Borrowing and the Discount Proceeds from such Bankers' Acceptances together with the BA Acceptance Fees to which such Applicable Lender is entitled pursuant to Section 5.4; and
 - (B) in the case of a Conversion from a Bankers' Acceptance, in order to satisfy the continuing liability of the Borrower to the Applicable Lenders for an amount equal to the principal amount of such Bankers' Acceptance, the Agent shall record the obligation of the Borrower to each Applicable Lender as a Borrowing of the type into which the maturing Bankers' Acceptance has been converted.
- (c) **Waiver of Presentment and Other Conditions:** The Borrower waives presentment for payment and, except to the extent of the negligence or wilful misconduct of a Lender referred to in Section 3.8(g), any other defence to payment of any amounts due to a Lender in respect of a Bankers' Acceptance accepted and, if applicable, purchased by it pursuant to this Agreement which might exist solely by reason of such Bankers' Acceptance being held, at the maturity thereof, by such

Lender in its own right and the Borrower agrees not to claim any days of grace if such Lender as holder sues the Borrower on the Bankers' Acceptance for payment of the amount payable by the Borrower thereunder. On the specified maturity date of a Bankers' Acceptance, or such earlier date as may be required or permitted pursuant to the provisions of this Agreement, the Borrower shall, subject to Section 3.8(f), pay the Agent on behalf of the Syndicated Lender or Supplemental Lender, as applicable, that has accepted such Bankers' Acceptance, the full face amount of such Bankers' Acceptance through payment to the Agent or conversion of such Bankers' Acceptance into a Prime Loan pursuant to Section 3.13.

(d) **Terms of Each Bankers' Acceptance:** Each Bankers' Acceptance shall:

- (i) have a maturity date which shall be on a Business Day;
- (ii) have a Standard Term (excluding days of grace) or, subject to availability and with the consent of each Applicable Lender, have a term which is not a Standard Term but which does not exceed six months (excluding days of grace);
- (iii) be denominated in whole multiples of Cdn.\$100,000;
- (iv) have a term which does not extend beyond the Maturity Date of the Applicable Lender; and
- (v) be in the standard form of each Applicable Lender.

It is the intention of the parties that, pursuant to the *Depository Bills and Notes Act* ("DBNA"), all Bankers' Acceptances accepted by the BA Purchasing Lenders under this Agreement shall be issued in the form of a "depository bill" (as defined in the DBNA), deposited with, and made payable to a "clearing house" (as defined in the DBNA) including The Canadian Depository for Securities Limited or its nominee, CDS & Co. ("CDS"). The Agent and the BA Purchasing Lenders, as applicable, shall, *inter alia*, effect the following and, subject to the approval of the Borrower, establish and notify the Borrower and the Applicable Lenders of any additional procedures, consistent with the terms of this Agreement and the quarterly requirements of the DBNA, as are reasonably necessary to accomplish such intention including:

- (A) the instruments or drafts held by the Agent for the purposes of effecting Bankers' Acceptances will include a notation to the effect that they are issued pursuant to the DBNA;
- (B) any reference to authentication of the Bankers' Acceptance will be removed; and
- (C) any reference to "bearer" will be removed.

(e) **Power of Attorney - Bankers' Acceptances:** As a condition precedent to each BA Purchasing Lender's obligation to accept and purchase Bankers' Acceptances hereunder and, subject to the DBNA compliance requirements set forth in Section 3.8(d), the Borrower agrees to the Power of Attorney Terms - Bankers' Acceptances set out in Schedule "H" and hereby grants to each BA Purchasing Lender a power of attorney on the terms set out in Schedule "H", provided that if the Borrower revokes such power of attorney, a BA Purchasing Lender shall not be obliged to accept and purchase Bankers' Acceptances (or obtain BA Equivalent Advances) unless the Borrower, the Agent and all of the BA Purchasing Lenders have agreed on amendments to this Agreement which the BA Purchasing Lenders may require to again accept and purchase Bankers' Acceptances.

(f) **Failure to Give Notice of Repayment:** If the Borrower fails to give notice to the Agent of the method of repayment of a Bankers' Acceptance prior to the date of maturity of such Bankers'

Acceptance in accordance with the same period of notice required for the original acceptance of such Bankers' Acceptance as set forth in Section 3.6, the face amount of such Bankers' Acceptance shall be converted on its maturity to a Prime Loan from the Applicable Lender pursuant to Section 3.13.

- (g) **Unlawful Issue or Use:** The Borrower shall pay on demand to the Agent on behalf of each BA Purchasing Lender the face amount of any bankers' acceptance form presented to such BA Purchasing Lender for payment and paid by such Lender that has been unlawfully issued or used or put into circulation fraudulently or without authority, and shall indemnify such BA Purchasing Lender against any loss, cost, damage, expense or claim regardless of by whomsoever made that such BA Purchasing Lender may suffer or incur by reason of any fraudulent, unauthorized or unlawful issue or use of any such bankers' acceptance form, other than as is caused by the negligence or wilful act or omission of such BA Purchasing Lender or any of its officers, employees, agents or representatives failing to use the same standard of care in the custody of such bankers' acceptance forms as it uses in the custody of its own property of a similar nature.
- (h) **BA Equivalent Advances:** Notwithstanding Section 3.6(a)(ii), the foregoing provisions of this Section 3.8, and any other provision hereof to the contrary, a Non-Acceptance Lender shall, in lieu of accepting Bankers' Acceptances, make a BA Equivalent Advance. The amount of each BA Equivalent Advance shall be equal to the Discount Proceeds which would be realized from a hypothetical sale of those Bankers' Acceptances which, but for this Section 3.8(h), such Lender would otherwise be required to accept and purchase as part of such a Borrowing by way of Bankers' Acceptances. To determine the amount of such Discount Proceeds, the hypothetical sale shall be deemed to take place at the Non-Acceptance Discount Rate. Any BA Equivalent Advance shall be made on the relevant Drawdown Date, Conversion Date or Rollover Date, as the case may be, and shall remain outstanding for the term of the Bankers' Acceptances issued concurrently therewith. Concurrently with the making of a BA Equivalent Advance, a Non-Acceptance Lender shall be entitled to deduct therefrom an amount equal to the BA Acceptance Fee which, but for this Section 3.8(h), such Lender would otherwise be entitled to receive as part of such issue of Bankers' Acceptances. The BA Equivalent Advance shall accrue interest at a rate per annum equal to the Non-Acceptance Discount Rate for such Bankers' Acceptance for the term of such BA Equivalent Advance. Upon the maturity date for such Bankers' Acceptances, the Borrower shall pay to each Non-Acceptance Lender, in satisfaction of the BA Equivalent Advance and interest accrued thereon, an amount equal to the face amount of the Bankers' Acceptance which, but for this Section 3.8(h), such Lender would otherwise have been required to accept as part of such Borrowing by way of Bankers' Acceptance, failing which such amount shall be converted to a Prime Loan.

All BA Equivalent Advances made by a Non-Acceptance Lender shall, if requested by such Lender, be evidenced by promissory notes of the Borrower in form and substance satisfactory to such Lender, acting reasonably.

All references herein to "Bankers' Acceptances" shall, unless otherwise expressly provided herein or unless the context otherwise requires, be deemed to include BA Equivalent Advances made by a Non-Acceptance Lender as part of a Borrowing by way of Bankers' Acceptances.

As a condition precedent to each Non-Acceptance Lender's obligation to make a BA Equivalent Advance hereunder, the Borrower agrees to the Power of Attorney Terms – BA Equivalent Advances set out in Schedule "I" and hereby grants to each Non-Acceptance Lender a power of attorney on the terms set out in Schedule "I", provided that if the Borrower revokes such power of attorney, it shall not be entitled to obtain BA Equivalent Advances (or issue Bankers' Acceptances) unless the Borrower, the Agent and all of the Non-Acceptance Lenders have agreed on amendments to this Agreement which would again allow the Borrower to obtain BA Equivalent Advances.

3.9 Agent's Duties re Bankers' Acceptances

- (a) **Advice to the Lenders:** The Agent, promptly following receipt of a Borrowing Notice for an Accommodation by way of Bankers' Acceptances, of a Conversion Notice for Conversion of a Borrowing to a Bankers' Acceptance or of a Rollover Notice for a Rollover of a Bankers' Acceptance, shall:
- (i) advise the Borrower of the allocation of Bankers' Acceptances to each Applicable Lender such that the aggregate amount of Bankers' Acceptances required to be accepted by such Applicable Lender hereunder is in a whole multiple of Cdn. \$100,000; or
 - (ii) advise each BA Purchasing Lender of the face amount of each Bankers' Acceptance to be purchased by it and the term thereof, which term shall be identical for all BA Purchasing Lenders. Promptly on each Drawdown Date, Conversion Date or Rollover Date on which BA Purchasing Lenders are required to purchase Bankers' Acceptances hereunder, the Agent shall determine the applicable CDOR Rate in respect of such Bankers' Acceptances.
- (b) **Bankers' Acceptances Being Purchased:** Promptly on the Drawdown Date, Rollover Date or Conversion Date relating to all Bankers' Acceptances to be purchased by the BA Purchasing Lenders on such date, the Agent shall provide either written or telephone advice to the Borrower and each BA Purchasing Lender confirming the particulars with respect to such Bankers' Acceptances. Such advice shall be confirmed in writing by the Agent on or prior to 2:30 p.m. (Calgary time) on such Drawdown Date, Rollover Date or Conversion Date. Upon receipt of any such notice, each BA Purchasing Lender is thereupon authorized to complete and sign Bankers' Acceptances on behalf of the Borrower in accordance with the Power of Attorney Terms - Bankers' Acceptances and the particulars advised by the Agent.

3.10 Letters of Credit

- (a) **Aggregate Amount:** The aggregate face amount of Letters of Credit issued and outstanding under the Operating Facility at any one time shall not exceed \$5,000,000 or its equivalent in U.S. Dollars.
- (b) **Issuance:** The Borrower may give the Operating Lender a Borrowing Notice requesting that a Letter of Credit be issued by the Operating Lender in accordance with Section 3.6. The Borrower shall specify whether the Letter of Credit is a Financial LC or a Non-Financial LC, but if there is a dispute in that regard, the Operating Lender shall determine whether the requested Letter of Credit is a Financial LC or a Non-Financial LC in accordance with its usual and customary practices.
- (c) **Documentation:** The Operating Lender shall not have any obligation to issue a Letter of Credit until the Borrower has executed and delivered to the Operating Lender a duly completed letter of credit application in the Operating Lender's standard form and such ancillary documents, including applications and indemnities, as the Operating Lender generally requires for like transactions and which are consistent with the provisions hereof.
- (d) **Expiry:** Each Letter of Credit shall expire not later than one year from the date of its issuance, subject to customary automatic renewal provisions, and in any event not later than the Maturity Date of the Operating Lender as at the date of such issuance, and shall be in a form satisfactory to the Operating Lender.
- (e) **Payment:** All payments made by the Operating Lender to any Person pursuant to any Letter of Credit shall, unless the Borrower reimburses the Operating Lender for such payment on or before the date it is made, be deemed as and from the date of such payment to be an advance to the

Borrower of a Prime Loan under the Operating Facility (in the case of Letters of Credit issued in Cdn. Dollars) or a U.S. Base Rate Loan under the Operating Facility (in the case of Letters of Credit issued in U.S. Dollars) with the proceeds of such advance being applied against the Borrower's obligations to reimburse the Operating Lender for payment made under the Letters of Credit, and the provisions hereof relating to such Prime Loans and U.S. Base Rate Loans (including interest to be calculated thereon) shall apply thereto. The Operating Lender shall forthwith advise the Borrower of any demand by the beneficiary of a Letter of Credit for payment by the Operating Lender under such Letter of Credit and of any payment made by it on such Letter of Credit to the beneficiary thereof. In determining whether to pay under a Letter of Credit, the Operating Lender shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit.

- (f) **Renewal:** At or before 10:00 a.m. (Calgary time) at least 30 Business Days prior to the date of expiry of any Letter of Credit, the Borrower may elect to renew such Letter of Credit by selecting a new expiry date for the Letter of Credit or part thereof being renewed, which shall commence on the expiry date of the Letter of Credit being renewed. Renewal of any such Letter of Credit may only be effected by the Operating Lender extending the expiry date of the existing Letter of Credit and shall be done by any of (i) the inclusion of auto-renewal clauses in the Letter of Credit, (ii) the issuance of a new Letter of Credit containing the new expiry date or (iii) by an amendment to the existing Letter of Credit, and, in any case, with or without a reduction in the face amount thereof. Renewal of any Letter of Credit shall not be effected to the extent that such renewal would prevent or interfere with any required payment of principal hereunder. Any issuance to a new beneficiary, any increase in the face amount of the Letter of Credit or any other change in the terms thereof shall be considered to be a new Borrowing and may only be effected by the Borrower by delivering a Borrowing Notice to the Operating Lender. Letter of Credit Fees in respect of any renewed or extended Letter of Credit shall be payable pursuant to Section 5.5 and shall be computed for the period of renewal or extension.
- (g) **Existing Letters of Credit:** The Borrower agrees that, within 30 days of the Effective Date, all Existing Letters of Credit issued by National Bank of Canada under the Existing Credit Agreement shall be replaced by Letters of Credit issued by the Operating Lender under the Operating Facility. To the extent any such Existing Letters of Credit have not expired or been replaced on or before the Effective Date, the Borrower shall, in order to complete a payout of the Existing Credit Facility on the Effective Date and obtain the termination and cancellation thereof referred to in Section 8.1(d)(vi), cash collateralize its reimbursement obligations in respect thereof with National Bank of Canada on or before the Effective Date.

3.11 Notice of Repayment

The Borrower shall give the Agent or the Operating Lender, as applicable, prior written notice substantially in the form of Schedule "C" of each repayment of Borrowings in accordance with the same period of notice required pursuant to Section 3.6 for the initial drawdown of the basis of Borrowing being repaid. Notwithstanding the foregoing, a Bankers' Acceptance shall only be repaid on its maturity date and a Libor Loan may only be repaid prior to the last day of the Libor Interest Period applicable to such Libor Loan upon payment by the Borrower of amounts payable in respect thereof pursuant to Section 11.6.

3.12 Pro Rata Treatment of Borrowings

- (a) **Pro-Rata Borrowings:** Subject to Section 3.12(c), each Borrowing under a Facility and each basis of Borrowing shall be made available by each Applicable Lender under such Facility and all repayments and reductions in respect thereof shall be made and applied in a manner so that the Borrowings and each basis of Borrowing outstanding hereunder to each Applicable Lender will, to the extent possible, thereafter be in the same proportion as the Applicable Percentage of such Lender. The Agent is authorized by the Borrower and each ~~Syndicated~~ Applicable Lender to

determine, in its sole and unfettered discretion, the amount of Syndicated Borrowings and Supplemental Borrowings and each basis of Syndicated Borrowing or Supplemental Borrowing to be made available by each SyndicatedApplicable Lender and the application of repayments and reductions of Syndicated Borrowings or Supplemental Borrowings to give effect to the provisions of this Section 3.12(a) and Section 7.2; provided that, subject to Section 3.12(b), no ~~Syndicated~~ Lender shall, as a result of any such determination, have Syndicated Borrowings or Supplemental Borrowings outstanding in an amount which is in excess of the amount of its Syndicated Facility Commitment or Supplemental Facility Commitment, as applicable.

- (b) **Agent's Discretion on Allocation:** If it is not practicable to allocate Bankers' Acceptances to each SyndicatedApplicable Lender such that the aggregate amount of Bankers' Acceptances required to be purchased by such SyndicatedApplicable Lender hereunder is in a whole multiple of Cdn. \$100,000, the Agent is authorized by the Borrower and each SyndicatedApplicable Lender to make such allocation as the Agent determines in its sole and unfettered discretion may be equitable in the circumstances. In no event shall the outstanding Syndicated Borrowings or Supplemental Borrowings of a ~~Syndicated~~ Lender exceed its Applicable Percentage by more than Cdn. \$100,000 as a result of such exercise of discretion by the Agent. In the event it is not practicable to allocate each basis of Syndicated Borrowing or Supplemental Borrowing in accordance with Section 3.12(a) by reason of the occurrence of circumstances described in Sections 11.1, 11.4 or 11.5, the Agent is authorized by the Borrower and each Lender to make such allocation as the Agent determines in its sole and unfettered discretion may be equitable in the circumstances, but no ~~Syndicated~~ Lender shall, as a result of any such allocation, have any Syndicated Borrowings or Supplemental Borrowings outstanding in an amount which is in excess of the amount of its Syndicated Facility Commitment or Supplemental Facility Commitment, as applicable. In addition to the foregoing, if, during the Term Period of any Syndicated Lender, it is not practicable to allocate Bankers' Acceptances in a whole multiple of Cdn. \$100,000, the Agent, in its sole and unfettered discretion, may convert a portion of a Bankers' Acceptance accepted by such Syndicated Lender to a Prime Loan pursuant to Section 3.13.
- (c) **Further Assurances by Borrower:** To the extent reasonably possible, the Borrower and each Lender agrees to be bound by and to do all things necessary or appropriate to give effect to the provisions of this Section 3.12.

3.13 Conversion Option

The Borrower may, during the term of this Agreement, convert any basis of ~~Syndicated~~ Borrowing to another basis of ~~Syndicated~~ Borrowing upon giving the Agent a Conversion Notice in accordance with the period of notice and other requirements set out in Section 3.6 applicable to the basis of ~~Syndicated~~ Borrowing to which any ~~Syndicated~~ Borrowing is being converted (other than delivery of a Borrowing Notice), provided that:

- (a) **Bankers' Acceptances:** a Bankers' Acceptance may only be converted on its maturity date; and
- (b) **Libor Loans:** a Libor Loan may be converted on the last day of the Libor Interest Period applicable to such Libor Loan or on any other day if the Borrower pays all amounts payable in respect thereof pursuant to Section 11.6.

On each Conversion Date, the Borrower shall be required to repay to the Agent for the account of the Applicable Lenders the basis of ~~Syndicated~~ Borrowing which is being converted and, subject to the provisions of this Agreement, the Lenders shall be required to make available to the Borrower the ~~Syndicated~~ Borrowings into which such basis of ~~Syndicated~~ Borrowing is being converted; provided that the Borrower shall be entitled to direct the Agent to use the proceeds of all or any part of a new ~~Syndicated~~ Borrowing to repay the ~~Syndicated~~ Borrowing being converted.

3.14 Rollovers

The Borrower may effect a Rollover of all or, subject to the minimum aggregate amount specified in Section 3.6, a part of a ~~Syndicated~~ Borrowing outstanding by way of a Libor Loan or Bankers' Acceptance upon giving the Agent a Rollover Notice in accordance with the period of notice and other requirements set out in Section 3.6 applicable to a ~~Syndicated~~ Borrowing of the same type unless immediately prior to the commencement of any subsequent Libor Interest Period or the term of any subsequent Bankers' Acceptance, a Default (in respect of which the Agent has advised the Borrower that no Rollovers will be permitted) or Event of Default shall have occurred and be continuing, in which event the Borrower shall be deemed to have converted, in the case of a Libor Loan, to a U.S. Base Rate Loan pursuant to Section 3.13 or, in the case of a Bankers' Acceptance, to a Prime Loan pursuant to Section 3.13 and the Borrower shall not be entitled to continue such Libor Loan subsequent to the existing Libor Interest Period or, in the case of a Bankers' Acceptance, subsequent to its maturity date. In the event notice of a Rollover of an existing Libor Loan is not given pursuant to this Section 3.14 or notice of a conversion of such existing Libor Loan is not given pursuant to Section 3.13, such Libor Loan shall be converted to a U.S. Base Rate Loan on the last day of the Libor Interest Period applicable to such existing Libor Loan.

3.15 Notices Irrevocable

All notices delivered or deemed to be delivered by the Borrower pursuant to this Article 3 shall be irrevocable and shall oblige the Borrower to take the action contemplated on the date specified therein.

3.16 Takeover Notification

If the Borrower wishes to utilize Borrowings to offer to acquire, or to provide funds to any Subsidiary to offer to acquire, any of the outstanding securities of any Person (the "**Target**") (which shall include an offer to purchase securities, the solicitation of an offer to sell securities, an acceptance of an offer to sell securities, or any combination of the foregoing), then the Borrower shall obtain the prior written consent of each Lender, such consent not to be unreasonably withheld or delayed, unless:

- (a) the Target is a private issuer as defined under National Instrument 45-106 - *Prospectus and Registration Exemptions*, or a corporation whose shares are owned by one Person;
- (b) the offer to acquire does not constitute a "take-over bid" as defined in Multilateral Instrument 62-104 - *Take-Over Bids and Issuer Bids*, and would not be likely to result in a change in the voting control of the Target, or if it does, or if the acquisition is pursuant to a plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta), the Borrower has provided evidence satisfactory to the Required Lenders of the agreement of the board of directors or like governing body of the Target approving such takeover or change in voting control; or
- (c) the offer to acquire the Target is pursuant to a Transaction (as hereinafter defined) which is not subject to the written consent of the Agent pursuant to Section 9.2(i).

3.17 Lender Swaps

- (a) **Swaps:** Subject to the terms and conditions hereof (and specifically Section 9.2(k)), each of the Lenders (or an Affiliate of such Lender) may from time to time enter into Swaps with any Loan Party during the term of this Agreement. Prior to engaging in any Lender Swaps, the applicable Loan Party shall enter into an ISDA Master Agreement with the applicable Swap Lender, or a confirmation that incorporates by reference the terms of an ISDA Master Agreement.
- (b) **Existing Swaps:** The Borrower agrees that on or before the Effective Date all Existing Swaps shall either be terminated or assigned and novated to a Lender. The parties confirm that all Existing Swaps, to the extent assigned and novated to a Lender, shall be deemed to constitute

Permitted Swaps, with the obligations outstanding thereunder being deemed to be Permitted Swap Indebtedness.

- (c) **Secured Obligations:** The parties agree that all Permitted Swap Indebtedness shall be secured by the Security on a *pari passu* basis and shall rank *pari passu* with the Syndicated [Borrowings](#), [Supplemental Borrowings](#) and Operating Borrowings. All Swap Indebtedness of a Loan Party to any Swap Lender, other than Permitted Swap Indebtedness, shall, as to the Security, rank junior and be subordinate in every respect to the Syndicated Borrowings, [the Supplemental Borrowings](#), the Operating Borrowings and the Permitted Swap Indebtedness.
- (d) **Determination of Permitted Swaps:** The Lender Swaps which constitute Permitted Swaps at any time shall be determined starting with the earliest Lender Swap entered into which is still outstanding on the date such determination is made, and so on chronologically with each subsequent Lender Swap, until the applicable limitations under Section 9.2(k) are exceeded, provided that a Lender Swap shall be deemed to be a Permitted Swap (and the indebtedness thereunder Permitted Swap Indebtedness) if it is entered into by a Swap Lender without actual notice or knowledge that such Lender Swap is not a Permitted Swap.

3.18 Overdrafts

Each advance by the Operating Lender under the Operating Facility by way of Overdraft shall automatically result in a Prime Loan, in the case of Canadian Dollars, and a U.S. Base Rate Loan, in the case of U.S. Dollars. The Borrower agrees not to effect any Overdraft hereunder which would cause the Operating Borrowings to exceed the Operating Facility Amount from time to time, and acknowledges that the Operating Lender reserves the right to refuse to honour any Overdraft hereunder which, in the opinion of the Operating Lender, would have the effect of causing the Operating Facility Amount to be so exceeded.

3.19 Creditcard Facilities

Any Creditcard Lender may provide Creditcard Facilities to the Borrower or any other Loan Party from time to time. The parties agree that all Creditcard Obligations shall be secured by the Security on a *pari passu* basis and shall rank *pari passu* with the Syndicated Borrowings, [Supplemental Borrowings](#), and Operating Borrowings, notwithstanding that they do not form part of the Syndicated [Borrowings](#), [Supplemental Borrowings](#) and Operating Borrowings. The Borrower agrees that it will not, and will not permit any other Loan Party to, incur Creditcard Obligations in excess of \$250,000 in aggregate for all Creditcard Lenders, provided that breach by the Borrower of this limitation shall not have the result of any Creditcard Obligations becoming unsecured.

3.20 Cash Management Facilities

Any Cash Management Lender may provide Cash Management Services to any Loan Party from time to time. The parties agree that all obligations of a Loan Party with respect to Cash Management Services shall be secured by the Security on a *pari passu* basis and shall rank *pari passu* with the Borrowings and Permitted Swap Indebtedness, notwithstanding that they do not form part of the Borrowings.

ARTICLE 4 REPAYMENT AND PREPAYMENT

4.1 Reduction of Commitment

On the Maturity Date of each Lender, the Borrower shall repay all Borrowings, all Creditcard Obligations and all accrued and unpaid interest and fees then outstanding to such Lender and its Affiliates, and the Commitment of such Lender shall be reduced to zero. The Borrower shall ensure that

Libor Loans, Bankers' Acceptances and Letters of Credit made by or accepted by such Lender mature on or prior to its Maturity Date.

4.2 Repayment of Borrowings In Excess of Commitments

If, due to exchange rate fluctuations, Borrowings (determined in Cdn. Dollars with all Borrowings denominated in U.S. Dollars being converted to the Equivalent Amount of Cdn. Dollars) to any Lender are in excess of its Lenders' Proportion of the Total Syndicated Facility Commitment, in the case of a Syndicated Lender, [the Total Supplemental Facility Commitment, in the case of a Supplemental Lender](#), or the Operating Facility Amount, in the case of the Operating Lender:

- (a) by more than 3% on a day other than a Drawdown Date, Conversion Date or Rollover Date, the Borrower shall within five Business Days (except for the circumstances provided in Section 3.5(i) which shall be governed by the time periods provided therein) repay, provide cash cover to be held by the Agent on behalf of the applicable Lenders in the same manner provided for in Section 10.4 or otherwise reduce a portion of such Borrowings to the extent of the amount of such excess; or
- (b) by any amount on a Drawdown Date, Conversion Date or Rollover Date, the Borrower shall, as part of such Drawdown, Conversion or Rollover reduce or eliminate such excess on such date.

4.3 Breakage Costs

If, on any day on which prepayments are required to be made under Section 4.2, the Borrowings then outstanding include Libor Loans or Bankers' Acceptances in an amount such that the prepayment would require the Borrower to be liable under the funding indemnity contained in Section 11.6 or to pay a Bankers' Acceptance prior to its maturity date, that portion of the prepayment which would otherwise be applied against any such Libor Loan or Bankers' Acceptance may, at the option of the Borrower, be paid to the Agent for deposit into a Cash Collateral Account in accordance with Section 10.4 and be applied against such Libor Loan on the expiration of the Libor Interest Period applicable thereto or to such Bankers' Acceptance on its maturity date. Interest earned on such amounts while on deposit in a Cash Collateral Account shall be paid to the Borrower if no Default or Event of Default has occurred and is continuing after the payment of the amounts required pursuant to Section 4.2.

4.4 Cancellation of Commitment and Prepayment

The Borrower may, without penalty or premium, at any time during the term of this Agreement, upon at least five Business Days' prior written notice to the Agent and the Operating Lender, as applicable, cancel all of the Total Commitment or any portion thereof in minimum amounts of Cdn. \$5,000,000 and whole multiples of Cdn. \$1,000,000 thereafter; provided that on or prior to the last day of such notice period the Borrower has:

- (a) **Application to Facility:** identified in writing, the amount of reduction to be applicable to the Syndicated Facility Commitment, [Supplemental Facility](#) and the Operating Facility Commitment;
- (b) **Prepaid Borrowings:** prepaid or otherwise reduced Borrowings outstanding to each Lender in an amount equal to the amount by which Borrowings outstanding to such Lender would otherwise be in excess of its Applicable Percentage of the Total Syndicated Facility Commitment, [Total Supplemental Facility Commitment](#) or the Operating Facility Commitment, as applicable, immediately after the reduction of the Commitments provided for in such notice; and
- (c) **Paid Interest:** paid all accrued interest and other charges and fees in respect of the Borrowings being repaid or reduced as aforesaid.

Any such notice of cancellation is irrevocable and the amount of the Commitment of each Lender so cancelled and reduced may not be reinstated hereunder.

4.5 Early Repayment of Libor Loans, Letters of Credit and Bankers' Acceptances

The Borrower shall not cancel all or any portion of the Commitment of any Lender pursuant to Section 4.4 if the Borrowings required to be repaid to such Lender as a result thereof include Letters of Credit with an expiry date falling subsequent to the date of such cancellation, Libor Loans with a Libor Interest Period falling subsequent to the date of such cancellation or Bankers' Acceptances accepted by such Lender with a maturity date falling subsequent to the date of such cancellation unless, on the date of such cancellation, the Borrower has paid to the Agent at the Agent's Account for Payments, for the account of such Lender: (i) in respect of Libor Loans, the amount required to be paid pursuant to Section 11.6, (ii) in respect of Letters of Credit, the undrawn amount thereof, and (iii) in respect of Bankers' Acceptances, the face amount thereof, in each case to be held in a Cash Collateral Account.

4.6 Evidence of Indebtedness

Each of the Agent and the Operating Lender, as applicable, shall open and maintain accounts and records on the books of the Agent at the Agent's Branch of Account and on the books of the Operating Lender at the Operating Lender's Branch of Account evidencing the Syndicated Borrowings, [Supplemental Borrowings](#), and Operating Borrowings, respectively, and other amounts owing by the Borrower to the Lenders under this Agreement. The Agent and the Operating Lender, as applicable, shall debit therefrom the amount of such Syndicated Borrowings, [Supplemental Borrowings](#), and Operating Borrowings, respectively, and shall enter therein each payment of principal of and interest on the applicable Borrowings and fees and other amounts payable pursuant to this Agreement and shall record the Bankers' Acceptances purchased by the Lenders and the Letters of Credit issued by the Operating Lender and all other amounts becoming due to the Agent and each Lender under this Agreement. The accounts and records of the Agent and the Operating Lender, as applicable, so kept shall constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the Agent, the Operating Lender and each other Lender pursuant to this Agreement, the date each such Lender made each Borrowing available to the Borrower and the amounts the Borrower has paid from time to time on account of the principal and interest on the Borrowings, fees payable pursuant to this Agreement and other amounts owing hereunder.

4.7 Mandatory Repayment

- (a) At any time that the aggregate of the cash and cash equivalents of the Loan Parties exceeds the Maximum Cash Threshold the Borrower will repay a portion of the outstanding Operating Borrowings equal to the amount of such excess. For greater clarity, these repayments of Operating Borrowings do not reduce the Operating Facility Commitment.
- (b) 100% of the net cash proceeds from any (i) debt issuance (other than debt under this Agreement and intercorporate debt but including other Permitted Indebtedness) (ii) equity issuance, other than flow through issuances, and (iii) asset dispositions (including Permitted Dispositions), subject to the terms of the Joint Venture Agreement, net of required repayments resulting from Borrowing Base adjustments will be applied as a repayment of amounts owing under the Supplemental Borrowings and result in a corresponding permanent reduction of the Supplemental Facility Commitment.

ARTICLE 5 PAYMENT OF INTEREST AND FEES

5.1 Interest on Prime Loans

The Borrower shall pay interest in Canadian Dollars on each Prime Loan made by each Lender at the Agent's Account for Payments, in the case of the Syndicated Facility and Supplemental Facility, and at the Operating Lender's Account for Payments, in the case of the Operating Facility, in each case at a rate per 365 days equal to the Prime Rate plus the Applicable Margin applicable to such Prime Loan. A change in the Prime Rate or the Applicable Margin will simultaneously cause a corresponding change in the interest payable on each Prime Loan. Such interest shall accrue daily based on the Prime Rate and Applicable Margin in effect on each day and is payable monthly in arrears on each Interest Date for the period commencing on and including the immediately prior Interest Date up to but not including the Interest Date on which such interest is to be paid and shall be calculated on a daily basis and on the basis of the actual number of days elapsed in a year of 365 days. The annual rates of interest to which the rates determined in accordance with the foregoing provisions of this Section 5.1 are equivalent, are the rates so determined multiplied by the actual number of days in the relevant calendar year and divided by 365.

5.2 Interest on U.S. Base Rate Loans

The Borrower shall pay interest in U.S. Dollars on each U.S. Base Rate Loan made by each Lender at the Agent's Account for Payments, in the case of the Syndicated Facility, and at the Operating Lender's Account for Payments, in the case of the Operating Facility, at a rate per 365 day period equal to the U.S. Base Rate plus the Applicable Margin applicable to such U.S. Base Rate Loan. A change in the U.S. Base Rate or the Applicable Margin will simultaneously cause a corresponding change in the interest payable on each U.S. Base Rate Loan. Such interest shall accrue daily based on the U.S. Base Rate and Applicable Margin in effect on each day and is payable monthly in arrears on each Interest Date for the period commencing on and including the immediately prior Interest Date up to but not including the Interest Date on which such interest is to be paid and shall be calculated on a daily basis and on the basis of the actual number of days elapsed in a year of 365 days. The annual rates of interest to which the rates determined in accordance with the foregoing provisions of this Section 5.2 are equivalent, are the rates so determined multiplied by the actual number of days in the relevant calendar year and divided by 365.

5.3 Interest on Libor Loans

The Borrower shall pay interest in U.S. Dollars on each Libor Loan made by each Lender at the Agent's Account for Payments for the period commencing on and including the first day of the Libor Interest Period applicable to such Libor Loan up to but not including the last day of such Libor Interest Period at a rate equal to the sum of Libor plus the Applicable Margin applicable to such Libor Loan and which is in effect on the first day of the Libor Interest Period applicable to such Libor Loan. A change in the Applicable Margin will simultaneously cause a corresponding change in the interest payable on each Libor Loan. Such interest shall accrue daily based on Libor and the Applicable Margin in effect on each day and is payable on each Libor Interest Date applicable to such Libor Interest Period and shall be calculated on a daily basis and on the basis of the actual number of days elapsed in the period for which such interest is payable (including the first day of such period but excluding the date on which such interest is payable) divided by 360. The annual rates of interest to which the rates determined in accordance with the foregoing provisions of this Section 5.3 are equivalent, are the rates so determined multiplied by the actual number of days in the relevant calendar year and divided by 360.

5.4 Bankers' Acceptance Fees

The Borrower shall pay acceptance fees in Canadian Dollars at the Agent's Account for Payments forthwith upon the acceptance by each Lender of each Bankers' Acceptance issued by the Borrower at a rate per 365 day period equal to the BA Acceptance Fee applicable to and in effect on the date of acceptance of such Bankers' Acceptance calculated on the face amount of such Bankers' Acceptance

and on the basis of the number of days in the term of such Bankers' Acceptance divided by 365, subject to adjustment pursuant to Section 3.3(i). Acceptance fees payable to the Agent, pursuant to this Section 5.4 shall be paid in the manner specified in Section 3.8. All fees payable pursuant to this Section 5.4 on any date in respect of any issuance of Bankers' Acceptances shall be calculated by the Agent and be payable by the Borrower based on the BA Acceptance Fee in effect on such date (and taking into account such issuance), provided that if during the term of any such Bankers' Acceptance a change in the BA Acceptance Fee occurs, the fees paid by the Borrower in respect of such Bankers' Acceptance shall be adjusted, effective upon the change in the BA Acceptance Fee occurring, to reflect the BA Acceptance Fee for the remaining term (if any) of the Bankers' Acceptance, and the Borrower, in the case of an increase in the BA Acceptance Fee, shall no later than three Business Days after receipt of a notice from the Agent, make such payments to the Agent at the Agent's Account for Payments for the account of each Applicable Lender as are necessary to reflect such change, and each Applicable Lender, in the case of a decrease in the BA Acceptance Fee, shall credit any amount which would otherwise be refundable to the Borrower against amounts in respect of interest or fees accruing hereunder in relation to the Borrower.

5.5 Letter of Credit Fees

In consideration of the Operating Lender's commitment to issue Letters of Credit under the Operating Facility, the Borrower shall pay to the Operating Lender, a fee equal to the Letter of Credit Fee then in effect on the date of payment of such fee, subject to adjustment pursuant to Section 3.3(i). Such Letter of Credit Fees shall be payable quarterly in arrears on the third Business Day of each calendar quarter commencing in the calendar quarter in which the applicable Letter of Credit was issued and shall be calculated based on the number of days during which any such Letter of Credit was outstanding during any such calendar quarter (the "**LC Payment Period**") divided by 365 and shall be paid in the currency in which such Letter of Credit is denominated. Letter of Credit Fees shall be calculated on the basis of the daily maximum undrawn amount of such Letter of Credit outstanding during each LC Payment Period. If and to the extent that a Letter of Credit is drawn upon prior to the date of expiry thereof, or is terminated and returned to the Operating Lender prior to such date of expiry, or the face amount thereof is reduced prior to such date of expiry (other than through a drawing on such Letter of Credit) or any combination thereof, the Operating Lender shall forthwith after such event credit the Borrower with such fees as it has paid in respect of any such Letter of Credit for the time remaining in the period for which such fees were originally paid and applicable to the amount of the Letter of Credit on its termination or the amount of the reduction, as the case may be.

5.6 Creditcard and Cash Management Fees

The Borrower shall pay fees to the Creditcard Lenders in respect of Creditcard Facilities, and to the Operating Lender in respect of Cash Management Services, as provided in the agreements entered into by a Loan Party in connection therewith.

5.7 Interest on Overdue Amounts

Notwithstanding any other provision hereof, in the event that any amount due hereunder (including any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall and hereby agrees to pay to the Applicable Lenders interest on such unpaid amount (including interest on interest), if and to the fullest extent permitted by Applicable Law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is made before 11:00 a.m. Calgary time), and such interest shall accrue daily, be calculated and compounded on the last Business Day of each calendar month and be payable in the currency of the relevant Borrowing on demand, as well after as before maturity, default and judgment, at a rate per annum that is equal to:

- (a) if such amount is payable in Canadian Dollars, the interest rate applicable to Prime Loans outstanding from time to time hereunder whether or not any Prime Loans are then outstanding plus the Applicable Margin plus 2% per annum; and

- (b) if such amount is payable in U.S. Dollars, the interest applicable to U.S. Base Rate Loans outstanding from time to time hereunder whether or not any U.S. Base Rate Loans are then outstanding plus the Applicable Margin plus 2% per annum.

The Borrower hereby waives, to the fullest extent it may do so under Applicable Law, any provisions of Applicable Law, including specifically the *Interest Act* (Canada) or the *Judgment Interest Act* (Alberta), which may be inconsistent with this Agreement.

5.8 Agent's Fees

The Borrower shall pay an agency fee to the Agent (for the Agent's sole account) at the Agent's Account for Payments, in an amount as agreed from time to time between the Agent and the Borrower, on the Effective Date and on each annual anniversary of the Effective Date and such fees shall, for purposes of this Agreement, be deemed to be an amount payable pursuant to this Agreement.

5.9 Arrangement and Syndication Fees

Concurrently with the execution and delivery of this Agreement, the Borrower shall pay to the Agent the arrangement and syndication fees as previously agreed between the Borrower and ATB.

5.10 Maximum Rate Permitted by Law

No interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by Applicable Law. In the event any such interest or fee exceeds such maximum rate, such interest or fee shall be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under Applicable Law.

5.11 Interest Generally

The theory of deemed reinvestment shall not apply to the calculation of interest or payment of fees or other amounts hereunder, notwithstanding anything contained in this Agreement or in any other Loan Document or Credit Document now or hereafter granted to or taken by the Agent or any Lender and all interest and fees payable by the Borrower to a Lender shall accrue from day to day and be computed as described herein in accordance with the "nominal rate" method of interest calculation.

5.12 Standby Fees

During the Revolving Period of each Lender, the Borrower shall pay standby fees to the Agent on behalf of each Syndicated Lender and to the Operating Lender calculated quarterly in arrears to and including the last day of each calendar quarter commencing with the last Business Day of the calendar quarter in which the Effective Date occurs, and payable on the third Business Day following each such calendar quarter and on the Term Out Date of each such Lender. Each payment of standby fees shall be calculated for the period commencing on and including the Effective Date or the last date on which such standby fees were payable hereunder, as the case may be, up to and including the last day of the calendar quarter for which such standby fees are to be paid or the Term Out Date applicable to such Lender (whichever is earlier) and shall be in an amount equal to the Standby Fee Rate in effect on each day during such period of calculation multiplied by the difference, if positive, obtained by subtracting the Syndicated Borrowings or the Operating Borrowings, as applicable, outstanding from such Lender for each day in the period of the calculation, from the amount of such Lender's Commitment, in effect on each such day. Such standby fees shall be calculated on a daily basis and on the basis of a 365 day year. For purposes of calculating standby fees payable pursuant to this Section 5.12, the amount of Borrowings outstanding from time to time in U.S. Dollars on each day during the period for which such standby fees are payable shall for the purposes of determining an Equivalent Amount on such day be notionally converted to the Equivalent Amount in Canadian Dollars using the Bank of Canada noon spot rate for

converting U.S. Dollars to Canadian Dollars on the first Business Day of each calendar month for any calculation with respect to each month in the calculation period.

5.13 Interest and Fee Adjustment

In the event of a change in the Applicable Margin and Standby Fee Rate as a result of a change in the Adjusted Senior Debt to EBITDA Ratio, such change shall become effective on the day on which the Borrower delivers a Compliance Certificate in accordance with the requirements hereof evidencing such change in the Adjusted Senior Debt to EBITDA Ratio, or, if the Borrower has not delivered a Compliance Certificate as required by the terms hereof within the time permitted by Section 9.1(f), then such change in the Applicable Margin and Standby Fee Rate shall become effective on the latest date permitted hereunder for delivery of such Compliance Certificate and the Applicable Margin and Standby Fee Rate shall be based on the highest rate in the tables in the definitions of Applicable Margin and Standby Fee Rate for the period from the latest date permitted hereunder for delivery of such Compliance Certificate until the date of delivery thereof.

ARTICLE 6 SECURITY

6.1 Security

To secure the payment and performance of all amounts from time to time owing by the Loan Parties to the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders under the Loan Documents and Credit Documents, the Borrower shall execute and deliver or cause to be executed and delivered to the Agent, the following documents (collectively, the "**Security**");

- (a) an unlimited liability guarantee from each Borrowing Base Subsidiary with respect to the obligations of the Borrower and the other Borrowing Base Subsidiaries;
- (b) if a Borrowing Base Subsidiary intends to transact Lender Swaps, obtain Creditcard Facilities or request Cash Management Services, an unlimited liability guarantee from the Borrower with respect to the obligations of such Borrowing Base Subsidiary to the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders (as applicable) thereunder;
- (c) a demand debenture from each Loan Party in the amount of Cdn. \$150,000,000 granting a first priority security interest over all present and after-acquired personal property and a first floating charge over all other present and after-acquired property of each Loan Party (with provisions contemplating a fixed charge on its Oil and Gas Properties should such a fixed charge be required pursuant to Section 6.13), registered in Alberta and all other jurisdictions in which each such Loan Party hereafter carries on business;
- (d) a specific assignment of the Borrower's interest in the Joint Venture Agreement and, if required by the Majority Lenders, any other Material Contract; and
- (e) the Joint Venture Intercreditor Agreement.

6.2 Form of Security

Without limiting the foregoing, the Security will be in such form or forms as required by the Agent, acting reasonably, and will be registered in such offices in the provinces of Canada or any other jurisdiction as the Agent may from time to time reasonably require to protect the Security Interests created thereby (initially, with respect to the charges created thereby on real property interests in Alberta, as a general charge on land, and with respect to the charges created thereby on personal property interests in Alberta, as a security interest in all present and after acquired personal property; and with respect to other jurisdictions, as nearly equivalent to the foregoing as practicable). Should the Agent determine at any time

and from time to time that the form and nature of the then existing Security is deficient in any way or does not fully provide the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders with the Security Interests and priority to which each is entitled hereunder, the Borrower will forthwith execute and deliver or cause to be executed and delivered to the Agent, at the Borrower's expense, such amendments to the Security or provide such new security as the Agent may reasonably request, in a form satisfactory to the Agent, acting reasonably.

6.3 Subsidiary Guarantees and Subsidiary Security

Upon a Subsidiary becoming a Borrowing Base Subsidiary, by reason of it owning Borrowing Base Assets, by designation pursuant to Section 6.10, or by reason of its direct or indirect ownership interest in a Borrowing Base Subsidiary that owns Borrowing Base Assets, and to secure the payment and performance of all amounts from time to time owing by the Loan Parties to the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders under the Loan Documents and Credit Documents, the Borrower shall cause any such Subsidiary to execute and deliver (to the extent not already provided):

- (a) an unlimited liability guarantee with respect to the obligations of the Borrower and the other Borrowing Base Subsidiaries to the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders, and
- (b) a demand debenture in the amount of Cdn. \$150,000,000 granting a first priority security interest over all present and after-acquired personal property and a first floating charge over all other present and after-acquired property (with provisions contemplating a fixed charge on its Oil and Gas Properties should such a fixed charge be required pursuant to Section 6.13), registered in each jurisdiction in which each such Subsidiary carries on business;

together with certified copies of constating documents and resolutions, a certificate of incumbency, a legal opinion of outside counsel with respect to the Borrowing Base Subsidiary and the Security provided by it and such other documents as the Agent may reasonably require, all in a form substantially similar to those provided by the Borrower and, if applicable, the other Borrowing Base Subsidiaries on the Effective Date with such changes as may be approved by the Agent, acting reasonably.

6.4 Registrations and Renewals

The Borrower shall and shall cause each other Loan Party, at the Borrower's sole cost and expense, to do all such commercially reasonable acts, execute all such instruments and provide such further assurances as the Agent may reasonably request from time to time to ensure that the priority of the Security Interests created by all of the Security executed and delivered to the Agent as contemplated hereby is duly protected and perfected by registration, filing or recordation of such Security or a caution, caveat, security notice or other appropriate instrument at all offices where necessary or of advantage to the protection or perfection thereof and to cooperate with the Agent and the Agent's counsel in renewing or refileing any registration, filing or recordation required hereby in order to preserve, protect and maintain the priority of such Security Interests, from time to time. The Agent may, at the Borrower's sole cost and expense, effect any or all such registrations, filings and recordings should the Borrower fail to do so forthwith upon the Agent's request as aforesaid.

The Agent acknowledges that until such time as:

- (a) there is a Default or Event of Default outstanding;
- (b) the Agent has received an opinion of its counsel of a change in Applicable Law or a change in accepted prudent registration practice in the applicable jurisdiction; or
- (c) the Agent or the Required Lenders have made a change in their registration practices generally applicable to borrowing base loans of the size or nature of the Facilities;

registrations in respect of the Security against individual Oil and Gas Properties will not be required to be made by the Borrower.

If the Borrower fails to do so forthwith upon the Agent's request made at any time after an event or circumstance referred to in clauses (a), (b) or (c) of this Section 6.4, the Agent may effect any or all such registrations, filings and recordings at the Borrower's sole cost and expense. Nothing in this Agreement shall restrict the right of the Agent, at the expense of the Lenders, from effecting registrations in respect of the Security against individual Oil and Gas Properties of the Loan Parties at any time and from time to time prior to the occurrence of an event or circumstance referred to in clauses (a), (b) or (c) of this Section 6.4, should all of the Lenders determine in their sole discretion to request the Agent to do so. Forthwith upon the Agent's request from time to time, and in any event within 5 Business Days, the Borrower shall deliver to the Agent a current land schedule in form satisfactory to the Agent detailing all Borrowing Base Assets then held by the Loan Parties, which shall include legal descriptions, crown lease numbers and issue dates, zone restrictions, names of freehold lessors, each Loan Party's before and after payout working interests and all royalties and burdens.

6.5 Security Effective Notwithstanding Date of Advance

The Security Interests constituted by any of the Security or required to be created hereby or thereby shall be effective, and the undertakings as to Security Interests herein or in any Security shall be continuing, whether the monies hereby or thereby secured or any part thereof shall be advanced before or after or at the same time as the creation of any such Security Interest or before or after or upon the date of execution of this Agreement, and shall not be affected by the indebtedness hereunder fluctuating from time to time or the accounts established by the Agent or any Lender ceasing to be in debit balance.

6.6 Extensions, Etc.

The Lenders may directly, or through the Agent or other duly authorized representatives, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with any Loan Party or any other Persons, sureties or securities as the Lenders, in their sole discretion, may see fit, all without prejudice to the liability of any Loan Party under the Loan Documents and Credit Documents or the rights of the Agent, the Lenders, the Creditcard Lenders or the Swap Lenders under the Loan Documents and Credit Documents.

6.7 Notice of Name Change

The Borrower shall notify the Agent of any details, as soon as available, of any proposal to change the name of any Loan Party or the location of its chief executive office, and in any event not less than 10 Business Days prior to any such change.

6.8 No Merger

The taking of any Security as provided under this Agreement or any Loan Document or Credit Document shall not operate by way of merger of any of the obligations of any Loan Party or any successor of any Loan Party under any Loan Document or Credit Document, or of any Security Interest, guarantee, contract, promissory note, bill of exchange or security in any other form, whether or not similar to the foregoing, and no judgment recovered by the Agent on behalf of any Lender, Swap Lender or Creditcard Lender shall operate by way of merger or in any way affect the Security provided for in this Agreement, which shall be in addition to and not in substitution for any other security now or hereafter held by the Agent or any Lender, Swap Lender or Creditcard Lender whether for indebtedness hereunder or under any Security. For greater certainty, no judgment recovered by the Agent, any Lender, Swap Lender or Creditcard Lender shall operate by way of merger or in any way affect the obligation of the Borrower to pay interest at the rates, times and manner as provided in this Agreement.

6.9 Further Assurances – Security

The Borrower shall, forthwith and from time to time on the reasonable request of the Agent, grant and shall cause each other Loan Party to grant to the Agent on behalf of the Lenders, the Swap Lenders and Creditcard Lenders all such further rights and Security Interests necessary or of advantage to the Agent to permit it to operate the Oil and Gas Properties or to sell the Oil and Gas Properties in a liquidation of assets or as a going concern following the occurrence of an Event of Default. In addition, the Borrower shall, and shall cause each other Loan Party to forthwith and from time to time on the reasonable request of the Agent, execute and do or cause to be executed and done all assurances and things which in the opinion of the Agent may be necessary or of advantage to give the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders the Security Interests and the priority intended to be created by the Security.

6.10 Borrowing Base Subsidiary Designation

Save and except for those Borrowing Base Subsidiaries in existence on the Effective Date, no Person shall be a Borrowing Base Subsidiary unless it acquires Borrowing Base Assets or has a direct or indirect ownership interest in a Borrowing Base Subsidiary that owns Borrowing Base Assets or is designated by the Borrower as a Borrowing Base Subsidiary. The Borrower may from time to time by notice in writing to the Agent be entitled to designate that:

- (a) a Borrowing Base Subsidiary will no longer be a Borrowing Base Subsidiary; or
- (b) a wholly-owned (directly or indirectly) Subsidiary of the Borrower which is not currently a Borrowing Base Subsidiary be designated as a Borrowing Base Subsidiary;

provided that the Borrower shall not be entitled to make any such designation if immediately after giving effect to any such designation:

- (c) a Default or Event of Default would occur or be continuing;
- (d) a Borrowing Base Shortfall would result; or
- (e) such Person proposed to become a Borrowing Base Subsidiary has not provided the Security required to be provided pursuant to Section 6.1, together with the other documents required pursuant to Section 6.3, all in form and substance satisfactory to the Agent, acting reasonably.

If the Borrower requests that a Borrowing Base Subsidiary holding any Borrowing Base Assets no longer be designated as a Borrowing Base Subsidiary and the conditions in Sections 6.10(c) and 6.10(d) have been or will be satisfied, all of the Lenders shall, as soon as reasonably practicable, redetermine the Borrowing Base to exclude the Borrowing Base Assets of such Borrowing Base Subsidiary and, provided that such redetermination confirms no Borrowing Base Shortfall and the Agent determines that no Default or Event of Default would result therefrom, the Agent shall confirm in writing the redesignation of such Borrowing Base Subsidiary as a Subsidiary and shall cancel and release the Security of such Subsidiary.

6.11 Release and Amendment of Security

The Agent shall not, during the term of this Agreement, discharge, surrender, subordinate, amend or otherwise modify any Security without the prior written consent of all of the Lenders and Swap Lenders, provided that the Agent may accept additional or supplemental Security as provided in the Loan Documents and Credit Documents, and may discharge Security provided hereunder at the discretion of the Agent with respect to Permitted Dispositions, and provided that the Agent may, in connection with its acceptance of supplemented Security Interests in accordance with Section 6.13, release the charge of the Security as against real property interests no longer intended to be charged thereby.

The Lenders hereby authorize the Agent, and the Agent hereby agrees, to discharge the Security at the Borrower's sole cost and expense (and, if the Borrower so requests at the time of discharge, return the Debenture), forthwith after all of the Lender Outstandings and all other obligations of the Loan Parties under the Credit Documents have been unconditionally and irrevocably paid or performed in full and the Facilities and all Lender Swaps have been terminated or collateralized to the satisfaction of the Agent and the Lenders.

Notwithstanding the provisions of any debenture forming part of the Security, including the principal sum and the interest rate provided therein, the Agent, for and on behalf of the Lenders, shall not claim or realize, nor shall the Corporation be obligated for payment of, any amount of principal or interest under or in respect of any such debenture in excess of the aggregate amount of the obligations, liabilities and indebtedness of the Borrower and its Subsidiaries under the Credit Documents from time to time actually due and owing to the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders (or any of them).

6.12 Permitted Encumbrances and Permitted Indebtedness

None of:

- (a) the fact that any Person is permitted to create or suffer to exist any Permitted Encumbrance or Permitted Indebtedness;
- (b) the fact that any representation, warranty or covenant herein may make an exception for the existence of Permitted Encumbrances or Permitted Indebtedness; or
- (c) the fact that the Security Interests created pursuant to the Loan Documents and Credit Documents are stated to be subject to, or are not required to rank in priority to, Permitted Encumbrances;

shall in any manner, nor in any cause or proceeding, directly or indirectly, be taken to constitute a subordination of any Security Interest created pursuant to the Loan Documents or Credit Documents to any Permitted Encumbrance or to any other Security Interest or other obligation whatsoever, or that the indebtedness under the Loan Documents or Credit Documents is in any way subordinate or junior in right of payment to any Permitted Indebtedness, it being the intention of the parties that all Security Interests created pursuant to the Loan Documents and Credit Documents shall at all times, to the maximum extent permitted by Applicable Law, rank as first priority Security Interests in priority to Permitted Encumbrances and all other Security Interests or other obligations whatsoever and that the indebtedness under the Loan Documents and Credit Documents will rank in right of payment at all times at least equally with such Permitted Indebtedness.

6.13 Fixed Charge Supplements

From time to time upon the request of the Agent in its discretion, within five Business Days of such request, the Borrower shall, at the Borrower's sole cost and expense, execute and deliver, and shall cause each other Loan Party to execute and deliver, such additional or supplemental Security Interests (including by way of a fixed charge supplemental debenture to any floating charge debenture referred to in Sections 6.1 and 6.3) as the Agent may request in order to ensure that all Borrowing Base Assets held by the Loan Parties are validly subjected to first fixed charge Security Interests in favour of the Agent for the benefit of the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders, subject only to Permitted Encumbrances, and in connection therewith shall provide to the Agent a land schedule in form satisfactory to the Agent detailing all Borrowing Base Assets then held by the Loan Parties (including legal descriptions, Crown lease numbers, issue dates, zone restrictions, names of freehold lessors, their before and after payout working interests, and all royalties and burdens encumbering such interests). Section 6.4 shall apply with respect to registrations against individual Oil and Gas Properties subjected to fixed charges under this Section 6.13

ARTICLE 7 PAYMENT

7.1 Time, Place and Currency of Payment

Payments of principal, interest, fees and all other amounts payable by the Borrower pursuant to this Agreement shall be paid in the currency in which it is due for value at or before 11:00 a.m. (Calgary time) on the day such payment is due. If any such day is not a Business Day, such amount shall be deemed for all purposes of this Agreement to be due on the Business Day next following such day and any such extension of time shall be included in the computation of the payment of any interest or fees payable under this Agreement. All payments in respect of the Syndicated Facility [and Supplemental Facility](#) shall be made at the Agent's Account for Payments and all payments made in respect of the Operating Facility shall be made at the Operating Lender's Account for Payments.

7.2 Application of Payments

Except as otherwise agreed to by all of the Lenders in their sole discretion, all payments made by or on behalf of the Borrower pursuant to this Agreement, so long as no Default or Event of Default has occurred and is continuing, shall be applied by the Agent in accordance with the Borrower's instructions.

7.3 Account Debit Authorization

The Borrower authorizes and directs the Agent and the Operating Lender, as applicable, in its discretion, to automatically debit, by mechanical, electronic or manual means, the bank accounts of the Borrower maintained with the Operating Lender for all amounts payable under the Loan Documents including in respect of principal, interest and fees payable under this Agreement and recoverable expenses due and payable hereunder or under any other Loan Document.

ARTICLE 8 CONDITIONS PRECEDENT TO DISBURSEMENT OF THE BORROWINGS

8.1 Effectiveness and Conditions Precedent

This Agreement shall become effective at such time as the following conditions precedent have been satisfied:

- (a) **No Event of Default:** as of such time, there shall exist no Default or Event of Default, and the Agent shall have received a certificate from the Borrower certifying the same;
- (b) **Representations and Warranties True:** the representations and warranties contained in Article 2 shall be true and correct as of such time, and the Agent shall have received a certificate from the Borrower certifying the same;
- (c) **Concurrent Payout of Existing Credit Agreement:** the Agent shall be satisfied that the proceeds of the initial advance of Borrowings shall be utilized to pay out in full and cancel the Existing Credit Agreement;
- (d) **Receipt of Documentation:** the Agent shall have received, in form and substance satisfactory to the Lenders, the following:
 - (i) a duly executed original of this Agreement;
 - (ii) duly executed originals of the Security as required pursuant to Article 6;

- (iii) at least two Business Days prior to the Effective Date, a Borrowing Notice completed and signed by the Borrower with respect to the initial advance of Borrowings in a minimum amount required to effect the payout referred to in Section 8.1(c), such Borrowing Notice to irrevocably direct the Agent to effect the direct payout of the Existing Credit Agreement as contemplated by Section 8.1(c);
- (iv) a certificate of status or similar document in respect of the Borrower issued under the laws of Alberta;
- (v) an officer's certificate of the Borrower attaching thereto its constating documents, its bylaws and other governing documents, its authorizing resolutions in respect of this Agreement, and an incumbency certificate;
- (vi) an agreement evidencing the termination and cancellation of the Existing Credit Agreement, to be effective upon receipt by National Bank of Canada of the payout contemplated by Section 8.1(c);
- (vii) an agreement evidencing the termination and cancellation of the Existing Joint Venture Intercreditor Agreement, to be effective concurrently with the coming into effect of the Joint Venture Intercreditor Agreement and receipt by National Bank of Canada of the payout contemplated by Section 8.1(c) ;
- (viii) a duly executed Environmental Certificate;
- (ix) a duly executed Oil and Gas Ownership Certificate which shall have attached thereto a complete listing of all of the P&NG Rights of the Borrower constituting interests in land (which shall include legal descriptions, Crown lease numbers and issue dates, zone restrictions, names of freehold lessors, the before and after payout working interests and all royalties and burdens);
- (x) evidence of insurance as required by Section 9.1(m);
- (xi) evidence of the registration of the Security as required hereunder;
- (xii) a Compliance Certificate of the Borrower for the Fiscal Quarter ending June 30, 2014, such certificate to use such *pro forma* inclusions or exclusions as the Agent may stipulate;
- (xiii) *pro forma* operating budget and financial forecast for the Fiscal Years ending December 31, 2014 and December 31, 2015;
- (xiv) an Engineering Report respecting the Borrowing Base Assets sufficient to support a determination by each Lender of a Borrowing Base of at least \$55,000,000;
- (xv) an opinion of Davis LLP, counsel to the Borrower, addressed to the Agent and each Lender and Lenders' counsel, relating to, *inter alia*, the existence of the Borrower and the authorization, execution, delivery and enforceability of this Agreement and the Security;
- (xvi) an opinion of Norton Rose Fulbright Canada LLP, counsel to the Lenders, addressed to the Agent and each Lender, in form and substance satisfactory to the Agent;
- (xvii) a fully executed copy of the Joint Venture Agreement, including all schedules and exhibits attached thereto;
- (xviii) a fully executed original of the Joint Venture Intercreditor Agreement, in form and substance satisfactory to the Agent;

- (xix) a fully executed copy of any other Material Contracts; and
- (xx) such other documents and documentation which the Agent may reasonably request;
- (e) **Existing Swaps:** the Agent shall have received evidence that all Existing Swaps have either been terminated or assigned and novated to a Lender as contemplated by 3.17(b);
- (f) **Existing Letters of Credit:** the Agent shall have received evidence that all Existing Letters of Credit have either been replaced by a Letter of Credit under the Operating Facility or cash collateralized as contemplated in Section 3.10(g);
- (g) **Undrawn Availability:** on the Effective Date, after taking into account the initial advance of Borrowings to repay indebtedness under the Existing Credit Agreement, there shall be undrawn availability under the ~~Credit~~ Facilities of not less than Cdn.\$15,000,000.
- (h) **Fees:** the Agent shall have received payment of all agency, commitment and arrangement fees of the Agent and each Lender, and fees of the Agent's legal counsel in connection with the transactions contemplated by this Agreement as advised by such counsel to the Agent at least one Business Day prior to the Effective Date;
- (i) **Know-Your-Client Confirmations:** no Lender shall have advised the Agent that such Lender has not received from the Borrower all such information and evidence as such Lender requested of the Borrower prior to the Effective Date as contemplated by Section 14.11; and
- (j) **Material Adverse Effect:** as of such time, no circumstance or event shall have occurred which would reasonably be expected to have a Material Adverse Effect (nor have the Lenders become aware of any fact or facts not previously known, which, in the opinion of the Lenders, are reasonably likely to have a Material Adverse Effect), and no material adverse change shall have occurred in the operations or financial condition of the Loan Parties or of their assets, taken as a whole, since the date of the most recent audited financial statements provided to the Agent, and the Agent shall have received a certificate from the Borrower to both such effects.

8.2 Conditions Precedent to each Utilization

The obligation of the Lenders to provide any Accommodation to the Borrower, to accept and purchase any Bankers' Acceptances, or to issue any Letter of Credit, or to allow any Conversion or Rollover, is subject to and conditional upon satisfaction of each of the following conditions precedent:

- (a) receipt of the applicable Borrowing Notice, Conversion Notice or Rollover Notice in accordance with this Agreement;
- (b) on each Drawdown Date, Conversion Date or Rollover Date, as applicable, there exists no Default or Event of Default; and
- (c) on each Drawdown Date, the representations and warranties referred to in Section 2.2, other than those stated to be made as at a specific date, are true and correct in all material respects with the same effect as if made as of such date.

8.3 Waiver of a Condition Precedent

The terms and conditions of Sections 8.1 and 8.2 are inserted for the sole benefit of the Agent and the Lenders and may be waived by all Lenders in respect of an Advance under the Syndicated Facility or the Supplemental Facility, or the Operating Lender in respect of an Advance under the Operating Facility, in whole or in part with or without terms or conditions, in respect of all or any portion of a

Borrowing, without affecting the right of the Agent or the Lenders to assert such terms and conditions in whole or in part in respect of any other Borrowing.

ARTICLE 9 COVENANTS OF THE BORROWER

9.1 Positive Covenants of the Borrower

During the term of this Agreement, the Borrower covenants and agrees with each of the Lenders and the Agent as follows:

- (a) **Payment and Performance:** the Borrower shall and shall cause each other Loan Party to duly and punctually pay all indebtedness and liabilities as and when due by it hereunder and perform all other obligations on its part to be performed under the terms of the Loan Documents at the times and places and in the manner provided for therein;
- (b) **Maintain Corporate or Other Existence and Status:** the Borrower shall and shall cause each other Loan Party to maintain its corporate, partnership or trust existence, as applicable, in good standing and duly register and qualify and remain duly registered and qualified to do business or own or lease property or assets in each jurisdiction in which the nature of any business transacted by it, or the character of any properties or assets owned or leased by it, requires such registration or qualification, except to the extent such failure to be so registered or qualified would not reasonably be expected to have a Material Adverse Effect;
- (c) **Access to Books and Properties:** the Borrower shall and shall cause each other Loan Party to keep proper and adequate records and books of account in which true and complete entries will be made in a manner sufficient to enable the preparation of financial statements in accordance with GAAP, and shall permit, and shall cause each other Loan Party to permit the Agent or its representatives upon reasonable notice and from time to time during normal business hours to enter its premises and to inspect its books of accounts and operations thereof, and shall and shall cause each other Loan Party to afford access to the Agent or its representatives at any time and from time to time upon reasonable notice and during normal business hours to inspect the Oil and Gas Properties (including, to the extent it is entitled to do so, the property that is the subject of the Joint Venture Agreement) and the operation thereof and to review documents, books, studies, reports and records relating to the Oil and Gas Properties and the business of any Loan Party in relation thereto;
- (d) **Annual Financial Statements:** the Borrower shall furnish to the Agent as soon as available and in any event within 120 days after the end of each Fiscal Year a consolidated balance sheet as at the close of such Fiscal Year and statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for such Fiscal Year, setting forth in comparative form the corresponding figures of the preceding Fiscal Year together with an auditor's report prepared by a qualified firm of accountants confirming that its examinations of such financial statements were made in accordance with generally accepted auditing standards and, accordingly, included such tests and other procedures as it considered necessary in the circumstances and that such financial statements present fairly in all material respects the financial position of the Borrower on a consolidated basis, as of the close of such Fiscal Year and the results of their operations and the changes in their financial position for the Fiscal Year then ended, in accordance with GAAP (except as otherwise noted therein and consented to by the Required Lenders, such consent not to be unreasonably withheld); provided that the requirement to deliver the foregoing materials may be satisfied by the Borrower posting such materials on www.SEDAR.com or on the website of the Borrower, as applicable, within the time periods referred to above and forthwith advising the Agent that such materials have been so posted and the details of any website on which the same have been posted;

- (e) **Quarterly Financial Statements:** the Borrower shall furnish to the Agent as soon as available and in any event within 60 days after the end of each of the first three Fiscal Quarters of the Borrower an unaudited consolidated balance sheet of the Borrower as at the end of such Fiscal Quarter and unaudited consolidated statements of comprehensive income (loss), statements of changes in equity and statements of cash flows of the Borrower prepared in accordance with GAAP consistently applied; provided that the requirement to deliver the foregoing materials may be satisfied by the Borrower posting such materials on www.SEDAR.com or on the website of the Borrower, as applicable, within the time periods referred to above and forthwith advising the Agent that such materials have been so posted and the details of any website on which the same have been posted;
- (f) **Compliance Certificate/MD&A:** the Borrower shall furnish to the Agent, concurrently with the provision of the financial statements pursuant to Section 9.1(d) and 9.1(e), and effective as of the last day of the Fiscal Year ~~or Fiscal Quarter~~, or month, as applicable, a duly executed and completed Compliance Certificate together with a management discussion and analysis report for such Fiscal Year ~~or Fiscal Quarter~~, or month;
- (g) **Production and Operating Reports:** the Borrower shall furnish to the Agent within 60 days from the end of each Fiscal Quarter (unless requested more frequently by the Agent), production and operating reports rendered monthly for each of the last three months (the same to include information as to volumes produced and sold and the amount received by the Borrower or any Borrowing Base Subsidiary) in respect of the Borrowing Base Assets;
- (h) **Annual Budget/Forecasts:** the Borrower shall furnish to the Agent as soon as available and in any event no later than 120 days after the commencement of each Fiscal Year a budget for the next two Fiscal Years detailing therein, *inter alia*, the information to be delivered pursuant to Section 3.5(a) together with a forecasted operating budget of the Borrower for the following Fiscal Year that is detailed on a quarterly basis;
- (i) **Engineering Reports:** the Borrower shall furnish to the Agent the Engineering Reports and other documents required pursuant to Section 3.5 in accordance with the provisions thereof;
- (j) **Hedging Reports:** the Borrower shall furnish to the Agent, concurrently with delivering the financial statements referred to in Sections 9.1(d) and 9.1(e), a report on the status of all outstanding Swaps, such report to be in a form and containing such information as may be required by the Agent, acting reasonably, which shall in any event (i) detail all hedging activity occurring during such Fiscal Quarter (or, if delivered with the financial statements pursuant to Section 9.1(d), the Borrower's fourth Fiscal Quarter); and (ii) detail the position and market value of all Swaps in effect as at the end of such Fiscal Quarter (or, if delivered with the financial statements pursuant to Section 9.1(d), the Borrower's fourth Fiscal Quarter) and demonstrating compliance with Section 9.2(k); provided that the Borrower need not separately furnish information to the extent it is detailed in such concurrently delivered financial statements of the Borrower;
- (k) **Provision of Information:** the Borrower shall provide to the Agent copies of all financial statements, proxy statements, information circulars, notices and reports as it generally provides to all of its shareholders together with copies of all final prospectuses or other similar offering documents such as private placement memorandums, registration statements, material change reports and annual information forms filed by it with any securities regulatory authorities together with such other information relating to the business, affairs, operations and financial condition of any Loan Party as the Agent may reasonably request provided that the Borrower may satisfy the foregoing by posting such information on www.SEDAR.com or on another website as notified to and agreed to by the Agent provided that the Agent is aware of the address of and any relevant password specifications for such website. The Borrower shall forthwith advise the Agent that such information has been posted to such website and will advise the Agent promptly upon becoming

aware that such website cannot be accessed, if the password specifications change or any existing information posted onto such website is amended. If the Agent cannot access such information on the relevant website, the information will instead be provided to the Agent in paper form;

- (l) **Taxes:** the Borrower shall and shall cause each other Loan Party to file all income tax returns which are required to be filed, pay or make provision for payment (in accordance with GAAP) of all Taxes which are due and payable, and provide adequate reserves (in accordance with GAAP) for the payment of any Tax the payment of which is being contested, and shall provide the Agent upon request with evidence of such payment, in form and substance satisfactory to the Agent, acting reasonably, all except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (m) **Insurance:** the Borrower shall and shall cause each other Loan Party to maintain in full force and effect such policies of insurance issued by insurers of recognized standing insuring such properties and operations and providing such coverages as would be maintained by persons engaged in the same or similar business in the localities where such properties and operations are located (including for certainty the facilities that are the subject of the Joint Venture Agreement, notwithstanding ownership thereof), and shall, if required, furnish the Agent with certificates or other evidence satisfactory to the Agent in compliance with the foregoing provisions and, in respect of insurance policies maintained by any of the Loan Parties, the Agent shall be added as a loss payee and an additional insured, as its interest may appear. If such insurance is not available on commercially reasonable terms, the Borrower shall and shall cause each other Loan Party to maintain in full force and effect such policies of insurance as are acceptable to the Lenders, acting reasonably;
- (n) **Compliance With Laws and Regulations; Maintenance of Permits:** the Borrower shall and shall cause each other Loan Party to:
 - (i) comply with and manage and operate the applicable Loan Party's properties and assets in compliance with all Applicable Laws, rules, regulations and orders of Governmental Authorities, including Environmental Laws;
 - (ii) observe and conform to all valid requirements, including Governmental Actions, of any Governmental Authority relative to any applicable Loan Party's properties or assets and all covenants, terms and conditions of all agreements upon or under which any of such properties and assets are held;
 - (iii) keep and maintain in effect and comply with all permits, approvals, licences and authorizations required in connection with the applicable Loan Party's business or operations; and
 - (iv) store, treat, transport or otherwise handle and dispose of all hazardous materials and waste owned, managed or controlled by the applicable Loan Party in compliance with all Environmental Laws;

except to the extent failure to so possess or comply or failure to so observe and conform would not reasonably be expected to have a Material Adverse Effect;
- (o) **Defence of Title:** if the Security Interests granted in any Loan Document or the title to or the rights of the Agent in or to any Borrowing Base Assets or any part thereof shall be endangered or shall be attacked, directly or indirectly, or if any legal proceedings are instigated against any Loan Party with respect thereto, the Borrower shall (other than with respect to Minor Title Defects) promptly give written notice thereof to the Agent and the Borrower shall and shall cause each applicable Loan Party to:

- (i) conduct itself diligently to cure any such Title Defect that is discovered or validly claimed;
 - (ii) take all necessary and proper steps for the defence of title to such properties and the security granted thereunder or under any Security; and
 - (iii) take such action, including employment of legal counsel, as is reasonably appropriate to the prosecution or defence of litigation with the view to the release or discharge of claim made against the title to any such properties.
- (p) **Notice of Certain Events:** the Borrower shall provide the Agent with prompt written notice of:
- (i) the occurrence of any Default or Event of Default;
 - (ii) any actions, suits, litigation or other proceedings of which the Borrower has knowledge which are commenced against or adversely affect any Loan Party or any Loan Party's assets or properties, and which, if adversely determined, would reasonably be expected to have a Material Adverse Effect;
 - (iii) any claim that has been made by any Person against any Loan Party or any Borrowing Base Asset which, if determined adversely, would reasonably be expected to have a Material Adverse Effect;
 - (iv) the discovery of any title defect in respect of any Borrowing Base Asset, other than a Minor Title Defect;
 - (v) the occurrence of any circumstance or event which would render any representation or warranty in Section 2.1 incorrect or untrue if then made hereunder;
 - (vi) the unwinding or termination of any Commodity Swap which has been reflected or taken into account in the determination or redetermination of the Borrowing Base;
 - (vii) any default by a Loan Party under any term or provision of any agreement between itself and any Person which, in respect of any such other agreement, provides for recourse against it of an amount in excess of the Threshold Amount and if as a result of such default (and assuming any requirement for notice or lapse of time or other condition precedent has been satisfied) such Person has the right to accelerate any indebtedness in excess of the Threshold Amount or if such Person demands payment of any indebtedness in excess of the Threshold Amount;
 - (viii) any amendment, modification, supplement, replacement, restatement or termination or threatened termination of the Joint Venture Agreement, along with a copy thereof;
 - (ix) any removal or threatened removal of the Borrower as Manager under the Joint Venture Agreement, along with a copy of any correspondence relating thereto;
 - (x) any notice or reporting sent or received by the Borrower in connection with the Joint Venture Agreement or any processing agreement entered into in connection therewith, along with a copy thereof;
 - (xi) any default under the Joint Venture Agreement;
 - (xii) the appointment of any replacement Manager (as such term is defined in the Joint Venture Agreement) pursuant to the Joint Venture Agreement, together with executed copies of any processing and operating agreements entered into by the Borrower and such replacement Manager pursuant to the terms of the Joint Venture Agreement;

- (i) the entering into of any Material Contract (or any amendment, modification, supplement, replacement or restatement thereof), along with a copy of such Material Contract; and
 - (ii) any other matter, circumstance or event that has had or would reasonably be expected to have a Material Adverse Effect;
- (q) **Operational Covenants:** the Borrower shall and shall cause each applicable Loan Party to carry on and conduct its business and keep, maintain and operate the Oil and Gas Properties and process, transport and sell the production attributable thereto, and manage and operate the property that is the subject of the Joint Venture Agreement, all in accordance with sound oil and gas industry practice;
- (r) **Compliance Orders:** the Borrower shall forthwith notify the Agent and shall and shall cause each other Loan Party to make copies available for inspection and review on a confidential basis by representatives of the Agent upon receipt of all written orders, control orders, directions, action requests, claims and complaints from a Governmental Authority:
- (i) relating to the defective or unsatisfactory condition of the Oil and Gas Properties including, for greater certainty, the Tangibles and the property that is the subject of the Joint Venture Agreement, which would reasonably be expected to have a Material Adverse Effect; or
 - (ii) relating to non-compliance with any Environmental Law which would reasonably be expected to have a Material Adverse Effect.

The Borrower shall and shall cause each other Loan Party to proceed diligently to resolve (including commence and diligently pursue proceedings for judicial or quasi-judicial determination as to the merits of any thereof), any such claims, complaints, notices or inquiries relating to compliance with Environmental Law where the failure to resolve the same would reasonably be expected to have a Material Adverse Effect;

- (s) **Environmental Audit:** upon the occurrence or discovery of any circumstance, condition or event which, in the opinion of the Agent, acting reasonably, would reasonably be expected to result in any Environmental Liability to any Loan Party which would reasonably be expected to have a Material Adverse Effect and, in any event, after the occurrence of an Event of Default which is continuing, the Agent may arrange for an environmental audit to be conducted by an independent environmental engineer or other environmental consultant, at the expense of the Borrower. The Borrower shall and shall cause each other Loan Party to, upon reasonable notice, and so long as any such engineer or consultant agrees to comply with the health and safety standards generally applicable to the property or assets to be audited, provide access to its property and assets (including, to the extent it is entitled to do so, the property that is the subject of the Joint Venture Agreement), in order for such engineer or consultant to conduct such environmental and other inspections as it deems advisable and in that connection to examine the books, records, assets, affairs and business operations of the Loan Parties and to make inquiries of government offices concerning compliance by the Loan Parties with Environmental Laws;
- (t) **Environmental Indemnity:**
- (i) the Borrower shall and shall cause each other Loan Party to forthwith on demand fully indemnify, defend and save each Lender, each Swap Lender and the Agent and each of their respective directors, officers, employees and agents, and any of them, (in this Section 9.1(t) any one or more or all of such Persons is referred to as the "**Indemnified Party**") harmless from and against any and all liabilities, losses, claims, damages and expenses (including all reasonable fees of counsel on a solicitor and his own client basis and accountant fees and reasonable expenses, court costs and all other reasonable

out-of-pocket expenses) sustained, paid, incurred or suffered by the Indemnified Party arising in any manner whatsoever out of or as a result of any environmental claims, liabilities or obligations of any and every nature whatsoever relating to or affecting any Loan Party or the Collateral, or the property of others where any Loan Party would be reasonably likely to have any liability in respect thereof under Applicable Law (all or any item or part of the foregoing liabilities, losses, claims, damages and expenses are referred to in this Section 9.1(t) as a "**Loss**"). Notwithstanding the generality of the foregoing, the Loan Parties shall not be obliged to indemnify the Indemnified Party to the extent any Loss has been incurred by reason of the gross negligence or wilful misconduct of such Indemnified Party. The Borrower acknowledges on behalf of itself and each Loan Party that each Lender is entering into the provisions of this Section 9.1(t) on its own behalf and as agent and trustee for its directors, officers, employees and agents;

- (ii) if any claim (in this Section 9.1(t) referred to as a "**Claim**") shall be asserted by any Person against the Indemnified Party which may give rise to a Loss, the Indemnified Party shall promptly notify the Borrower of all particulars of such Claim upon learning of same. The failure to give any such notice, however, shall not affect any Loan Party's liability to indemnify the Indemnified Party unless such failure adversely and materially affects its ability to defend, object to, oppose or contest that Claim;
- (iii) (A) each Loan Party shall at all times have the right, if no Default or Event of Default has occurred and is continuing, but shall not be required, at its sole expense, to resist, defend and compromise any Claim in the name of the Indemnified Party, by legal counsel reasonably acceptable to the Indemnified Party who will cooperate in such defence on a reasonable basis; provided that the Indemnified Party shall have the right to participate in the defence or compromise of any Claim by other legal counsel of its choosing if the Indemnified Party, acting reasonably, determines it should so participate; provided that subject to Section 9.1(t)(iii)(B) the fees and disbursements of such other counsel shall be paid by the Borrower. The Indemnified Party shall not effect any settlement or compromise of any Claim without the prior written consent of the Borrower. Notwithstanding anything herein to the contrary, the Borrower on its own behalf must defend or must cause the applicable Loan Party to defend such claim, diligently and reasonably throughout the period while such Claim exists. If any Loan Party exercises its rights under this Section 9.1(t), the Borrower shall cause such Loan Party not to compromise or otherwise settle a Claim without the consent of the Indemnified Party suffering such Claim, which consent shall not be unreasonably withheld or delayed. The inability of the Loan Parties to pay such Claim in full shall constitute a sufficient reason to withhold such consent; and
- (B) the Loan Parties shall not, in connection with any Loss in the same jurisdiction, be liable for the fees and expenses of more than one separate legal firm for the Indemnified Parties unless such representation by the same legal counsel would be inappropriate due to actual or potential differing interests or the employment thereof has been specifically authorized by the Borrower in writing and such firm or firms shall be designated in writing by the Agent on behalf of each Indemnified Party;
- (u) **Properties:** the Borrower shall ensure that the aggregate combined assets of the Loan Parties, (determined on an unconsolidated basis) shall not at any time be less than 95% of the consolidated assets of the Borrower;
- (v) **Pension Plans:** the Borrower shall, and shall cause each other Loan Party to, make all required payments in respect of funding each Pension Plan applicable to such Person and otherwise fully comply with all Applicable Laws governing or affecting such plans (including the federal laws of

Canada and the laws of the Province of Alberta) if the failure to make such payments or so comply individually or in the aggregate would reasonably be expected to have a Material Adverse Effect, or would result in the imposition of any Security Interest on any of their respective Assets;

- (w) **Ranking:** the Borrower shall ensure that the obligations of the Borrower hereunder and of each other Loan Party under its Guarantee of the obligations of the Borrower hereunder rank, for all purposes at least *pari passu* in right of payment with the other most senior Debt of the Borrower or such other Loan Party, as applicable;
- (x) **Additional Information:** the Borrower shall, and shall cause each other Loan Party to, furnish to the Agent on a confidential basis any additional information regarding the business, affairs, operations and financial condition of each Loan Party as the Agent shall reasonably request; and
- (y) **Further Assurances:** the Borrower shall do and cause each Loan Party to do all such further acts and things and execute and deliver all such further documents as shall be reasonably required by the Agent in order to ensure the terms and provisions of the Loan Documents are fully performed and carried out.
- (z) **Farm-out Strategies:** the Borrower shall complete a review of farm-out alternatives and report to the Lenders within 30 days of the Sixth Amendment Effective Date, satisfactory to the Lenders.
- (aa) **Cash Flow Projections:** the Borrower shall provide and deliver to the Lenders rolling monthly cash flow projections with variance analysis between actual and previous projections within 25 days of month's end.
- (bb) **Renegotiation of Stream Asset Financial Questfire LP credit agreement:** the Borrower shall provide and deliver to the Agent on or before November 15, 2016 evidence that the loan agreement between Stream Asset Financial Questfire LP, as borrower and Alberta Treasury Branches, as lender, has been amended to the satisfaction of the Lenders, in their sole discretion.
- (cc) **GORR LOI:** the Borrower shall provide the Lenders with a letter of intent for the sale of the gross override royalty proceeds of no less than \$6,000,000 on or before October 15, 2016.
- (dd) **GORR Purchase Agreement:** the Borrower shall provide the Lenders with a definitive purchase and sale agreement on or before October 31, 2016 which has a closing date of November 15, 2016 in respect of the sale of gross override royalties for proceeds of no less than \$6,000,000.
- (ee) **LMR Monthly Forecast:** the Borrower shall provide and deliver to the Lenders rolling monthly LMR projections through until December 31, 2017 commencing on or before October 31, 2016 and the last day of each month thereafter.
- (ff) **Updated LMR Analysis:** the Borrower shall provide and deliver to the Lenders an updated LMR analysis for the Fiscal Quarter ending September 30, 2016 on or before October 31, 2016 and one month after the end of each Fiscal Quarter thereafter.

9.2 Negative Covenants of the Borrower

During the term of this Agreement, the Borrower covenants and agrees with each of the Lenders and the Agent that it shall not, and shall ensure that each other Loan Party shall not:

- (a) **Conduct of Business:** engage in any material business or make any material investments or enter into any material ventures other than the ownership and related operation of oil and gas properties and assets in Canada and other activities directly related to the foregoing; nor make or enter into any material property acquisitions, investments, joint ventures or partnerships which are

not in the ordinary course of, and made for the purpose of, conducting the business of the Loan Parties as described aforesaid;

- (b) **Debt:** issue, create, incur, assume, permit or suffer to exist or directly or indirectly be or become in any way liable for or in respect of any Debt, other than Permitted Indebtedness;
- (c) **Financial Assistance:** provide any form of Financial Assistance to any Person, other than Permitted Financial Assistance;
- (d) **Dispositions:** directly or indirectly sell, assign, transfer, convey, surrender, exchange, lease, sub-lease or otherwise dispose of, including by way of farmout or by way of dedication of P&NG Rights, Tangibles or reserves of Petroleum Substances, or by way of the creation of royalty, net profits or like interests, any or all of its right, title, estate and interest in or to all or any part of the Collateral, other than Permitted Dispositions or as permitted pursuant to Section 3.5(g);
- (e) **Sale/Leaseback:** directly or indirectly enter into any Sale/Leaseback, including transactions after the Effective Date equivalent to that documented under the existing Joint Venture Agreement;
- (f) **Negative Pledge:** create, incur, assume, permit or suffer to exist any Security Interest upon or with respect to any of the Collateral, other than Permitted Encumbrances;
- (g) **Transactions with Affiliates:** enter into directly or indirectly any transaction or group of related transactions (including the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than another Loan Party), except in the ordinary course and pursuant to the reasonable requirements of its business and upon fair and reasonable terms no less favourable to it than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate;
- (h) **Change of Fiscal Year:** change the fiscal year end of the Borrower from December 31 or the basis on which the financial records of a Loan Party are now maintained, subject to Section 1.6;
- (i) **Corporate Reorganizations:** enter into or become party to any transaction (each a "Transaction") of merger, amalgamation, consolidation, winding-up, plan of arrangement, reorganization or reconstruction with any Person or enter into any transaction by way of transfer, liquidation, sale, lease, disposition or otherwise whereby all or substantially all of its undertaking, property or assets would become the property of any other Person (herein called a "Successor"), or take any corporate, partnership or trust action in pursuance of any of the foregoing; provided that any Loan Party may do so if such Transaction is conducted solely with another Loan Party or Loan Parties and:
 - (i) the Transaction would not reasonably be expected to result in a Material Adverse Effect;
 - (ii) in the case of a Transaction by a Borrowing Base Subsidiary, the Successor will satisfy the requirements of Section 6.1 and will be designated as a Borrowing Base Subsidiary;
 - (iii) such Transaction shall be on such terms and shall be carried out in such manner as to preserve and not to impair any of the rights and powers of the Agent or any Lender hereunder and under any other Loan Document or Credit Documents and not to affect adversely the potential liability of the Agent or any Lender for any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of any Governmental Authority or any authority or agency therein or thereof having power to impose or levy taxes, duties, assessments or charges; and
 - (iv) no Event of Default or Default shall have occurred and be continuing immediately prior to such Transaction or will occur as a result of such Transaction;

- (j) **Distributions:** make, give effect to or implement any steps or procedures to make any Distributions other than Distributions between Loan Parties;
- (k) ~~**Swaps:** enter into any Swap outside the ordinary course of its business or for speculative purposes (determined, where relevant, by reference to GAAP); provided that, without limiting the generality of the foregoing, the following shall be deemed to be Swaps entered into outside of the ordinary course of business or entered into for speculative purposes:~~
- ~~(i) any Interest Swap if the Equivalent Amount in Canadian Dollars of the notional amount of indebtedness under such Interest Swap together with the Equivalent Amount in Canadian Dollars of the notional amount of all other Interest Swaps then in effect in respect of the Loan Parties exceeds the underlying exposure to the risk hedged or sought to be hedged by such Interest Swap at the time such Interest Swap is entered into;~~
 - ~~(ii) any Commodity Swap if the term of such Commodity Swap exceeds three years or if the aggregate amount of Petroleum Substances subject to such Commodity Swap, together with all other Commodity Swaps then in place, would exceed in the aggregate on a rolling basis for the next following three years, 65% in the first year, 60% in the second year and 50% in the third year, in each case, of the Loan Parties' combined average daily production of such Petroleum Substances (inclusive of royalties) in respect of each of (A) oil and natural gas liquids and (B) natural gas, during the immediately preceding quarter of the Borrower, as determined at the time any such Commodity Swap is entered into and as adjusted for acquisitions, divestitures and extraordinary events during such quarter in a manner satisfactory to the Agent, acting reasonably, provided that such limitations shall exclude put agreements in respect of its Petroleum Substances where the amount expended thereon does not exceed \$3,000,000 in aggregate in any Fiscal Year;~~
 - ~~(iii) any Currency Swap if the aggregate amount hedged under all Currency Swaps at the time any such Currency Swap is entered into exceeds the Loan Parties' U.S. Dollar underlying exposure, whether direct or indirect, to the risk hedged or sought to be hedged by such Currency Swap at the time such Currency Swap is entered into;~~
 - ~~(iv) any Interest Swap or Currency Swap having a term from its inception to maturity exceeding three years; and~~
 - ~~(v) any Swap in respect of which a Security Interest is granted, except for Permitted Encumbrances;~~
- (k) **Swaps:** from and after the Sixth Amendment Effective Date, enter into any Swap, and to the extent the Borrowing Base includes any value for any Swap, such Swap shall not be terminated by the applicable Loan Party without the prior written consent of the Required Lenders except at its maturity and in accordance with its terms (including "cease to be lender" termination rights);
- (l) **ERISA Plans:** maintain or contribute to any ERISA Plan subject to Title I or Title IV of ERISA;
- (m) **Terrorism Sanction Regulations:**
- (i) become a Blocked Person;
 - (ii) have any investments in or engage in any dealings or transactions with any Blocked Person if such investments, dealings or transactions would cause any Lender to be in violation of any laws or regulations that are applicable to such Lender;
 - (iii) engage in any activity that could reasonably be expected to subject any Lender to sanctions under CISADA or under any applicable federal, provincial or state law that

imposes sanctions on or otherwise penalizes Persons that engage in investment activities in or otherwise do business with Iran or any other country that is subject to an OFAC Sanctions Program; or

- (iv) engage in any dealings or transactions with any Canadian Sanctions Designated Person;
- (n) **Partnerships:** add any Person as a partner to a Borrowing Base Subsidiary which is a partnership if such Person is not a Loan Party; nor transfer any Voting Shares, units or other ownership interests in any Borrowing Base Subsidiary which is a partnership if the transferee is not a Loan Party; nor make any changes, amendments or supplements to the partnership agreement relating to such partnership which would reasonably be expected to adversely affect the Lenders in a material manner;
- (o) **Changes to Joint Venture Agreement:** amend, modify, supplement, restate or replace the Joint Venture Agreement;
- (p) **Joint Venture Agreement Payments:** make any payment to Stream Asset Financial Questfire LP (or any of its successors or assigns) under the Joint Venture Agreement or any document related thereto (including for certainty, pursuant to any option or right of first refusal in the Borrower's favour to acquire any property subject to the Joint Venture Agreement), other than to the extent the Borrower is legally obligated to make any such payment under the terms of the Joint Venture Agreement;
- (q) **Insurance Proceeds:** make any application or use of any insurance proceeds received by it in respect of any single claim or event which are in excess of 5% of the Borrowing Base, until the Required Lenders have determined that, as a result of the insured events, a Borrowing Base Shortfall has not resulted or would not result from an application of such proceeds of insurance other than on account of the Borrowings.
- (r) **No-Hoarding:** use the proceeds of any Borrowing to 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 other Loan Party in an amount, in the aggregate, greater than Cdn. \$500,000 (or the Equivalent Amount in any other currency) ("Maximum Cash Threshold"). For certainty, the Lenders may refuse to make any requested Drawdown which the Lenders, acting reasonably, determine would result in a contravention of this Section 9.2(r).
- (s) **Mandatory Capital Expenditure Allowance:** make capital expenditures, the aggregate of which, would exceed the Mandatory Capital Expenditure Allowance on a consolidated basis for the period commencing on the Sixth Amendment Effective Date to the Maturity Date.

9.3 Financial Covenants

During the term of this Agreement, the Borrower covenants and agrees with each of the Lenders and the Agent that it shall not, and shall ensure that each other Loan Party shall not:

- (a) ~~Minimum Adjusted Working Capital Ratio: permit the Minimum Adjusted Working Capital Ratio to be less than 1.00:1.00 determined as at the end of each~~ Maximum Consolidated Net Debt: permit the Maximum Consolidated Net Debt on the last day of any Fiscal Quarter; ~~or of the Borrower to exceed \$47,500,000; and~~
- (b) ~~Debt to Monthly EBITDA Ratio: permit the Debt to EBITDA Ratio to exceed 3.00:1.00 determined as at the end of each Fiscal Quarter~~ EBITDA for any month from and after the Sixth Amendment Effective Date to fall below 80% of the amount set forth in the forecast dated August 26, 2016 and approved by the Lenders.

- (c) Monthly Production: permit its production for any month from and after the Sixth Amendment Effective Date to fall below 80% of the amount set forth in the forecast dated August 26, 2016 and approved by the Lenders.
- (d) Cash Flow variance: permit its maximum cumulative negative monthly variance cash flow from the Borrower's forecast dated August 26, 2016 provided to the Lenders to exceed negative \$500,000.
- (e) LMR: permit its LMR to fall below 1.10:1.00 at any time.

ARTICLE 10 EVENTS OF DEFAULT

10.1 Events of Default

The occurrence of any one or more of the following events or circumstances constitutes an Event of Default under this Agreement:

- (a) **Failure to Pay Principal:** the failure of the Borrower to make any payment of any Borrowings when due hereunder;
- (b) **Failure to Pay Interest or Fees:** the failure of any Loan Party to make any payment of any interest, fees or any other amount due under any Loan Document when due hereunder and such default shall remain unremedied for a period of two Business Days after written notice from the Agent to the Borrower that such amount is overdue;
- (c) **Certain Negative Covenants:** if there is a breach or failure of due performance or observance by any Loan Party of any Sections 9.2(b) ("Debt"), 9.2(d) ("Dispositions"), 9.2(f) ("Negative Pledge"), 9.2(j) ("Distributions"), 9.3(a) ("~~Minimum Adjusted Working Capital Ratio~~") or 9.3(b) ("~~Debt to EBITDA Ratio~~"); Maximum Consolidated Net Debt";
- (d) **Other Covenants:** if there is a breach or failure of due performance or observance by any Loan Party of any covenant or provision of any Loan Document (other than those otherwise dealt with in this Section 10.1), unless (with respect to any breach or failure that is capable of being cured, but not otherwise) such breach or failure is cured to the satisfaction of the Required Lenders, acting reasonably, within 20 Business Days after written notice thereof by the Agent to the Borrower;
- (e) **Misrepresentations:** if any representation or warranty made or deemed to be made by the Borrower or any other Loan Party in any Loan Document, certificate or document shall prove to have been incorrect in any material respect when made or deemed to be made or repeated hereunder or thereunder; provided that if the matter, defect or deficiency which is the subject matter of the misrepresentation is capable of correction or remedy, then if it is not corrected or remedied to the satisfaction of the Required Lenders, acting reasonably, within 20 Business Days after written notice thereof by the Agent to the Borrower, except for a representation and warranty made pursuant to Section 2.1(g) in relation to a Title Defect where the provisions of Section 3.5(g) are applicable thereto and have been complied with;
- (f) **Cross Default:** if any Loan Party or the Person primarily liable or jointly and/or severally liable in the case of any contingent or joint and/or several obligation of any Loan Party is in default under any term or provision of any agreement evidencing or securing Debt between itself and any Person (other than this Agreement), and such breach or default is in respect of an amount which (taken together with any other such breaches or defaults in respect of Debt and taken together with any accelerated amounts in respect of Debt) is in the aggregate in excess of the Threshold Amount; and, in either case, such breach or default is not remedied within any applicable cure period in the relevant agreement with respect to Debt;

- (g) **Cease to Carry on Business:** if any Loan Party ceases or threatens to cease to carry on business;
- (h) **Voluntary Insolvency:** if any Loan Party shall:
 - (i) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or any part of its assets or undertaking having a value (for all Loan Parties subject to such an appointment at the same time) in the aggregate in excess of the Threshold Amount;
 - (ii) make or threaten to make a general assignment for the benefit of creditors or make or threaten to make a bulk sale of its assets; or be unable, or admit in writing its inability or failure, to pay its debts generally as they become due;
 - (iii) commence any case, proceeding or other action under any Debtor Relief Laws seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any Debtor Relief Law or proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding;
 - (iv) take corporate or partnership action for the purpose of effecting any of the foregoing; or
 - (v) commit or threaten to commit an act which, if committed by a corporation, would constitute bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or any statute passed in substitution therefor, as amended from time to time;
- (i) **Involuntary Insolvency:** if any case, proceeding or other action shall be instituted in any court of competent jurisdiction against any Loan Party seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding-up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or the like of such Loan Party or of all or any part of its assets having a value (for all Loan Parties subject to such an appointment at the same time) in the aggregate in excess of the Threshold Amount, or any other like relief in respect of such Loan Party under any Debtor Relief Law and, if such case, proceeding or other action is being contested by the Borrower in good faith, the same shall continue undismissed or unstayed and in effect for any period of 30 consecutive days (or such longer period, not exceeding 60 days, as is required to dismiss or stay or render ineffective such case, proceeding or other action); provided that if an order, decree or judgment is granted (whether or not entered or subject to appeal) against a Loan Party thereunder or a trustee, receiver or liquidator is appointed in the interim and such order, decree, judgment or appointment is not stayed or discharged within five days of it being granted, such grace period shall cease to apply;
- (j) **Disposition of Assets:** if any Loan Party shall pass an effective resolution or initiate steps or proceedings for the purpose of authorizing the disposition of all or substantially all of its property, assets and undertakings;
- (k) **Change in Ownership:** if, at any time:
 - (i) each Borrowing Base Subsidiary is not wholly-owned, directly, by the Borrower or another Borrowing Base Subsidiary (unless any such Borrowing Base Subsidiary ceases to exist pursuant to any one or more reorganization transactions made subject to and in accordance with Section 9.2(i)); or
 - (ii) a Change of Control occurs;

- (l) **Judgments:** if a final judgment or judgments for the payment of money shall be rendered against any Loan Party in an amount in excess of the Threshold Amount and the same shall remain undischarged for a period of 20 Business Days during which such judgment or judgments shall not be on appeal or execution thereof shall not be effectively stayed;
- (m) **Writs:** if writs, executions, attachments or similar processes are issued or levied against any of the property of any Loan Party in an aggregate amount which is in excess of the Threshold Amount and such writ, execution, attachment or similar process remains undischarged or unreleased for a period of 20 Business Days;
- (n) **Encumbrancers:** if encumbrancers or lienors lawfully take possession of any property of any Loan Party having a value in an aggregate amount which is in excess of the Threshold Amount and such possession continues for a period of 20 Business Days;
- (o) **Invalid Loan Documents:** if any material provision of any Loan Document continues to be invalid or unenforceable in whole or in a material part, or any of the Security Interests in and to any material Collateral constituted by the Security fails to attach thereto or to have the priority intended thereby, and, in either case, the same is not cured to the satisfaction of the Required Lenders, acting reasonably, within 20 Business Days after notice thereof by the Agent to the Borrower;
- (p) **Borrowing Base Shortfall:** if the Borrower fails to eliminate a Borrowing Base Shortfall as required by Section 3.5(i);
- (q) **Lender Swaps:** if any Loan Party breaches or is in default under any Lender Swap and such breach or default is not remedied or waived within any applicable cure period in the relevant agreement with respect thereto;
- (r) **Swaps:** if any Loan Party breaches or is in default under any Swap which is not a Lender Swap and the aggregate Mark-to-Market amount payable by such Loan Party under all such Swaps, when taken together with the aggregate amounts which are the subject of any breaches or defaults provided for in Section 10.1(f), is in excess of the Threshold Amount; and, in either case, such breach or default is not remedied or waived within any applicable cure period in the relevant agreement with respect thereto;
- (s) **Joint Venture Termination:** if the Joint Venture Agreement or any processing agreement entered into in connection therewith is terminated without the prior written consent of the Agent;
- (t) **Removal as Manager:** if Stream Asset Financial Questfire LP takes over management of the Facilities (as defined in the Joint Venture Agreement);
- (u) **Joint Venture Agreement/Default:** if there occurs a default or event of default under the Joint Venture Agreement or any processing agreement entered into in connection therewith and, if there is a grace or cure period applicable thereto, such default or event of default continues on beyond the expiry of the grace period applicable thereto;
- (v) **Material Contract Default:** if there occurs a default or event of default under any Material Contract (other than the Joint Venture Agreement) beyond the expiry of the grace period applicable thereto, which default or event of default could reasonably be expected to have a Material Adverse Effect; or
- (w) **Material Adverse Effect:** if an event shall occur which, in the opinion of all the Lenders, would reasonably be expected to have a Material Adverse Effect and (with respect to any event that is capable of being remedied, but not otherwise), such event shall not be remedied within a period of 20 Business Days from the date of written notice by the Agent to the Borrower of such event.

10.2 Acceleration

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

- (a) **Terminate Commitment:** cease to make or continue any Borrowings hereunder, notwithstanding any prior receipt by the Agent of a Borrowing Notice, Conversion Notice or a Rollover Notice or any other event and the Agent may, by written notice to the Borrower, declare the Total Commitment and the right of the Borrower to apply for further Accommodations to be terminated; and
- (b) **Acceleration Notice:** by written notice to the Borrower (an "**Acceleration Notice**"), declare all Borrowings (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) and other liabilities and indebtedness (whether matured or unmatured) of the Borrower to the Agent, the Lenders and the Creditcard Lenders hereunder and under the other Loan Documents and the Bilateral Financial Services Agreements to be immediately due and payable (or to be due and payable at such later time as may be stated in such notice) without further demand, presentation, protest or other notice of any kind, all of which are expressly waived by the Borrower;

provided that upon the occurrence of an Event of Default specified in Section 10.1(h) or 10.1(i) the Commitment shall automatically terminate and all Borrowings (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) and other indebtedness and liabilities hereunder and under the other Loan Documents and the Bilateral Financial Services Agreements shall automatically become due and payable, in each case without any requirement that notice be given to the Borrower. Immediately upon the occurrence of an Event of Default specified in Section 10.1(h) or 10.1(i) or at the time stated in an Acceleration Notice, the Borrower shall pay to the Agent on behalf of the Lenders and the Creditcard Lenders all amounts owing or payable in respect of all Borrowings (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) and other indebtedness and liabilities hereunder and under the other Loan Documents and the Bilateral Financial Services Agreements, failing which all rights and remedies of the Agent and the Lenders under the Loan Documents and the Bilateral Financial Services Agreements shall thereupon become enforceable.

10.3 Demands for Repayment

- (a) **Lender Demands:** If the Agent, on behalf of the Required Lenders, delivers an Acceleration Notice, each Swap Lender may, within three Business Days, deliver (to the extent applicable to it) a Swap Demand for Repayment.
- (b) **Termination Event:** If a Termination Event has occurred and all the Lender Outstandings are not thereafter due and payable, each Lender and Swap Lender shall, within three Business Days, deliver such Demands for Repayment as may be necessary to ensure that all Lender Outstandings are thereafter due and payable under the Credit Agreements.
- (c) **Swap Demand:** If any Swap Lender proposes to deliver a Swap Demand for Repayment, such Lender shall notify the Agent of its determination, and the Agent, within a further five Business Days after receipt of the aforesaid notice, shall notify all Swap Lenders whether the Agent, on behalf of the Required Lenders, proposes to deliver an Acceleration Notice hereunder. If the Agent does not so advise the Swap Lenders within such five Business Day period it shall be deemed to have advised that the Required Lenders do not propose to deliver an Acceleration Notice. If the Agent does notify the Swap Lenders that the Required Lenders propose to deliver an Acceleration Notice, all Demands for Repayment shall be delivered concurrently by the Agent and

the Swap Lenders. If the Agent does notify the Swap Lenders that the Required Lenders do not propose, or the Agent is deemed to have advised that the Required Lenders do not propose, to deliver an Acceleration Notice, the Swap Lender which delivered the notice to the Agent may at any time within 30 Business Days thereafter deliver the Swap Demand for Repayment. If the Swap Lender delivering any such Demand for Repayment does not receive the amount so demanded on or prior to the time stated in such Swap Demand for Repayment, such Swap Lender shall so notify the Agent and the Agent and each other Lender and Swap Lender shall forthwith concurrently deliver such Demands for Repayment as may be necessary to ensure that all Lender Outstandings are thereafter due and payable under the Credit Documents.

- (d) **No Sharing:** Any amounts which are lawfully received by any Swap Lender under a Swap prior to the earlier of the delivery by the Agent of a Demand for Repayment or the occurrence of a Termination Event hereunder are not required to be shared pursuant to the provisions of Section 10.7.
- (e) **Lender Affiliates:** If a Lender Swap is entered into with an Affiliate of a Lender, that Lender shall cause such Affiliate to deliver all Swap Demands for Repayment as required by this Section 10.3 and such obligations shall survive such Lender (at any time after any such Lender Swap was entered into) ceasing to be a Lender hereunder.

10.4 Cash Collateral Accounts

Upon the occurrence of:

- (a) a Termination Event or delivery of an Acceleration Notice;
- (b) an event under Section 4.2 where the Borrower elects in accordance with Section 4.3 to make payment to a Cash Collateral Account of the required amount; or
- (c) an event under Section 3.5(g) requiring a payment of an amount to a Cash Collateral Account;

the Borrower shall forthwith pay to the Agent, for deposit into a Cash Collateral Account, an amount equal (in the case of (a) or (b) above) to the Lender's maximum potential liability under then outstanding Bankers' Acceptances, Letters of Credit and (unless the Borrower makes payment of the amount required pursuant to Section 11.6) Libor Loans or, in the case of (c) above, the amount required pursuant to Section 3.5(g) (collectively, the "**Escrow Funds**"). The Escrow Funds shall, in the case of (a) above, be held by the Agent for set-off against future indebtedness owing by the Borrower to the Lenders in respect of such Bankers' Acceptances, Letters of Credit and (unless the Borrower makes payment of the amount required pursuant to Section 11.6)) Libor Loans, or, in the case of (b) above, be applied as required by Section 4.3, or, in the case of (c) above, be applied as required by Section 3.5(g).

10.5 Remedies on Default

At any time when an Event of Default exists:

- (a) **Required Lenders Instructions:** if the Required Lenders do provide directions or instructions to the Agent, the Agent, on behalf of all Lenders and Swap Lenders, shall take such actions and commence such proceedings as the Required Lenders in their sole discretion may determine and may enforce or otherwise realize upon any Security, all without any obligation to marshal any Security Interests and without additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent such rights may be waived under Applicable Law). The rights and remedies of the Agent and the Lenders under the Loan Documents and Credit Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. If, from time to time, there are no Lenders other than Swap Lenders, the Required Lenders for the purposes of this Agreement shall be calculated by revising

paragraph (a) of the definition of Required Lenders to change the references to "Borrowings" to "Lender Outstandings" and deleting the words "under the Syndicated Facility, Supplemental Facility and Operating Facility"; and

- (b) **General Remedies:** the rights and remedies of the Agent and each Lender and Swap Lender under the Loan Documents and Credit Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. The Agent may, on behalf of all Lenders, Creditcard Lenders and Swap Lenders, and shall, if so required by the Required Lenders, to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:
- (i) **Specific Performance:** the specific performance of any covenant or agreement contained in the Loan Documents and Credit Documents;
 - (ii) **Injunction:** enjoining a violation of any of the terms of the Loan Documents and Credit Documents;
 - (iii) **Assistance:** aiding in the exercise of any power granted by the Loan Documents and Credit Documents or by law; or
 - (iv) **Judgment:** obtaining and recovering judgment for any and all amounts due in respect of the Borrowings or amounts otherwise due hereunder or under the Loan Documents and Credit Documents.

10.6 Right of Set-Off

If an Event of Default shall have occurred and be continuing, each Lender and each of its respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) 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 Borrower or any other Loan Party against any and all of the obligations of the Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or its respective Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower or such Loan Party may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Agent for further application in accordance with the provisions of Section 14.2 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Agent a statement describing in reasonable detail the Lender Outstandings owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and its Affiliates under this Section 10.6 are in addition to other rights and remedies (including other rights of setoff) that such Lender or its Affiliates may have. Each Lender agrees to notify the Borrower and the Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application. Notwithstanding the foregoing or the provisions of any Swap, the Lenders and Swap Lenders shall not effect or purport to effect any set-off of Swap Indebtedness that is not Permitted Swap Indebtedness against or on account of any Lender Outstandings owed to it.

10.7 Application and Sharing of Payments Following Acceleration

Except as otherwise agreed to by all the Lenders in their sole discretion, all monies and property received by the Lenders (in their capacity as Lenders and, if applicable, Swap Lenders or Creditcard

Lenders) for application in respect of the Lender Outstandings or any other Swap Indebtedness subsequent to the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Sections 10.1(h) or 10.1(i) (including monies received as a result of a realization upon the Security or the exercise of a right of set-off), shall be applied and distributed to the Lenders (in their capacity as Lenders and, if applicable, Swap Lenders and Creditcard Lenders) in the manner set forth below, each such application to be made in the following order with any balance remaining after application in respect of each category to be applied to the next succeeding category:

- (a) firstly, in or towards payment of any fees or expenses then due and payable to the Agent hereunder or under any other Loan Document or Credit Document;
- (b) secondly, *pro rata* among the Syndicated Lenders, [the Supplemental Lenders](#) and the Operating Lender in respect of amounts due and payable to such Lenders as and by way of recoverable expenses hereunder or under any of the Security;
- (c) thirdly, *pro rata* among the Syndicated Lenders, [the Supplemental Lenders](#) and the Operating Lender in respect of amounts due and payable to such Lenders by way of interest pursuant to Sections 5.1, 5.2 and 5.3, acceptance fees pursuant to Section 5.4, Letter of Credit fees pursuant to Section 5.5, Creditcard Facility or Cash Management Services fees pursuant to Section 5.6, interest on overdue amounts pursuant to Section 5.7 and standby fees pursuant to Section 5.12;
- (d) fourthly, *pro rata* among the Syndicated Lenders, [the Supplemental Lenders](#) and Operating Lender in respect of any other amount (other than Lender Outstandings) not hereinbefore referred to in this Section 10.7 which are then due and payable to any of them by the Borrower hereunder or under any other Loan Document or Credit Document to the extent that they constitute Permitted Swap Indebtedness;
- (e) fifthly, *pro rata* among the Syndicated Lenders, [the Supplemental Lenders](#), the Operating Lender, the Creditcard Lenders and the Swap Lenders in or towards repayment of the Lender Outstandings; and
- (f) sixthly, *pro rata* in or towards repayment to the Swap Lenders of all Swap Indebtedness in excess of the Permitted Swap Indebtedness.

To the extent that a Lender Swap is entered into by an Affiliate of a Lender, that Lender shall cause such Affiliate to comply with the provisions of this Section 10.7 and such obligation shall survive such Lender (at any time after any such Lender Swap was entered into) ceasing to be a Lender hereunder.

10.8 Adjustments

In the event that:

- (a) **Contingent Liabilities:** at the Adjustment Time, a portion of the Borrowings is outstanding as Letters of Credit and it is subsequently determined that the Operating Lender is not required to make payment under any one or more such instruments; or
- (b) **Notice Periods:** any of the Lenders are required by Applicable Law to continue to make advances or other amounts available to the Borrower subsequent to the Adjustment Time by reason of a requirement in Applicable Law to give the Borrower a reasonable period of notice prior to terminating such Lender's obligation to make such advances or other amounts available;

then, whenever and so often as that occurs:

- (c) **Sharing Adjustment:** the terms "Rateable" and "Rateably" shall, ipso facto, as at the Adjustment Time be redetermined by excluding from the determination of the amount of Lender Outstandings

any payments not required to be made as a result of the occurrence of an event described in Section 10.8(a) and by including in the determination of the amount of Lender Outstandings any amount required to be made available pursuant to Section 10.8(b); and

- (d) **Lender Outstandings:** Lender Outstandings shall be redetermined by excluding from the determination of the amount of Lender Outstandings any payments not required to be made as a result of the occurrence of an event described in Section 10.8(a) and by including in the determination of Lender Outstandings any amount required to be made available pursuant to Section 10.8(b);

and the Lenders shall thereupon make all such payments and adjustments as may be necessary to ensure amounts outstanding to the Lenders are thereafter outstanding in accordance with the provisions of Section 12.18.

10.9 Calculations as at the Adjustment Time

For the purposes of this Agreement, if:

- (a) **Swap Demand:** a Swap Demand for Repayment has been delivered; or
- (b) **Termination Event:** a Termination Event has occurred under any Credit Document evidencing a Swap;

then, for the purposes of calculations to be made at the Adjustment Time, any Termination Amount which is payable by any Loan Party under such Swap in settlement of obligations arising thereunder as a result of the early termination of the Swap shall be deemed to have become payable at the time of delivery of such Swap Demand for Repayment or the time of occurrence of such Termination Event as the case may be, notwithstanding that the amount payable by any Loan Party is to be subsequently calculated and notice thereof given to such Loan Party in accordance with such Swap. For the purposes of the foregoing, the Agent shall make all determinations of the applicable Termination Amounts in accordance with its usual practices, acting reasonably, and for such purposes each Lender shall provide details to the Agent of its own calculations of the applicable Termination Amounts.

10.10 Agent May Perform Covenants

If any Loan Party shall fail to perform any of its obligations under any covenant contained in any of the Loan Documents or the Material Contracts within the time permitted for the performance of any such covenant or for the cure of any default thereof, the Agent may, on behalf of the Lenders and with the approval of the Required Lenders and with prior notice to the Borrower, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, it may make such payment or expenditure with its own funds on behalf of the Lenders. If the Agent elects, in its sole discretion, to effect such observance or performance, neither the Agent nor any Lender shall be liable for any failure or deficiency in effecting such observance or performance, nor for the payment of any bills, invoices or accounts incurred or rendered in connection therewith, except to the extent the Agent or such Lender is grossly negligent or acts with wilful misconduct. All amounts so paid by any Lender or the Agent hereunder shall be repaid by the Borrower on demand therefor, and shall bear interest at the rate set forth in Section 5.7 from and including the date paid by the Agent hereunder to but excluding the date such amounts are repaid in full by the Borrower and shall be secured by the Security.

10.11 Waiver of Default

Any single or partial exercise by any Lender or Swap Lender, the Agent or by the Agent on behalf of any Lender or Swap Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in the Loan Documents or Credit Documents shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy to which the Agent or such Lender or

Swap Lender may be lawfully entitled for the same default or breach, and any waiver by any Lender or Swap Lender, the Agent or by the Agent on behalf of any Lender or Swap Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement contained in the Loan Documents or Credit Documents, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. To the extent permitted by Applicable Law, the Borrower hereby waives any rights now or hereafter conferred by statute or otherwise which are inconsistent with the Agent's or a Lender's or Swap Lender's rights or remedies under the Loan Documents and Credit Documents.

ARTICLE 11 INCREASED COST/TAXES/ILLEGALITY

11.1 Increased Cost

(a) **Increased Costs Generally.** If any Change in Law shall:

- (i) 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;
- (ii) subject any Lender to any tax of any kind whatsoever with respect to this Agreement, or any Accommodation made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 11.2 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender); or
- (iii) impose on any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or any Accommodation made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Accommodation or of maintaining its obligation to make any such Accommodation, 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, as the case may be, such additional amount or amounts as will compensate such Lender, as the case may be, for such additional costs incurred or reduction suffered.

- (b) **Capital Requirements.** If any Lender 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 Commitments of such Lender or the Accommodations made by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's 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 such Lender's holding company for any such reduction suffered.
- (c) **Certificates for Reimbursement.** 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 paragraph (a) or (b) of this Section and delivered to the Borrower (and accompanied by a photocopy of the relevant law, rule, guideline, regulation, treaty or official directive), shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

- (d) **Delay in Requests.** Failure or delay on the part of any Lender to demand compensation pursuant to this Section 11.1 shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section 11.1 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 (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

11.2 Taxes.

- (a) **Payments Free of Taxes.** Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes, provided that if the Borrower shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 11.2) the Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.
- (b) **Payment of Other Taxes by the Borrower.** Without limiting the provisions of paragraph (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.
- (c) **Indemnification by the Borrower.** The Borrower shall indemnify the Agent and each Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.
- (d) **Evidence of Payments.** As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.
- (e) **Status of Lenders.** Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower 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 the Borrower or the Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

- (f) **FATCA.** If a payment made by the Borrower to a Lender under any Loan Document would be subject to US federal withholding Tax imposed under FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of Code, as applicable), such Lender shall deliver to the Borrower and the Agent at the time or times prescribed by law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by applicable law and such additional documentation reasonably requested by the Borrower and the Agent as may be necessary for the Borrower or the Agent to comply with their obligations under FATCA and to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (f), "FATCA" shall include any amendments made to FATCA after the date of this Agreement
- (g) **Treatment of Certain Refunds.** If the Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 11.2, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 11.2 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Agent or such Lender, agrees to repay the amount paid over to the Borrower (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. This paragraph shall not be construed to require the Agent or any Lender or to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

11.3 Mitigation Obligations, Replacement of Lenders.

- (a) **Designation of a Different Lending Office.** If any Lender requests compensation under Section 11.1 or requires the Borrower to pay additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 11.2, or if any Lender's obligations are suspended pursuant to Section 11.3, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking Borrowings hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 11.1 or 11.2, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.
- (b) **Replacement of Lenders.** If any Lender requests compensation under Section 11.1 or if the Borrower is required to pay additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 11.2 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 11.3(a), or if any Lender is a Defaulting Lender or a Non-Consenting Lender, or if any Lender requires the Borrowing Base to be determined at a level which is lower than the level otherwise acceptable to all Lenders, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 13.1), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

- (i) the Borrower shall have paid to the Agent the assignment fee (if any) specified in Section 13.1(b)(iv) on behalf of such Lender;
- (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Accommodations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any breakage costs and amounts required to be paid under this Agreement as a result of prepayment to a Lender) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);
- (iii) in the case of any such assignment resulting from a claim for compensation under Section 11.1 or payments required to be made pursuant to Section 11.2, such assignment will result in a reduction in such compensation or payments thereafter;
- (iv) such assignment does not conflict with Applicable Law; and
- (v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

11.4 Illegality

If the introduction of or any change in Applicable Law, regulation, treaty, official directive or regulatory requirement now or hereafter in effect (whether or not having the force of law) or any change in the interpretation or application thereof by any court or by any judicial or governmental authority charged with the interpretation or administration thereof, makes it unlawful or prohibited for a Lender (in its sole opinion acting reasonably and in good faith) to make, fund or maintain the Borrowings or a portion of the Borrowings or to perform its obligations under this Agreement, such Lender may by written notice to the Borrower through the Agent terminate its obligations under this Agreement to make such Borrowings or perform such obligations and the Borrower shall either (a) prepay such Borrowings within 15 Business Days together with all accrued but unpaid interest and fees as may be applicable to the date of payment, or (b) convert by notice to the Agent or the Operating Lender, as applicable, such Borrowings forthwith into another basis of Borrowing available under this Agreement.

11.5 Substitute Basis of Borrowing

- (a) **Libor Loans:** Notwithstanding anything to the contrary herein contained, if at any time subsequent to the giving of a Borrowing Notice, a Conversion Notice or a Rollover Notice to the Agent by the Borrower with regard to any requested Libor Loan:
 - (i) the Agent (acting reasonably) determines that by reason of circumstances affecting the London interbank market, adequate and fair means do not exist for ascertaining the rate of interest with respect to, or deposits are not available in sufficient amounts in the ordinary course of business at the rate determined hereunder to fund, a requested Libor Loan during the ensuing Libor Interest Period selected;
 - (ii) the Agent (acting reasonably) determines that the making or continuing of the requested Libor Loan by the Syndicated Lenders has been made impracticable by the occurrence of an event which materially adversely affects the London interbank market generally; or

- (iii) the Agent is advised by Lenders, acting reasonably, holding at least 25% of the Total Syndicated Facility Commitment by written notice (each, a "**Lender Libor Suspension Notice**"), such notice to be received by the Agent no later than 12:00 noon (Calgary time) on the third Business Day prior to the date of the requested Drawdown, Rollover or Conversion, as the case may be, that such Lenders have determined (acting reasonably) that Libor will not or does not represent the effective cost to such Lenders of U.S. Dollar deposits in the London interbank market for the relevant Libor Interest Period,

then the Agent shall give notice thereof to the Lenders and the Borrower as soon as possible after such determination or receipt of such Lender Libor Suspension Notice, as the case may be, and the Borrower shall, within one Business Day after receipt of such notice and in replacement of the Borrowing Notice, Conversion Notice or Rollover Notice, as the case may be, previously given by the Borrower, give the Agent a Borrowing Notice or a Conversion Notice, as the case may be, which specifies the Drawdown of any other Accommodation or the Conversion of the relevant Libor Loan on the last day of the applicable Libor Interest Period into any other Accommodation which would not be affected by the notice from the Agent pursuant to this Section 11.5.

In the event the Borrower fails to give, if applicable, a valid replacement Conversion Notice or Rollover Notice with respect to the maturing Libor Loans which were the subject of a Conversion Notice or Rollover Notice, such maturing Libor Loans shall be converted on the last day of the applicable Libor Interest Period into U.S. Base Rate Loans as if a valid replacement Conversion Notice had been given to the Agent by the Borrower pursuant to the provisions hereof. In the event the Borrower fails to give, if applicable, a valid replacement Borrowing Notice with respect to a Drawdown originally requested by way of a Libor Loan, then the Borrower shall be deemed to have requested a Drawdown by way of a U.S. Base Rate Loan in the amount specified in the original Borrowing Notice and, on the originally requested Drawdown Date, the Lenders (subject to the other provisions hereof) shall make available the requested amount by way of a U.S. Base Rate Loan.

(b) **Bankers' Acceptances:** If:

- (i) the Agent (acting reasonably) makes a determination, which determination shall be conclusive and binding upon the Borrower, and notifies the Borrower, that there no longer exists an active market for bankers' acceptances accepted by the Syndicated Lenders or the Supplemental Lenders; or
- (ii) the Agent is advised by Lenders holding at least 25% of the Total Syndicated Facility Commitment or the Total Supplemental Facility by written notice (each, a "**Lender BA Suspension Notice**") that such Lenders have determined (acting reasonably) that the Discount Rate will not or does not accurately reflect the cost of funds of such Lenders or the discount rate which would be applicable to a sale of Bankers' Acceptances accepted by such Lenders in the market;

then:

- (iii) the right of the Borrower to request Bankers' Acceptances or BA Equivalent Advances from any Lender shall be suspended until the Agent determines that the circumstances causing such suspension no longer exist, and so notifies the Borrower and the Lenders;
- (iv) any outstanding Borrowing Notice requesting an Accommodation by way of Bankers' Acceptances or BA Equivalent Advances shall be deemed to be a Borrowing Notice requesting a Prime Loan in the amount specified in the original Borrowing Notice;

- (v) any outstanding Conversion Notice requesting a Conversion of a U.S. Base Rate Loan or Libor Loan into a Bankers' Acceptance or BA Equivalent Advance shall be deemed to be a Conversion Notice requesting a Conversion of such Loan into a Prime Loan; and
- (vi) any outstanding Rollover Notice requesting a Rollover of a Bankers' Acceptance or BA Equivalent Advance shall be deemed to be a Conversion Notice requesting a Conversion of such Bankers' Acceptances into a Prime Loan.

The Agent shall promptly notify the Borrower and the Lenders of any suspension of the Borrower's right to request Bankers' Acceptances or BA Equivalent Advances and of any termination of any such suspension. A Lender BA Suspension Notice shall be effective upon receipt of the same by the Agent if received prior to 12:00 noon (Calgary time) on a Business Day and if not, then on the next following Business Day, except in connection with a Borrowing Notice, Conversion Notice or Rollover Notice previously received by the Agent, in which case the applicable Lender BA Suspension Notice shall only be effective with respect to such previously received Borrowing Notice, Conversion Notice or Rollover Notice if received by the Agent prior to 12:00 p.m. (Calgary time) two Business Days prior to the proposed Drawdown Date, Conversion Date or Rollover Date (as applicable) applicable to such previously received Borrowing Notice, Conversion Notice or Rollover Notice, as applicable.

11.6 Funding Indemnity

If, for any reason whatsoever and whether or not required or permitted pursuant to the provisions of this Agreement, the Borrower repays, prepays, converts or cancels a Libor Loan other than on the last day of a Libor Interest Period applicable to such Libor Loan, or fails for any reason to borrow, convert, rollover or otherwise act in accordance with a notice given hereunder pursuant to Schedule "B" or Schedule "C", the Borrower shall indemnify the Applicable Lender for any loss or expense incurred by such Lender as a direct result thereof including any loss of profit or expenses such Lender incurs by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to maintain the Libor Loan or other Borrowing or any increased interest or other charges payable to lenders of funds borrowed in order to maintain such Libor Loan or other Borrowing together with any other out-of-pocket charges, costs or expenses incurred by such Lender relative thereto. A certificate of such Lender (acting reasonably and prepared in good faith) submitted by such Lender setting out the basis for the determination of the amount necessary to indemnify such Lender shall be *prima facie* evidence thereof.

ARTICLE 12 THE ADMINISTRATIVE AGENT AND THE LENDERS

12.1 Appointment and Authority

Each of the Lenders and the Swap Lenders hereby irrevocably appoints ATB to act on its behalf as the Agent hereunder and under the other Loan 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 Agent, the Lenders and the Swap Lenders, and the Borrower shall not have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "Agent" herein or in any other Loan Documents (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

12.2 Rights as a Lender

The 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 the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Agent hereunder and without any duty to account therefor to the Lenders.

12.3 Exculpatory Provisions

- (a) The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Agent:
 - (i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;
 - (ii) 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 Loan Documents that the Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and
 - (iii) shall not, except as expressly set forth herein and in the other Loan 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 the Agent or any of its Affiliates in any capacity.
- (b) The Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment. The Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Agent in writing by the Borrower or a Lender.
- (c) The Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) 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, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 8 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent.

12.4 Reliance by 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 website 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 of an Accommodation 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 the making of such Accommodation. 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.

12.5 Delegation of Duties

The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-Agents appointed by the Agent. The Agent and any such sub-Agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-Agent and to the Related Parties of the Agent and any such sub-Agent, and shall apply to their respective activities in connection with the syndication of the Facilities as well as activities as Agent.

12.6 Resignation of Agent

- (a) The Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in Calgary, Alberta or Toronto, Ontario, or an Affiliate of any such bank with an office in Calgary, Alberta or Toronto, Ontario. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "**Resignation Effective Date**"), then the retiring Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.
- (b) If the Person serving as Agent is a Defaulting Lender pursuant to clause (c) of the definition thereof, the Required Lenders may, to the extent permitted by Applicable Law, by notice in writing to the Borrower and such Person remove such Person as Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "**Removal Effective Date**"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.
- (c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Agent on behalf of the Lenders under any of the Loan Documents, the retiring or removed Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (2) 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, if any, as the Required Lenders appoint a successor Agent as provided for above. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Agent, and the retiring or removed Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Agent's resignation or removal hereunder and

under the other Loan Documents, the provisions of this Article and Section 14.3 shall continue in effect for the benefit of such retiring or removed 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 retiring or removed Agent was acting as Agent.

12.7 Non-Reliance on Agent and Other Lenders

Each Lender and Swap Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender or Swap 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 and Swap Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender or Swap 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 Loan Document or any related agreement or any document furnished hereunder or thereunder.

12.8 No Other Duties, etc

Anything herein to the contrary notwithstanding, none of the Bookrunners or Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents except in its capacity, as applicable, as the Agent, a Lender or a Swap Lender hereunder.

12.9 Agent May File Proofs of Claim

In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Agent (irrespective of whether the principal of any Accommodation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

- (a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Letters of Credit and all other Lender Outstandings that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Agent and their respective counsel and all other amounts due to the Lenders and the Agent under Article 5 and Section 14.3 allowed in such judicial proceeding; and
- (b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and each Swap Lender to make such payments to the Agent and, in the event that the Agent shall consent to the making of such payments directly to the Lenders and the Swap Lenders, to pay to the Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agent and its Agents and counsel, and any other amounts due the Agent under Article 5 and Section 14.3.

12.10 Collateral and Guarantee Matters

- (a) In addition to the authority granted to the Agent in Section 6.11, the Lenders and the Swap Lenders irrevocably authorize the Agent, at its option and in its discretion,

- (i) to release any Security Interest on any property granted to or held by the Agent under the Loan Documents if unanimously approved, authorized or ratified in writing by the Lenders; and
- (ii) to release any Subsidiary of the Borrower that has provided a Subsidiary Guarantee from its obligations under such Subsidiary Guarantee if such Person ceases to be a Borrowing Base Subsidiary.

Upon request by the Agent at any time, the Lenders will confirm in writing the Agent's authority to release its interest in particular types or items of property, or to release any Guarantor from its obligations under its Subsidiary Guarantee pursuant to this Section 12.10.

- (b) The Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Agent's Security Interest over such Collateral, or any certificate prepared by any Loan Party in connection therewith, nor shall the Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

12.11 Rights and Obligations of Each Lender and Swap Lender

The rights and obligations of each Lender and Swap Lender under this Agreement are several, and no Lender shall be obligated to make Borrowings available to the Borrower in excess of the amount of such Lender's Commitment. The failure of a Lender or Swap Lender to perform its obligations under this Agreement shall neither:

- (a) result in any other Lender or Swap Lender incurring any liability whatsoever, provided that a Lender shall remain liable at all times for the performance of the obligations of its Affiliate that is a Swap Lender; nor
- (b) relieve any Loan Party or any other Lender or Swap Lender from its respective obligations under any Loan Document.

Nothing contained herein or in any other Loan Document or Credit Document nor any action taken pursuant hereto or thereto shall be deemed to constitute the Lenders or Swap Lenders a partnership, joint venture or any other similar entity.

Each of the Lenders and Swap Lenders hereby acknowledge that, to the extent permitted by Applicable Law, the remedies provided hereunder to the Lenders and Swap Lenders are for their benefit collectively and acting together and not severally, and further acknowledge that its rights hereunder are to be exercised not severally but collectively by the Agent upon the decision of the Required Lenders regardless of whether an Acceleration Notice has been delivered or an Event of Default under Sections 10.1(h) or 10.1(i) has occurred. Notwithstanding any of the provisions contained herein each of the Lenders and Swap Lenders hereby covenants and agrees that it shall not be entitled to individually take any action with respect to the Loan Documents including taking (including in respect of its Commitment or any indebtedness or liability owed to it) any action contemplated in Sections 10.2 and 10.5, but that any such action shall be taken only by the Agent with the prior written agreement or instructions of the Required Lenders; provided that notwithstanding the foregoing, if the Agent, having been adequately indemnified against costs and expenses of doing so by the Lenders, shall fail to carry out any such instructions of the Required Lenders, any Lender may do so on behalf of all Lenders and Swap Lenders and shall, in so doing, be entitled to the benefit of all protection give the Agent hereunder or elsewhere.

12.12 Notice to Lenders and Swap Lenders

Unless otherwise specifically dealt with in this Agreement, in the event the Agent delivers a written notice to a Lender or a Swap Lender requesting advice from such Lender or Swap Lender as to whether it

consents or objects to any matter in connection with the Loan Documents, then, except as otherwise expressly provided herein, if such Lender or Swap Lender does not deliver to the Agent its written consent or objection to such matter:

- (a) where a time period is specified hereunder for the Agent or the Required Lenders to provide any response, notice or other communication prior to the end of such period; or
- (b) where no such time period is specified hereunder, then within 15 Business Days of the delivery of such written notice by the Agent to such Lender or Swap Lender;

such Lender or Swap Lender shall be deemed not to have consented thereto.

12.13 Notices between the Lenders or Swap Lenders, the Agent and the Borrower

All notices by the Lenders or Swap Lenders to the Agent shall be through the Agent's Branch of Account and all notices by the Agent to a Lender or Swap Lender shall be through such Lender's or Swap Lender's Branch of Account. All notices or communications between the Borrower and the Lenders or Swap Lenders which are required or contemplated pursuant to the Loan Documents shall be given or made through the Agent at the Agent's Branch of Account.

12.14 Agent's Duty to Deliver Documents Obtained from the Borrower

The Agent shall promptly, and in any event within five Business Days, deliver to each Lender, at its Branch of Account in hard copy or electronic form, such documents, papers, materials and other information as are furnished by the Borrower to the Agent on behalf of such Lender pursuant to this Agreement, and the Borrower shall provide the Agent with sufficient copies of all such information for such purpose.

12.15 Arrangements for Borrowings

The Agent shall promptly give written notice to each ~~Syndicated~~ Lender at its Branch of Account upon receipt by the Agent of any notice given pursuant to Article 3 or Section 4.3. The Agent shall advise each ~~Syndicated~~ Lender of the amount, date and details of each Syndicated Borrowing or Supplemental Borrowing, as applicable, and of such ~~Syndicated~~ Lender's share, as applicable, in each Syndicated Borrowing or Supplemental Borrowing, as applicable. At or before 11:00 a.m. (Calgary time) on each Drawdown Date, Conversion Date or Rollover Date:

- (a) **Loans:** each ~~Syndicated~~ Lender will make available to the Borrower its share of Syndicated Borrowings or Supplemental Borrowings, as applicable, by way of Loans by forwarding to the Agent the amount of Loans required to be made available by such Lender; and
- (b) **Bankers' Acceptances:** each ~~Syndicated~~ Lender will make available to the Borrower its share of Syndicated Borrowings or Supplemental Borrowings, as applicable, by way of Bankers' Acceptances by forwarding to the Agent the amount of the Discount Proceeds in respect of such Bankers' Acceptances (less the amount of applicable BA Acceptance Fees payable by the Borrower to such Lender pursuant to Section 5.4).

12.16 Arrangements for Repayment of Borrowings

- (a) **Prior to Demand or Acceleration:** Prior to the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 10.1(h) or 10.1(i), upon receipt by the Agent of payments from the Borrower on account of principal, interest, fees or any other payment made to the Agent on behalf of the ~~Syndicated~~ Lenders, the Agent shall pay over to each ~~Syndicated~~ Lender at its Branch of Account the amount to which it is entitled under this Agreement and shall use its best efforts to make such payment to such ~~Syndicated~~ Lender on the same Business Day

on which such payment is received by the Agent. If the Agent does not remit any such payment to a Lender on the same Business Day as such payment is received by the Agent, the Agent shall pay interest thereon to such Lender until the date of payment at a rate determined by the Agent (such rate to be conclusive and binding on such Lender) in accordance with the Agent's usual banking practice in respect of deposits of amounts comparable to the amount of such payment which are received by the Agent at a time similar to the time at which such payment is received by the Agent.

- (b) **Subsequent to Acceleration:** Following delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 10.1(h) or 10.1(i), the Lenders and Swap Lenders shall share any payments subsequently received in accordance with Section 10.7.

12.17 Repayments by Lenders to Agent

- (a) **Payments by Borrower; Presumptions by Agent:** Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the ~~Syndicated~~ Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the ~~Syndicated~~ Lenders severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the rate determined by the Agent (such rate to be conclusive and binding on such Lender) in accordance with banking industry rules on interbank compensation.
- (b) **Funding by Lenders; Presumption by Agent:** Unless the Agent shall have received notice from a ~~Syndicated~~ Lender prior to a Drawdown Date, Conversion Date or Rollover Date that such Lender will not make available to the Agent the amount required to be made available to such Lender pursuant to this Agreement on such Drawdown Date, Conversion Date or Rollover Date, the Agent may assume that such Lender has made such share available on such date in accordance with the provisions of this Agreement concerning funding and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a ~~Syndicated~~ Lender has not in fact made its share of the applicable advance available to the Agent, then the applicable Lender and the Borrower severally agree to pay to the Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Agent, at (i) in the case of a payment to be made by such Lender, at the rate determined by the Agent (such rate to be conclusive and binding on such Lender) in accordance with banking industry rules on interbank compensation, and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to the applicable Accommodation. If the Borrower and such Lender shall pay such interest to the Agent for the same or an overlapping period, the Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable advance to the Agent, then the amount so paid shall constitute such Lender's Accommodation included in such advance. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a ~~Syndicated~~ Lender that shall have failed to make such payment to the Agent.

12.18 Adjustments Among Lenders

- (a) **Adjustments to Outstanding Borrowings.** If any ~~Syndicated~~ Lender shall, subsequent to the Adjustment Time, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Syndicated Borrowings or Supplemental Borrowings resulting in such Lender receiving payment of a proportion of the aggregate amount of the Syndicated Borrowings or Supplemental Borrowings and accrued interest thereon greater than

its Applicable Percentage thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Agent of such fact, and (b) purchase (for cash at face value) portions of the Syndicated Borrowings or Supplemental Borrowings of the other ~~Syndicated~~applicable Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the ~~Syndicated~~applicable Lenders rateably in accordance with the aggregate amount of principal of and accrued interest on their respective Syndicated Borrowings, or Supplemental Borrowings, as applicable, provided that:

- (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and
 - (ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Borrowings to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).
- (b) **Application of Payments:** The Lenders and Swap Lenders agree that, after the Adjustment Time, the amount of any repayment made by the Borrower under, and the amount of any proceeds from the exercise of any rights or remedies of the Agent, the Lenders and Swap Lenders under the Loan Documents, the Bilateral Financial Services Agreements or any Permitted Swaps will, subject to Section 10.7, be applied in a manner so that to the extent possible the amount of Lender Outstandings of each Lender and Swap Lender which remain outstanding after giving effect to such application will be in the same proportion as its Applicable Percentage of the aggregate Lender Outstandings of all Lenders and Swap Lenders and, after repayment of all Syndicated Borrowings, Supplemental Borrowings, Operating Borrowings, and Permitted Swap Indebtedness, will be applied on account of any remaining Swap Indebtedness.
- (c) **Receipt of Payments other than Borrowings:** Notwithstanding anything contained in this Section 12.18, there shall not be taken into account for the purposes of computing any amount payable to a Lender or Swap Lender pursuant to this Section 12.18, any amount which such Lender or Swap Lender receives as a result of any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any monies owing by a Loan Party to such Lender or Swap Lender other than on account of Syndicated Borrowings, Supplemental Borrowings, Operating Borrowings or Swap Indebtedness; provided that, if at any time a Lender or Swap Lender receives any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of monies owing or payable to it by a Loan Party in respect of liabilities of a Loan Party under Syndicated Borrowings, Supplemental Borrowings, Operating Borrowings or Swap Indebtedness, such payments will be applied in accordance with Section 10.7; provided further that the provisions of this Section 12.18(c) shall not apply to:
- (i) a Swap Lender which sets off amounts owing by a Loan Party to such Swap Lender under a Permitted Swap against amounts owing by such Swap Lender (including, for clarity, its Affiliates) to a Loan Party under any Permitted Swap entered into between such parties; or
 - (ii) a Swap Lender which sets off amounts owing by a Loan Party to such Swap Lender under a Lender Swap (other than a Permitted Swap) against amounts owing by such Swap Lender (including, for clarity, its Affiliates) to a Loan Party under any Lender Swap (other than a Permitted Swap) entered into between such parties.

To the extent that a Lender Swap is entered into by an Affiliate of a Lender, that Lender shall cause such Affiliate to comply with the provisions of this Section 12.18, and such obligation shall survive such Lender (at any time after any such Lender Swap was entered into) ceasing to be a Lender hereunder.

- (d) **Borrower Consent:** The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender or Swap Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender or Swap Lender were a direct creditor of the Borrower in the amount of such participation. The Borrower agrees, at the request of the Lender, to do all things necessary or appropriate to give effect to any and all purchases and other adjustments made by and between the Lenders and Swap Lenders pursuant to this Section 12.18 but shall incur no increased indebtedness, in aggregate, by reason thereof.
- (e) **Adjustments after Acceleration.** After all Borrowings and all other obligations and indebtedness of the Borrower under the Loan Documents and Bilateral Financial Services Agreements are declared by the Agent to be due and payable pursuant to Section 10.2, (i) each Lender agrees that it will at any time or from time to time thereafter at the request of the Agent as required by any Lender, purchase at par on a non-recourse basis a participation in Borrowings owing to each of the other Lenders and make any other adjustments as are necessary or appropriate, in order that Borrowings owing to each of the Lenders, as adjusted pursuant to this Section 12.18(e), will be in the same proportion as each Lender's Commitment was to the Total Commitment immediately prior to the Event of Default resulting in such declaration, and (ii) the amount of any repayment made by or on behalf of the Loan Parties under the Loan Documents or any proceeds received by the Agent or the Lenders pursuant to Section 10.7(e) will be applied by the Agent in a manner such that to the extent possible the amount of Borrowings owing to each Lender after giving effect to such application will be in the same proportion as each Lender's Commitment was to the Total Commitment immediately prior to the Event of Default resulting in such declaration.

12.19 Lenders' Consents to Waivers, Amendments, etc.

- (a) **Unanimous Consent of Lenders:** Any waiver of or any amendment to a provision of the Loan Documents which relates to:
- (i) a change in the types of Accommodations or interest periods relating thereto;
 - (ii) a decrease in interest rates, standby fees, the Applicable Margin or the Standby Fee Rate;
 - (iii) a change in notice periods or the amount of any payments payable by the Borrower to any Lender under this Agreement, including any waiver of the time of payment thereof, or a change to the required allocation of payments under Section 10.7;
 - (iv) an increase in the Commitment of any Lender, or in the Total Commitment, other than as provided for herein;
 - (v) an increase to the Borrowing Base;
 - (vi) a change in the definition of "Borrowing Base", "CDOR Rate", "Discount Rate" or "Required Lenders";
 - (vii) the postponement of the Maturity Date, Term Out Date or Term Period of a Lender, other than as provided for herein;
 - (viii) Section 9.2(p) or this Section 12.19;

- (ix) an Event of Default under Section 10.1(a), 10.1(b) or 10.1(p);
- (x) any release, subordination or modification of the Security, except as provided by Section 6.11, and except for modifications which are mechanical and administrative in nature; or
- (xi) any matter which, pursuant to the Loan Documents, specifically requires the consent or agreement of all of the Lenders, rather than the consent or agreement of "the Lenders" or the "Required Lenders" or "the Agent";

shall bind the ~~Syndicated~~ Lenders and the Swap Lenders only if such waiver or amendment is agreed to in writing by all of the ~~Syndicated~~ Lenders.

- (b) **Majority Consent:** Subject to Section 12.19(a) and except as otherwise provided in the Loan Documents, any waiver, consent to or any amendment to any provision of the Loan Documents and any action, consent or other determination in connection with the Loan Documents shall bind all of the Syndicated Lenders, Supplemental Lenders, Swap Lenders and the Operating Lender if such waiver, amendment, action, consent or other determination is agreed to in writing by the Required Lenders.
- (c) **Agent's Consent:** Any waiver, consent to or any amendment to any provision of the Loan Documents which relates to the rights or obligations of the Agent shall require the agreement of the Agent thereto.
- (d) **Operating Lender's Consent:** Any waiver, consent to or any amendment to any provision of the Loan Documents which relates to the rights or obligations of the Operating Lender shall only require the agreement of the Operating Lender thereto.

12.20 Reimbursement of Agent's Expenses or Lender's Costs

Each Lender agrees that it will indemnify the Agent for its Applicable Percentage of the Total Syndicated Facility Commitment and the Total Supplemental Facility Commitment of any and all costs, expenses and disbursements (including those costs and expenses referred to in Section 14.3) which may be incurred or made by the Agent in good faith in connection with the Loan Documents, and agrees that it will, on written demand detailing such costs, expenses and disbursements, reimburse the Agent for any such costs, expenses or disbursements for which the Agent is not promptly reimbursed at any time by the Borrower. The Agent may refrain from exercising any right, power or discretion or taking any action to protect or enforce the rights of any Lender under the Loan Documents until it has been so reimbursed.

Each Swap Lender that is not a Lender agrees that it will indemnify the Agent for any and all costs, expenses and disbursements which may be incurred or made by the Agent in good faith in connection with the enforcement of the Loan Documents or Security on behalf of such Swap Lender and agrees that it will, on written demand detailing such costs, expenses and disbursements, reimburse the Agent for any such costs, expenses or disbursements for which the Agent is not properly reimbursed at any time by the Borrower. The Agent may refrain from exercising any right, power or discretion or taking any action to protect or enforce the rights of any such Swap Lender under the Loan Documents or Security until it has been so reimbursed.

12.21 Indemnity of Agent

Each Lender hereby agrees to indemnify the Agent (to the extent not reimbursed by the Borrower) as to its Applicable Percentage of the Total Syndicated Facility Commitment and the Total Supplemental Facility Commitment from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by the Agent under or in respect of the Loan Documents;

provided that the Lenders shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its Applicable Percentage of the Total Syndicated Facility Commitment and Total Supplemental Facility Commitment of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preservation of any rights of the Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under, the Loan Documents, but only to the extent that the Agent is not reimbursed for such expenses by the Borrower.

12.22 Sharing of Information

Subject to Section 13.4, the Borrower authorizes the Agent and each Lender and Swap Lender to share among each other, with any of their Affiliates, and with any successor, assignee, or any potential assignee, any information possessed by it regarding a Loan Party or the Loan Documents.

12.23 Amendment to this Article 12

Save and except for the provisions of Sections 12.6 and 12.21, the provisions of this Article 12 may be amended or added to, from time to time, without the agreement of the Borrower provided such amendment or addition does not adversely affect the rights of the Borrower hereunder or increase, in the aggregate, the liabilities of the Borrower hereunder. A copy of the instrument evidencing such amendment or addition shall be forwarded by the Agent to the Borrower as soon as practicable following the execution thereof; provided that after an Event of Default a failure to do so by the Agent shall not render it liable in damages to the Borrower.

12.24 The Agent and Defaulting Lenders

- (a) Each Defaulting Lender shall be required to provide to the Agent cash in an amount, as shall be determined from time to time by the Agent, in its discretion, equal to all obligations of such Defaulting Lender to the Agent that are owing or may become owing pursuant to this Agreement, including such Defaulting Lender's obligation to pay its Lender's Proportion of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrower. Such cash shall be held by the Agent in one or more cash collateral accounts, which accounts shall be in the name of the Agent and shall not be required to be interest bearing. The Agent shall be entitled to apply the foregoing cash in accordance with Section 12.21, in the case of amounts owing to the Agent.
- (b) In addition to the indemnity and reimbursement obligations noted in Section 12.21, the Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower and without limiting the obligations of the Borrower hereunder) rateably according to their respective Lender's Proportions (and in calculating the Lender's Proportion of a Lender, ignoring the Commitments of Defaulting Lenders) any amount that a Defaulting Lender fails to pay the Agent and which is due and owing to the Agent pursuant to Section 12.21. Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender and which would otherwise be payable by the Defaulting Lender.
- (c) The Agent shall be entitled to set off any Defaulting Lender's Proportion of all payments received from the Borrower against such Defaulting Lender's obligations to make payments and fund Accommodations required to be made by it and to purchase participations required to be purchased by it in each case under this Agreement and the other Loan Documents. To the extent permitted by law, the Agent shall be entitled to withhold and deposit in one or more non-interest bearing cash collateral accounts in the name of the Agent all amounts (whether principal, interest, fees or otherwise) received by the Agent and due to a Defaulting Lender pursuant to this

Agreement, for so long as such Lender is a Defaulting Lender, which amounts shall be used by the Agent:

- (i) first, to reimburse the Agent for any amounts owing to it, in its capacity as Agent, by such Defaulting Lender pursuant to any Loan Document;
 - (ii) second, to repay on a *pro rata* basis the incremental portion of any Accommodations made by a Lender pursuant to Section 14.2 in order to fund a shortfall created by a Defaulting Lender and, upon receipt of such repayment, each such Lender shall be deemed to have assigned to the Defaulting Lender such incremental portion of such Accommodations;
 - (iii) third, to cash collateralize all other obligations of such Defaulting Lender to the Agent owing pursuant to this Agreement in such amount as shall be determined from time to time by the Agent in its discretion, including such Defaulting Lender's obligation to pay its Lender's Proportion of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrower; and
 - (iv) fourth, to fund from time to time the Defaulting Lender's Proportion of Lender Outstandings.
- (d) For greater certainty and in addition to the foregoing, neither the Agent nor any of its Affiliates nor any of their respective shareholders, officers, directors, employees, agents or representatives shall be liable to any Lender (including a Defaulting Lender) for any action taken or omitted to be taken by it in connection with amounts payable by the Borrower to a Defaulting Lender and received and deposited by the Agent in a cash collateral account and applied in accordance with the provisions of this Agreement, save and except for the gross negligence or wilful misconduct of the Agent as determined by a final non-appealable judgement of a court of competent jurisdiction.

ARTICLE 13 SUCCESSORS AND ASSIGNS, JUDGMENT CURRENCY AND CONFIDENTIAL INFORMATION

13.1 Successors and Assigns

- (a) **Successors and Assigns Generally.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with Section 13.1(b), (ii) by way of participation in accordance with Section 13.1(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 13.1(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 13.1(d) and, to the extent expressly contemplated hereby, the Related Parties of each of the Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.
- (b) **Assignments by Lenders.** Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment and the Borrowings at the time owing to it); provided that (in each case with respect to any Facility) any such assignment shall be subject to the following conditions:

(i) **Minimum Amounts.**

- (A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Borrowings at the time owing to it (in each case with respect to any Facility) or contemporaneous assignments to related Approved Funds that equal at least the amount specified in paragraph (b)(i)(B) of this Section 13.1 in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and
- (B) in any case not described in paragraph (b)(i)(A) of this Section 13.1, the aggregate amount of the Commitment (which for this purpose includes Borrowings outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Borrowings of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than Cdn.\$5,000,000, in the case of any assignment in respect of the Syndicated Facility or Supplemental Facility, or in the case of any assignment in respect of the Operating Facility Commitment, all of such Commitment, unless each of the Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) **Proportionate Amounts.** Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Borrowings or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-*pro rata* basis.(iii) **Required Consents.** No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section 13.1 and, in addition:

- (A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) a Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any assignment that requires the Borrower's consent unless it shall object thereto by written notice to the Agent within five Business Days after having received notice thereof and provided, further, that the Borrower's consent shall not be required during the primary syndication of the Syndicated Facility; and
- (B) the consent of the Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Facility if such assignment is to a Person that is not a Lender with a Commitment in respect of such Facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

(iv) **Assignment and Assumption.** The parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; provided that the Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Agent an Administrative Questionnaire.

- (v) **No Assignment to Certain Persons.** No such assignment shall be made to (A) the Borrower or any of the Borrower's Affiliates or Subsidiaries or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).
- (vi) **No Assignment to Natural Persons.** No such assignment shall be made to a natural Person.
- (vii) **Certain Additional Payments.** In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Agent, the applicable *pro rata* share of Borrowings previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Agent and each Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full *pro rata* share of all Borrowings in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under Applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Article 11 and Section 14.3 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 13.1(d).

- (c) **Register.** The Agent, acting solely for this purpose as an Agent of the Borrower, shall maintain at one of its offices in Calgary, Alberta a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Borrowings owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.
- (d) **Participations.** Any Lender may at any time, without the consent of, or notice to, the Borrower or the Agent, sell participations to any Person (other than a natural Person or the Borrower or any of

the Borrower's Affiliates or Subsidiaries) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Borrowings owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 12.21 with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 12.19(a) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 11.1, 11.2 and 11.3 (subject to paragraph (e) of this Section 13.1) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 13.1(b); provided that such Participant agrees to be subject to the provisions of Section 11.3 as if it were an assignee under Section 13.1(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.6 as though it were a Lender; provided that such Participant agrees to be subject to Section 12.18 as though it were a Lender.

- (e) **Limitations upon Participant Rights.** A Participant shall not be entitled to receive any greater payment under Sections 11.1 and 11.2 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 11.2 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 11.2(e) as though it were a Lender.
- (f) **Certain Pledges.** Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or equivalent institution; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

13.2 Judgment Currency

If for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement it becomes necessary to convert into the currency of such jurisdiction (herein called the "**Judgment Currency**") any amount due hereunder in any currency other than the Judgment Currency, then such conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For such purpose, "**rate of exchange**" means the spot rate at which the Agent or the Operating Lender, as applicable, on the relevant date at or about 10:00 o'clock a.m. (Calgary time), would be prepared to sell a similar amount of such currency in Calgary, Alberta against the Judgment Currency. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of payment of the amount due, the Borrower shall, on the date of payment, pay such additional amounts (if any) as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of payment is the amount then due under this Agreement in such other currency. Any additional amount due from the Borrower under this Section 13.2 shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Agreement.

13.3 Swap Lender

If any Swap Lender (or its Affiliate, if such Swap Lender is not a Lender) for any reason ceases to be a Lender, such Swap Lender shall continue to be bound by and entitled to the benefit of the terms and conditions hereof in such capacity and entitled to the benefit of the Security until such time as it is no longer a party to the Swaps existing with any Loan Party at the time it (or such Affiliate, if applicable) ceases to be a Lender, with the exception of any indemnities of, or in favour of, such Swap Lender hereunder existing at that time and which shall survive such termination.

13.4 Certain Information; Confidentiality

Each of the Agent, the Lenders and the Swap Lenders agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed:

- (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made shall be informed of the confidential nature of such Information and instructed to keep such Information confidential, or the Borrower shall clearly mark such information as confidential);
- (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including the Office of the Superintendent of Financial Institutions or similar body and any self-regulatory authority, such as the National Association of Insurance Commissioners);
- (c) to the extent required by Applicable Laws 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 Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder;
- (f) subject to an agreement containing provisions substantially the same as those of this Section 13.4, to (i) any Eligible Assignee or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder;
- (g) on a confidential basis to any rating agency in connection with rating the Borrower or its Subsidiaries or the Facilities;
- (h) with the consent of the Borrower; or
- (i) 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, any Lender or any of their respective Affiliates on a non-confidential basis from a source other than the Borrower.

For purposes of this Section, "**Information**" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its 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 disclosure by the Borrower or any of its Subsidiaries; provided that, in the case of information received from the Borrower or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 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.

ARTICLE 14 MISCELLANEOUS

14.1 Severability

Any provision of this Agreement which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

14.2 Defaulting Lenders

- (a) **Termination of Defaulting Lender:** The Borrower may terminate the unused amount of the Commitment of any Syndicated Lender or Supplemental Lender that is a Defaulting Lender upon not less than 10 Business Days' prior notice to the Agent (which shall promptly notify the Lenders thereof), and in such event the provisions of Section 14.2(b)(ii) will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that (i) no Event of Default shall have occurred and be continuing, and (ii) such termination shall not be deemed to be a waiver or release of any claim the Borrower, the Agent or any Lender may have against such Defaulting Lender.
- (b) **Defaulting Lender Adjustments.** Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by Applicable Law:
 - (i) **Waivers and Amendments.** Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders. A Defaulting Lender shall not be included in determining whether all Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 12.19), provided that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that (A) materially and adversely affects such Defaulting Lender differently than other affected Lenders, (B) increases the Commitment or extends the Maturity Date of such Defaulting Lender, or (C) relates to the matters set forth in Sections 12.19(a)(i), 12.19(a)(ii), 12.19(a)(iii), 12.19(a)(iv) (in so far as it relates to the Commitment of a Defaulting Lender), 12.19(a)(vi), 12.19(a)(vii) and 12.19(a)(x), shall require the consent of such Defaulting Lender. For the avoidance of doubt, the Borrower shall retain and reserve its other rights and remedies respecting each Defaulting Lender.
 - (ii) **Defaulting Lender Waterfall.** Any payment of principal, interest, fees or other amounts received by the Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article 10 or otherwise) or received by the Agent from a Defaulting Lender pursuant to Section 10.6 shall be applied at such time or times as may be determined by the Agent as follows:
 - (A) first, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder;
 - (B) second, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Borrowing in respect of which such Defaulting

Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Agent;

- (C) third, if so determined by the Agent and the Borrower, to be held in a deposit account and released *pro rata* in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Borrowings under this Agreement;
- (D) fourth, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement;
- (E) fifth, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and
- (F) sixth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction;

provided that if (x) such payment is a payment of the principal amount of any Borrowings in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Borrowings were made at a time when the conditions set forth in Section 8.2 were satisfied or waived, such payment shall be applied solely to pay the Borrowings of all Non- Defaulting Lenders on a *pro rata* basis prior to being applied to the payment of any Borrowings of such Defaulting Lender until such time as all Borrowings are funded. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 14.2(b)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

- (iii) **Certain Fees.** The standby fees payable pursuant to Section 5.12 shall cease to accrue on the unused portion of the Commitment of such Defaulting Lender.
- (c) **Defaulting Lender Cure.** If the Borrower and the Agent agree in writing that a Lender is no longer a Defaulting Lender, the Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Borrowings of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Borrowings to be held *pro rata* by the Lenders in accordance with the Commitments under the applicable Facility, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.
- (d) **Exclusion.** For greater certainty and in addition to the foregoing, neither the Agent nor any of its Affiliates nor any of their respective shareholders, officers, directors, employees, agents or representatives shall be liable to any Lender (including a Defaulting Lender) for any action taken or omitted to be taken by it in connection with amounts payable by the Borrower to a Defaulting Lender and received and deposited by the Agent in a cash collateral account and applied in accordance with the provisions of this Agreement, save and except for the gross negligence or

wilful misconduct of the Agent as determined by a final non-appealable judgment of a court of competent jurisdiction.

- (e) **Funding of Defaulting Lender's Share.** If the Agent has actual knowledge that a Lender is a Defaulting Lender at the time that the Agent receives (i) a Borrowing Notice or (ii) a Conversion Notice that will result in a currency conversion, then each other Lender shall fund its Applicable Percentage of such affected Accommodation (and, in calculating such Applicable Percentage, the Agent shall ignore the Commitments of each such Defaulting Lender); provided that, for certainty, no Lender shall be obligated by this Section 14.2(e) to make or provide Accommodations in excess of its Commitment. If the Agent acquires actual knowledge that a Lender is a Defaulting Lender at any time after the Agent received (i) a Borrowing Notice or (ii) a Conversion Notice that will result in a currency conversion, then the Agent shall promptly notify the Borrower that such Lender is a Defaulting Lender (and such Lender shall be deemed to have consented to such disclosure). Each Defaulting Lender agrees to indemnify each other Lender for any amounts funded or paid by such Lender under this Section 14.2(e) and which would otherwise have been funded or paid by the Defaulting Lender if its Commitment had been included in determining the Applicable Percentage of such affected Accommodations.

14.3 Expenses, Indemnity, Damage Waiver

- (a) **Borrower Deliverables.** All statements, reports (including Engineering Reports and environmental reports), certificates, opinions and other documents or information required to be furnished to the Agent or the Lenders or by any other Loan Party under this Agreement shall be supplied by the Borrower without cost to the Agent or any Lender.
- (b) **Reimbursement.** The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Agent and its Affiliates (including the reasonable fees, charges and disbursements of legal counsel for the Agent for a solicitor and his own client basis and engineering and other expert or professional costs and fees incurred in relation to the Facilities), in connection with the syndication of the Facilities, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan 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), (ii) all reasonable out-of-pocket expenses incurred by the Operating Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, and (iii) all out-of-pocket expenses incurred by the Agent or any Lender (including the fees, charges and disbursements of any counsel for the Agent or any Lender), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section 14.3, or (B) in connection with the Accommodations hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Accommodations.
- (c) **General Indemnity.** The Borrower shall indemnify the Agent (and any sub-agent thereof) and each Lender and Swap 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 fees, charges and disbursements of any counsel for any Indemnatee), incurred by any Indemnatee or asserted against any Indemnatee by any Person (including the Borrower or any other Loan Party) other than such Indemnatee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Accommodation or the use or proposed use of the proceeds therefrom (including any refusal by the Operating Lender to honour a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), or (iii) 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 the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, 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 nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

- (d) **Reimbursement by Lenders.** To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's *pro rata* share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's Applicable Percentage of the Total Commitment at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); 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 against any Related Party of any of the foregoing acting for the Agent (or any such sub-agent), in connection with such capacity. The obligations of the Lenders under this paragraph (d) are subject to Section 12.11.
- (e) **Waiver of Consequential Damages, Etc.** To the fullest extent permitted by Applicable Law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Accommodation, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above 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 Loan Documents or the transactions contemplated hereby or thereby.
- (f) **Payments.** All amounts due under this Section shall be payable promptly, and in any event within five Business Days, after demand therefor.
- (g) **Survival.** Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder.

14.4 Failure to Act

No failure, omission or delay on the part of the Agent, any Lender or any Swap Lender in exercising any right, power or privilege hereunder shall impair such right, power or privilege or operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

14.5 Waivers

No breach of any of the provisions of any of the Loan Documents may be waived or discharged verbally; any such waiver or discharge may only be made by way of an instrument in writing signed by either the Agent on behalf of the Lenders or the Required Lenders, as applicable, and, if required by the Agent, the Loan Parties, and such waiver or discharge will then be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given. Any such waiver or

discharge which affects the rights of the Agent may only be made by way of an instrument in writing signed by the Agent.

14.6 Amendments

No provision of the Loan Documents may be amended verbally and any such amendment may only be made by way of an instrument in writing signed (subject to Section 12.23) by the Borrower, the Agent and the Lenders required by Section 12.19.

14.7 Notice

(a) **Notices Generally.** Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), 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 facsimile to the address set out opposite the intended recipient's name on its signature page hereto (in the case of the Borrower and the Agent) and on Schedule "A" (in the case of the Lenders). 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 facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) **Electronic Communications.** Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including email and Internet or intranet websites) pursuant to procedures approved by the Agent, provided that the foregoing shall not apply to notices to any Lender if such Lender has notified the Agent that it is incapable of receiving notices by electronic communication. The Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Agent otherwise prescribes, (i) notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement), and notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient as its email address as described in the foregoing clause (a) of notification that such notice or communication is available and identifying the website address therefor, provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent within normal business hours of the recipient, such notice or other communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) **Change of Address, etc.** Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) **Platform.**

(i) The Borrower agrees that the Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Lenders by posting the Communications on Debt Domain, Intralink, Syndtrak or a substantially similar electronic transmission system (the "**Platform**").

- (ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Agent or any of its Related Parties (collectively, the "**Agent Parties**") have any liability to the Borrower or the other Loan Parties, any Lender or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower's, any Loan Party's or the Agent's transmission of communications through the Platform. "**Communications**" means, collectively, any notice, demand, communication, information, document or other material that the Borrower or any Loan Party provides to the Agent pursuant to any Loan Document or the transactions contemplated therein which is distributed to the Agent or any Lender by means of electronic communications pursuant to this Section, including through the Platform.

14.8 Governing Law

The parties agree that this Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of law or other rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or by any thereof, without prejudice to the rights of the Agent or any Lender to take proceedings in other jurisdictions.

14.9 Term of Agreement and Survival

This Agreement and all covenants, undertakings, agreements, representations and warranties shall continue and survive until the termination of all Loan Documents such that thereafter there is not nor can there be any Borrowings, Lender Outstandings or Swap Indebtedness arising under any Loan Document. Notwithstanding the foregoing, the indemnities in Sections 9.1(t) and 14.3(c) shall survive any such termination.

14.10 Time of Essence

Time shall be of the essence of this Agreement.

14.11 Anti-Money Laundering Legislation

- (a) The Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" Applicable Laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "**AML Legislation**"), the Lenders and the Agent may be required to obtain, verify and record information regarding the Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The Borrower shall promptly: (i) provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Agent, or any prospective assignee of a Lender or the Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence; and (ii) notify the recipient of any such information of any changes thereto.

- (b) If, upon the written request of any Lender, the Agent has ascertained the identity of the Borrower or any other Loan Party or any authorized signatories of the Borrower or any other Loan Party for the purposes of applicable AML Legislation on such Lender's behalf, then the Agent;
 - (i) 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 applicable AML Legislation; and
 - (ii) shall provide to such Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence, each of the Lenders agrees that the Agent has no obligation to ascertain the identity of the Borrower or any other Loan Party or any authorized signatories of the Borrower or any other Loan Party, on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Borrower or any other Loan Party or any such authorized signatory in doing so.

14.12 Conflict with Other Documents

In the event there is a conflict or inconsistency as to any matter between the provisions hereof and the provisions of any other Loan Document, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency; provided that for the purposes of this Section 14.12 there shall not be considered to be a conflict or inconsistency between any provision hereof and any provision of any other Loan Document merely because such Loan Document does, and this Agreement does not, deal with the particular matter.

14.13 Saskatchewan Legislation

The Land Contracts (Actions) Act of the Province of Saskatchewan shall have no application to any action, as defined in *The Land Contracts (Actions) Act*, with respect to this Agreement or the other Loan Documents and *The Limitation of Civil Rights Act* of the Province of Saskatchewan shall have no application to this Agreement or the other Loan Documents. The Borrower agrees that the provisions of both *The Land Contracts (Actions) Act* (Saskatchewan) and *The Limitation of Civil Rights Act* (Saskatchewan) are hereby waived.

14.14 Counterparts; Integration, Effectiveness; Electronic Execution

- (a) **Counterparts; Integration; Effectiveness.** 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 Loan Documents, the Bilateral Financial Services Agreements and Lender Swaps 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.

Except as provided in Section 8.1, this Agreement shall become effective when it shall have been executed by the Agent and when the Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

- (b) **Electronic Execution of Assignments.** The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law.

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

QUESTFIRE ENERGY CORP.

By: _____
Richard Dahl, President and CEO

By: _____
Ronald Williams, Vice President, Finance and CFO

Address:

~~Suite 500, 400-3rd~~ 1100, 350 – 7th Avenue S.W.
Calgary, Alberta
T2P ~~4H2~~ 3N9

Attention: Chief Financial Officer
Facsimile: 403-263-6683

**ALBERTA TREASURY BRANCHES,
as Agent**

Avenue Place

By: _____

By: _____

Address:

~~600, 444~~ 7 Suite 500, West Tower, Eighth

1G1 585 8th Avenue S.W. SW, Calgary, Alberta, T2P

Calgary, Alberta

Attention: Managing Director, Loan Syndications
Facsimile: (403) 663-3160

Lender:

ALBERTA TREASURY BRANCHES

By: _____

By: _____

Lender:

THE TORONTO-DOMINION BANK

By: _____

By: _____

Schedule "A" to the Credit Agreement dated June 27, 2014 among
QUESTFIRE ENERGY CORP., as Borrower, and a consortium of
Lenders with ALBERTA TREASURY BRANCHES, as Agent

COMMITMENTS AND ADDRESSES

Lender	Syndicated Facility Commitment	Operating Facility Commitment	<u>Supplemental Facility Commitment</u>
Alberta Treasury Branches Suite 500, West Tower, Eighth Avenue Place 600, 444 — 7585 8th Avenue S.W. SW, Calgary, Alberta, T2P 0X8 <u>1G1</u>	Cdn. \$ 25,000,000 <u>15,000,000</u>	Cdn. \$ 10,000,000 <u>5,000,000</u>	Cdn. <u>\$9,666,667</u>
<u>as Operating</u> <u>Lender</u> as Operating Lender Attention: Director, Energy Group Fax No.: (403) 974-5784 <u>as Syndicated</u> <u>Lender and</u> <u>Supplemental</u> <u>Lender</u> as Syndicated Lender Attention: Managing Director, Loan Syndications Fax No.: (403) 663-3160			
The Toronto-Dominion Bank 1100, 421-7 th Avenue S.W. Calgary, Alberta T2P 4K9 Calgary, Alberta T2P 4K9 <u>as Syndicated</u> <u>Lender and</u>	Cdn. \$ 20,000,000 <u>10,000,000</u>	N/A	<u>Cdn. \$4,833,333</u>

[Supplemental](#)
[Lender](#)
[Attention: Director](#)
~~as-Syndicated-~~
~~Lender~~
~~Attention:-~~
~~Director~~ Fax No.:
(403) 292-1317

Schedule "B" to the Credit Agreement dated June 27, 2014 among
QUESTFIRE ENERGY CORP., as Borrower, and a consortium of
Lenders with ALBERTA TREASURY BRANCHES, as Agent

FORM OF BORROWING NOTICE

TO: Alberta Treasury Branches ("**ATB**"), as Agent

RE: Credit Agreement (the "**Credit Agreement**") dated as of June 27, 2014 among Questfire Energy Corp. (the "**Borrower**"), ATB and those other financial institutions which are or hereafter become lenders thereunder (the "**Lenders**"), and ATB, as administrative agent for the Lenders (the "**Agent**")

DATE: _____, 20____

1. The Drawdown Date is _____, 20____.
2. Pursuant to Section 3.6 of the Credit Agreement, the undersigned hereby irrevocably requests that the following Accommodations be made available under the applicable Facility:

Syndicated Facility:

TYPE OF ADVANCE	PRINCIPAL AMOUNT AND CURRENCY	TERM
Prime Loan	_____	N/A
U.S. Base Rate Loan	_____	N/A
Bankers' Acceptances	_____	_____
Libor Loan	_____	_____

Supplemental Facility:

<u>TYPE OF ADVANCE</u>	<u>PRINCIPAL AMOUNT AND CURRENCY</u>	<u>TERM</u>
<u>Prime Loan</u>	_____	<u>N/A</u>
<u>Bankers' Acceptances</u>	_____	_____

Operating Facility:

TYPE OF ADVANCE	PRINCIPAL AMOUNT AND CURRENCY	TERM
Prime Loan	_____	N/A
U.S. Base Rate Loan	_____	N/A
Letters of Credit	_____	_____

3. As of the date of this Borrowing Notice, no Default or Event of Default has occurred and is continuing and each of the representations and warranties of the Borrower deemed to be made by the Borrower pursuant to Section 2.2 of the Credit Agreement (other than those made as of a specific date) are, as of the date of such request, and will be, as of the applicable Drawdown Date, true and correct in all material respects.
4. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

DATED at Calgary, Alberta effective the date and year first above written.

QUESTFIRE ENERGY CORP.

By: _____
Name:
Title:

Schedule "C" to the Credit Agreement dated June 27, 2014 among QUESTFIRE ENERGY CORP., as Borrower, and a consortium of Lenders with ALBERTA TREASURY BRANCHES, as Agent

**NOTICE OF ROLLOVER, NOTICE OF
CONVERSION OR NOTICE OF REPAYMENT**

TO: Alberta Treasury Branches ("**ATB**"), as Agent and Operating Lender

RE: Credit Agreement (the "**Credit Agreement**") dated as of June 27, 2014 among Questfire Energy Corp. (the "**Borrower**"), ATB and those other financial institutions which are or hereafter become lenders thereunder (the "**Lenders**"), and ATB, as administrative agent for the Lenders (the "**Agent**")

DATE: _____, 20____

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

1. Pursuant to Section 3.11 (Repayment), 3.13 (Conversion) and 3.14 (Rollover) of the Credit Agreement, the undersigned hereby irrevocably notifies the Agent/Operating Lender that it will be:

- (a) rolling over part or all of the Accommodation described as:

Facility: Operating/Syndicated/ _____
[Supplemental](#)

Type of Accommodation: _____

*Principal Amount: _____

Date of Maturity: _____

into the same Accommodation described as:

Date of Maturity: _____

* if only part of maturing Advance is rolled over, please indicate.

or;

- (b) converting part or all of the Accommodation described as:

Facility: Operating/Syndicated/ _____
[Supplemental](#)

Type of Accommodation: _____

*Principal Amount if applicable: _____

Date of Maturity: _____

into the same Accommodation described as:

* if only part of maturing Advance is converted, please indicate.

Type of Accommodation: _____

*Principal Amount: _____

Date of Maturity: _____

(c) Repaying part or all of the Advance described as:

Facility: Operating/Syndicated/
[Supplemental](#) _____

Type of Accommodation: _____

*Principal Amount: _____

Date of Maturity or Repayment: _____

*if only part of maturing Advance is being repaid, please indicate the applicable amount being repaid including the details provided above in respect thereof and whether the balance will be rolled over or Converted.

2. This Notice is irrevocable.
3. No Default or Event of Default has occurred and is continuing.

DATED at Calgary, Alberta effective the date and year first above written.

QUESTFIRE ENERGY CORP.

By: _____

Name:

Title:

Schedule "D" to the Credit Agreement dated June 27, 2014 among QUESTFIRE ENERGY CORP., as Borrower, and a consortium of Lenders with ALBERTA TREASURY BRANCHES, as Agent

COMPLIANCE CERTIFICATE

I, _____, of Calgary, Alberta, hereby certify as follows:

1. I am the **[insert title of senior officer]** of Questfire Energy Corp.;
2. This Certificate applies to the **[Fiscal Year/Fiscal Quarter/Month]** ending _____;
3. I am familiar with and have examined the provisions of the Credit Agreement dated June 27, 2014 among Questfire Energy Corp., as borrower (the "**Borrower**") and a consortium of lenders with Alberta Treasury Branches, as Agent (as the same may be amended, renewed, extended, modified and/or restated from time to time, the "**Credit Agreement**"), and have made such reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and its agents as I have deemed necessary for purposes of this Certificate;
4. Except where the context otherwise requires, all capitalized terms used herein have the same meaning as in the Credit Agreement;
5. No Default or Event of Default exists;
6. [If applicable] The Swap Indebtedness of the Loan Parties, in the aggregate, as at the last day of the **[Fiscal Quarter/Year]** most recently ended is as follows:
 - (a) Currency Swaps Cdn. \$ _____, and the notional amount swapped thereunder is Cdn. \$ _____;
 - (b) Interest Swaps Cdn. \$ _____, and the notional amount swapped thereunder is Cdn. \$ _____ which represents % of the Total Commitment; and
 - (c) Commodity Swaps - Cdn. \$ _____.

The Loan Parties' combined average daily production of Petroleum Substances (inclusive of royalties) in respect of each of (A) oil and natural gas liquids and (B) natural gas for the Borrower's immediately preceding month, as adjusted for acquisitions and divestitures during the immediately preceding month, is approximately ____ boe/d and ____ boe/d, respectively (each a "**Reference Amount**").

With respect to the current Fiscal Quarter and the next ensuing 3 Fiscal Quarters (the "**First Year Period**"), the aggregate amount of Petroleum Substances (inclusive of royalties) subject to all Commodity Swaps now in place does not exceed [65]% of any Reference Amount in any such quarter, with the highest amount in any such Fiscal Quarter being ____%;

With respect to the 4 Fiscal Quarters after the First Year Period (the "**Second Year Period**"), the aggregate amount of Petroleum Substances (inclusive of royalties) subject to all Commodity Swaps now in place does not exceed [60]% of any Reference Amount in any such quarter, with the highest amount in any such Fiscal Quarter being ____%.

With respect to the 4 Fiscal Quarters after the Second Year Period, the aggregate amount of Petroleum Substances (inclusive of royalties) subject to all Commodity Swaps now in place does

not exceed [50]% of any Reference Amount in any such quarter, with the highest amount in any such Fiscal Quarter being ____%.

The foregoing amounts of Swap Indebtedness were calculated by the Borrower on a Mark-to-Market basis (separately for each Lender and then aggregating amounts so calculated) as at the end of the [Fiscal Quarter/Year] most recently ended, and by converting all amounts in U.S. Dollars at such date based on the Bank of Canada noon spot exchange rate on such date;

7. As of the last day of the above referenced **[Fiscal Quarter/Fiscal Year]** the Adjusted Senior Debt to EBITDA Ratio was _____, and attached hereto are the detailed particulars of the manner in which the Adjusted Senior Debt to EBITDA Ratio was calculated;
8. As of the last day of the above referenced **[Fiscal Quarter/Year]** ~~the Minimum Adjusted Working Capital Ratio was _____~~ of the Borrower, the Consolidated Net Debt of the Borrower was _____, and attached hereto are the detailed particulars of the manner in which the ~~Minimum Adjusted Working Capital Ratio~~ Consolidated Net Debt was calculated; and
9. As of the last day of the above referenced month of the Borrower, the EBITDA of the Borrower was _____, and attached hereto are the detailed particulars of the manner in which the monthly EBITDA was calculated.
10. As of the last day of the above referenced month of the Borrower, the production of the Borrower was _____, and attached hereto are the detailed particulars of the manner in which the monthly production was calculated.
11. As of the last day of the above referenced month of the Borrower, the negative cumulative monthly variance cash flow of the Borrower was _____, and attached hereto are the detailed particulars of the manner in which the negative cumulative monthly variance cash flow was calculated.
12. As of the last day of the above referenced month of the Borrower, the LMR of the Borrower was _____, and attached hereto are the detailed particulars of the manner in which the LMR was calculated.
13. ~~9-~~ This Certificate is given by the undersigned officer in his or her capacity as an officer of the Borrower without any assuming personal liability.

DATED this _____ day of _____, 20____.

QUESTFIRE ENERGY CORP.

By: _____
Name: _____
Title: _____

Schedule "E" to the Credit Agreement dated June 27, 2014 among QUESTFIRE ENERGY CORP., as Borrower, and a consortium of Lenders with ALBERTA TREASURY BRANCHES, as Agent

REQUEST FOR EXTENSION

Date: _____

Alberta Treasury Branches, as Agent
~~600, 444 West Tower, Eighth Avenue Place~~
~~Suite 500, 585 – 78th Avenue S.W.~~
~~SW., Calgary, Alberta T2P 0X81G1~~

Alberta Treasury Branches, as Operating Lender
~~600, 444 West Tower, Eighth Avenue Place~~
~~Suite 500, 585 – 78th Avenue S.W.~~
~~SW., Calgary, Alberta T2P 0X81G1~~

Facsimile: (403) 663-3160

Facsimile: (403) 974-5784

Attention: Managing Director, Loan Syndications

Attention: Director, Energy Group

Dear Sirs:

Re: QUESTFIRE ENERGY CORP.

We refer to the Credit Agreement dated June 27, 2014 among Questfire Energy Corp., as borrower, and a consortium of lenders with Alberta Treasury Branches, as Agent (as the same may be amended, renewed, extended, modified and/or restated from time to time, the "**Credit Agreement**"). Capitalized terms used herein have the same meaning as in the Credit Agreement.

In accordance with Section 3.3 of the Credit Agreement, we hereby request that the Lenders each provide an offer to extend its Term Out Date for a period of 364 days, with the Term Out Date being extended from [•] to [•], and the Maturity Date being extended to [•].

We hereby certify that:

1. except as disclosed to the Agent in writing, the representations and warranties contained in Section 2.1 of the Credit Agreement (subject to Section 2.2 thereof) are and will be true and correct on the date hereof and on the date of extension, as applicable, with the same effect as if such representations and warranties were made on the date hereof; and
2. there exists no Default or Event of Default.

Yours very truly,

QUESTFIRE ENERGY CORP.

By: _____
 Name:
 Title:

Schedule "F" to the Credit Agreement dated June 27, 2014 among
QUESTFIRE ENERGY CORP., as Borrower, and a consortium of
Lenders with ALBERTA TREASURY BRANCHES, as Agent

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [the] [each]¹ Assignor identified in item 1 below ([the] [each, an] "**Assignor**") and [the] [each]² Assignee identified in item 2 below ([the] [each, an] "**Assignee**"). [It is understood and agreed that the rights and obligations of [the Assignors] [the Assignees]³ hereunder are several and not joint.]⁴ Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "**Credit Agreement**"), receipt of a copy of which is hereby acknowledged by [the] [each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the] [each] Assignor hereby irrevocably sells and assigns to [the Assignee] [the respective Assignees], and [the] [each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below (i) all of [the Assignor's] [the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor] [the respective Assignors] under the respective facilities identified below (including any letters of credit and guarantees included in such facilities), and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)] [the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the] [any] Assignor to [the] [any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the] [an] "Assigned Interest"). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the] [any] Assignor.

1. Assignor[s]: _____

[Assignor [is] [is not] a Defaulting Lender]

2. Assignee[s]: _____

¹ For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

² For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

³ Select as appropriate.

⁴ Include bracketed language if there are either multiple Assignors or multiple Assignees.

[for each Assignee, indicate [Affiliate] [Approved Fund] of [identify Lender]

3. Borrower(s): _____
4. Agent: _____ as the administrative agent under the Credit Agreement
5. Credit Agreement: The Credit Agreement dated as of June 27, 2014 among Questfire Energy Corp., the Lenders parties thereto, Alberta Treasury Branches, as Agent, and the other parties thereto
6. Assigned Interest[s]:

Assignor[s] ⁵	Assignee[s] ⁶	Facility Assigned ⁷	Aggregate Amount of Commitment/ Loans for all Lenders ⁸	Amount of Commitment/ Loans Assigned	Percentage Assigned of Commitment/ Loans ⁹
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$

7. [Trade Date: _____]¹⁰

Effective Date: _____, 20____ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

⁵ List each Assignor, as appropriate.

⁶ List each Assignee, as appropriate.

⁷ Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g., "Syndicated Facility Commitment," "Operating Facility Commitment," etc.)

⁸ Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

⁹ Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

¹⁰ To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR[S]¹¹

[NAME OF ASSIGNOR]

By: _____
Title:

[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE[S]¹²

[NAME OF ASSIGNEE]

By: _____
Title:

[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and]¹³ Accepted:

ALBERTA TREASURY BRANCHES, as Agent

By: _____
Title:

[Consented to:]¹⁴

[NAME OF RELEVANT PARTY]

By: _____
Title:

¹¹ Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

¹² Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

¹³ To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

¹⁴ To be added only if the consent of the Borrower and/or other parties is required by the terms of the Credit Agreement.

ANNEX 1

[]¹⁵**STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION****1. Representations and Warranties.**

1.1 **Assignor[s].** [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the] [the relevant] Assigned Interest, (ii) [the] [such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document¹⁶, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 **Assignee[s].** [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 13.1(b)(iii), (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 13.1(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the] [the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Sections 9.1(d) and (e) thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the] [such] Assigned Interest, (vi) it has, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) if it is a Foreign Lender¹⁷, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance on the Agent, [the] [any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments.

From and after the Effective Date, the Agent shall make all payments in respect of [the] [each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the] [the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the] [the relevant]

¹⁵ Describe Credit Agreement at option of Administrative Agent.

¹⁶ The term "Loan Document" should be conformed to that used in the Credit Agreement.

¹⁷ The concept of "Foreign Lender" should be conformed to the section in the Credit Agreement governing withholding taxes and gross-up.

Assignee for amounts which have accrued from and after the Effective Date¹⁸. Notwithstanding the foregoing, the Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to [the] [the relevant] Assignee.

3. General Provisions.

This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the Province of Alberta and of Canada applicable therein.

¹⁸ The Administrative Agent should consider whether this method conforms to its systems. In some circumstances, the following alternative language may be appropriate:¹

¹

"From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor[s] and the Assignee[s] shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves."

Schedule "G" to the Credit Agreement dated June 27, 2014 among QUESTFIRE ENERGY CORP., as Borrower, and a consortium of Lenders with ALBERTA TREASURY BRANCHES, as Agent

SUBSIDIARY GUARANTEE - CORPORATE FORM

[NOTE: IF BORROWING BASE SUBSIDIARY IS A PARTNERSHIP OR TRUST, OR IF THE GUARANTEE IS PROVIDED BY THE BORROWER, A REVISED FORM OF THIS GUARANTEE WILL BE PROVIDED BY THE ADMINISTRATIVE AGENT]

This Guarantee is made as of **[date of designation of new Borrowing Base Subsidiary]**.

TO: Alberta Treasury Branches, in its capacity as Agent (as hereinafter defined)

For valuable consideration, receipt whereof is hereby acknowledged, **[name of Borrowing Base Subsidiary]** (the "**Guarantor**") hereby irrevocably, absolutely and unconditionally:

- (a) guarantees to the Agent for and on behalf of itself and the Lenders (as hereinafter defined) the full, prompt and punctual payment and performance of the Obligations (as hereinafter defined) on demand; and
- (b) indemnifies and saves harmless the Agent and the Lenders (as hereinafter defined) from and against any and all losses, damages, costs, expenses or liabilities suffered or incurred by the Agent or any Lender (as hereinafter defined) resulting or arising from or relating to any failure of any Other Loan Party to pay in full or fully perform the Obligations as and when due, provided that the amount of such indemnification shall not exceed the amount of such Obligations together with any and all other amounts due and owing hereunder from time to time.

And the Guarantor agrees with the Agent and the Lenders as follows:

1. **Definitions.** In this Guarantee, including any preamble and recitals and the guarantee provision set forth above, unless there is something in the subject matter or context inconsistent therewith, the following terms and expressions (including the singular and plural form and derivatives thereof) shall have the following meanings:
 - (a) "**Agent**" means Alberta Treasury Branches, in its capacity as agent for the Lenders, and any successor thereof appointed pursuant to the Credit Agreement;
 - (b) "**Borrower**" means Questfire Energy Corp., its successor and assigns;
 - (c) "**Credit Agreement**" means the credit agreement dated June 27, 2014 between the Borrower and the financial institutions which are or may become party thereto from time to time, as lenders, and Alberta Treasury Branches, as agent for such lenders, providing for, *inter alia*, an extendible revolving term credit facility and an operating facility, as such credit agreement may be amended, amended and restated, modified, replaced, restated or supplemented from time to time;
 - (d) "**Guarantee**" means this Subsidiary Guarantee, as the same may be amended, amended and restated, modified, supplemented, replaced or restated from time to time;

- (e) **"Lenders"** has the meaning assigned to that term under the Credit Agreement and for the purposes of this Guarantee, includes the Swap Lenders;
- (f) **"Loan Documents"** shall have the meaning ascribed thereto from time to time in the Credit Agreement, in each case as the same may be amended, amended and restated, modified, replaced or supplemented from time to time;
- (g) **"Obligations"** means all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Other Loan Parties, or any of them, to the Agent and the Lenders, or any of them, arising out of or contemplated by the Credit Agreement, any other Loan Document or any Credit Document, and whether present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether such Other Loan Parties or any of them be bound alone or with others and whether as principal or surety; and
- (h) **"Other Loan Parties"** means collectively, the Borrower and each Borrowing Base Subsidiary from time to time other than the Guarantor and **"Other Loan Party"** means any of them.

Capitalized terms which are not otherwise defined herein shall have the meanings assigned to them under the Credit Agreement.

2. Acknowledgment of Agent Capacity. This Guarantee is granted to the Agent in its capacity as agent for the Lenders. All of the covenants, representations, warranties, rights, benefits and protections made or given in favour of the Agent hereunder are acknowledged to be for the joint and several benefit of the Agent and each of the Lenders from time to time.
3. Evidence of Accounts. Any account settled or stated between the Agent or any Lender, on the one hand, and any Other Loan Party, on the other hand, shall be accepted by the Guarantor as *prima facie* evidence that the amount thereby appearing due by such Other Loan Party is so due.
4. Waiver of Defences. The liability of the Guarantor under this Guarantee shall be irrevocable, unconditional and absolute, and, without limiting the generality of the foregoing, the obligations of the Guarantor shall not be released, discharged, limited or otherwise affected by, and the Guarantor hereby waives as against the Agent for and on behalf of the Lenders to the fullest extent permitted by Applicable Law, any defence relating to:
 - (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation or otherwise unless such extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release shall specifically release the Guarantor from its indebtedness, obligations or liabilities hereunder or any part thereof or is a payment of all the Obligations in full;
 - (b) any modification or amendment of or supplement to the Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable in respect thereof;
 - (c) whether the Lender Swaps shall be in respect of commodity risk, interest rate risk, currency risk or otherwise and whether on a financial or physical basis, and whether speculative or not;

- (d) any defence based upon any incapacity, disability or lack or limitation of status or power of any Other Loan Party, the Guarantor or any other Person or of the directors, officers, employees, partners or agents thereof, or that any Other Loan Party, the Guarantor or any other Person may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of moneys or credits in respect of the Obligations;
- (e) any change in the existence, structure, constitution, name, control or ownership of any Other Loan Party, the Guarantor or any other Person;
- (f) any insolvency, bankruptcy, amalgamation, merger, reorganization, arrangement or other similar proceeding affecting any Other Loan Party, the Guarantor or any other Person or the assets of any Other Loan Party, the Guarantor or any other Person;
- (g) any change in the shareholdings or membership of the Guarantor through the retirement of one or more partners or the introduction of one or more partners or otherwise;
- (h) the existence of any claim, set-off or other rights which the Guarantor may have at any time against any Other Loan Party, any of the Lenders, the Agent or any other Person, whether in connection with the Obligations or any unrelated transactions;
- (i) any release or non-perfection or any invalidity, illegality or unenforceability relating to or against any Other Loan Party, the Guarantor or any other Person, whether relating to any instrument evidencing the Obligations or any other agreement or instrument relating thereto or any part thereof or any provision of Applicable Law purporting to prohibit the payment by any Other Loan Party, the Guarantor or any other Person of any of the Obligations;
- (j) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Agent or any Lender to payment of the Obligations or to take any steps in respect thereof, including any stay of proceedings against any Other Loan Party or any direct or indirect guarantor of the Obligations;
- (k) any release, substitution or addition of any co-signer, endorser, other guarantor or any other Person in respect of the Obligations;
- (l) any defence arising by reason of any failure of the Agent or any Lender to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of;
 - (i) acceptance of this Guarantee;
 - (ii) partial payment or non-payment of all or any part of the Obligations; and
 - (iii) the existence, creation, or incurring of new or additional Obligations;
- (m) any defence arising by reason of any failure of the Agent or any Lender to proceed against any Other Loan Party or any other Person, to proceed against, apply or exhaust any security held from any Other Loan Party, the Guarantor or any other Person for the Obligations, or to proceed against or to pursue any other remedy in the power of the Agent or any Lender whatsoever;
- (n) the benefit of any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligations;

- (o) any defence arising by reason of any incapacity, lack of authority, or other defence of any Other Loan Party, the Guarantor or any other Person, or by reason of the cessation from any cause whatsoever of the liability of any Other Loan Party, the Guarantor or any other Person with respect to all or any part of the Obligations, or by reason of any act or omission of the Agent, any Lender or others which directly or indirectly results in the discharge or release of any Other Loan Party, the Guarantor or all or any part of the Obligations or any security, or guarantee therefor, whether by operation of law or otherwise;
- (p) any defence arising by reason of any failure by the Agent or any Lender to obtain, perfect or maintain a perfected (or any) Security Interest upon any property of any Other Loan Party, the Guarantor or any other Person or by reason of any interest of the Agent or any Lender in any property, whether as owner thereof or the holder of a Security Interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Agent or any Lender of any right to recourse or collateral;
- (q) any defence arising by reason of the failure of the Agent or any Lender to marshal any assets;
- (r) any defence based upon any failure of the Agent to give to any Other Loan Party, the Guarantor or any other Person notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Agent or any Lender to comply with any provision of Applicable Law in enforcing any Security Interest upon any such property, including any failure by the Agent or any Lender to dispose of any such property in a commercially reasonable manner;
- (s) any dealing whatsoever with any Other Loan Party, the Guarantor or other Person or any security, whether negligently or not, or any failure to do so;
- (t) any extinguishment of all or any of the Obligations for any reason whatsoever (other than the actual satisfaction thereof); or
- (u) any other law, event or circumstance which might otherwise constitute a defence available to, or a discharge of the Guarantor, any other act or omission to act or delay of any kind by any Other Loan Party, the Agent, any Lender, the Guarantor or any other Person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 4, constitute a legal or equitable discharge, limitation or reduction of the obligations of the Guarantor hereunder (other than the payment or satisfaction in full of all of the Obligations).

The foregoing provisions apply (and the foregoing waivers shall be effective) even if the effect is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against any Other Loan Party for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy.

5. **Indemnity.** The Guarantor shall be liable for and shall indemnify and save the Agent and the Lenders harmless from and against any losses which may arise by virtue of any of the Obligations or any agreement related thereto being or becoming for any reason whatsoever in whole or in part (a) void, voidable, ultra vires, illegal, invalid, ineffective or otherwise unenforceable in accordance with its terms, or (b) released or discharged by operation of law other than by reason of a release by the Agent and the Lenders (collectively an "**Indemnifiable Circumstance**"). For greater certainty, these losses shall include the amount of all obligations which would have been payable by the Other Loan Party but for the existence of an Indemnifiable Circumstance. The Guarantor

shall also be liable for and shall indemnify and save the Agent and the Lenders harmless from and against any and all liabilities, costs and expenses (including reasonably legal fees and expenses on a solicitor and his own client full indemnity basis) (x) incurred by the Agent or any Lender in the preparation, registration, administration or enforcement of this Guarantee, (y) with respect to or resulting from any failure or delay by the Guarantor in performing or observing any of its obligations under this Guarantee, and (z) incurred by the Agent or any Lender in performing or observing any of the other covenants of the Guarantor under this Guarantee.

6. No Waiver. No delay on the part of the Agent or any Lender in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No amendment to this Guarantee or waiver of any of the rights of the Agent or any Lender hereunder shall be deemed to be made by the Agent or any Lender unless the same shall be in writing, duly signed on behalf of the Agent and each such waiver, if any, shall apply only with respect to the specific instance involved and for the specific purpose for which given, and shall in no way impair the rights or liabilities of the Agent or the Guarantor hereunder in any other respect at any other time.
7. Deemed Existence. If at any time, all or any part of any payment previously applied by the Agent or any Lender to any Obligation is or must be rescinded or returned by the Agent or any Lender for any reason whatsoever (including the insolvency, bankruptcy, or reorganization of the Guarantor or any Other Loan Party) such Obligation shall, for the purpose of this Guarantee, to the extent that such payment is rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Agent or any Lender, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Agent or any Lender had not been made.
8. Assignment and Postponement. Following the occurrence and during the continuance of an Event of Default, all present and future indebtedness and liability of the Other Loan Parties to the Guarantor is hereby assigned by the Guarantor to the Agent and postponed to the Obligations and all moneys received by the Guarantor in respect thereof will be received in trust for and will be paid over to the Agent upon demand by the Agent. If the Agent or the Lenders receive from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, the Guarantor will not be entitled to claim repayment against any Other Loan Party until the Agent and the Lender's claims against all Other Loan Parties have been irrevocably and unconditionally paid in full. In case of liquidation, winding-up or bankruptcy of any Other Loan Party (whether voluntary or involuntary) or any composition with creditors or scheme of arrangement, the Agent and the Lenders will have the right to rank for their full claims and receive all dividends or other payments in respect thereof in priority to the Guarantor until the claims of the Agent and the Lenders have been irrevocably and unconditionally paid in full and the Guarantor will continue to be liable hereunder for any balance which may be owing to the Agent or the Lenders by the Other Loan Parties. In the event of the valuation by the Agent of any of its security and/or the retention thereof by the Agent, such valuation and/or retention will not, as between the Agent and the Lenders and the Guarantor, be considered as a purchase of such security, or as payment or satisfaction of the Obligations or any part thereof. The foregoing provisions of this Section 8 will not in any way limit or lessen the liability of the Guarantor under any other section of this Guarantee.
9. Other Securities. This Guarantee is in addition to and not in substitution for any other guarantee or any other securities by whomsoever given at any time held by the Agent or any Lender for any present or future Obligations and the Agent or any Lender shall at all times have the right to proceed against or realize upon all or any portion of any other guarantees or securities or any other money or assets to which it may become entitled or have a claim in such order and in such manner as it in its sole and unfettered discretion may deem fit.
10. Continuing Guarantee. This Guarantee is a continuing guarantee and: (a) shall remain in full force and effect in accordance with its terms until payment in full of all amounts payable under this

Guarantee and termination of the Lenders' commitments and obligations under and pursuant to the Loan Documents; and (b) shall enure to the benefit of the Agent, each Lender and their respective successors and assigns, and shall be binding upon the Guarantor, its successors and permitted assigns.

11. Enforcement of Guarantee. The obligations of the Guarantor under this Guarantee shall be enforceable by the Agent upon demand by the Agent for payment of the Obligations in accordance with the terms hereof without the necessity of any action or recourse whatsoever against any Other Loan Party, any security or any other guarantor. The remedies provided in this Guarantee are cumulative and not exclusive of any remedies provided by Applicable Law, the Loan Documents or otherwise.
12. Subrogation. This Guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Agent or any Lender, and all dividends, compensations, proceeds of security valued and payments received by the Agent or any Lender from any Other Loan Party, the Guarantor or from others or from any estate shall be regarded for all purposes as payments in gross without right on the part of any Guarantor to claim in reduction of the liability under this Guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Agent or any Lender or proceeds thereof, and the Guarantor shall have no right to be subrogated in any rights of the Agent until the Agent shall have received full, final and indefeasible payment and performance of the Obligations and the Lenders have no further obligation to extend credit or advance monies to or for the benefit of any Other Loan Party.
13. Foreign Currency Obligations. The Guarantor will make payment relative to each Obligation in the currency (the "**Original Currency**") in which the Other Loan Party is required to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Agent or a Lender in a currency (the "**Other Currency**") other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of the Guarantor hereunder in respect of such Obligation only to the extent of the amount of the Original Currency which the Agent or such Lender is able to purchase at Calgary, Alberta with the amount it receives on the date of receipt. If the amount of the Original Currency which the Agent or such Lender is able to purchase is less than the amount of such currency originally due to it in respect of the relevant Obligation, the Guarantor will indemnify and save the Agent and the Lenders harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Agent or any Lender and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.
14. Guarantee of Payment and Performance. This Guarantee is a guarantee of payment and performance and not of collection and is in addition and without prejudice to any securities of any kind now or hereafter held by the Agent or any Lender.
15. Costs. The Guarantor shall pay to the Agent all out-of-pocket costs and expenses, including all reasonable legal fees (on a solicitor and his own client basis) and other expenses incurred by the Agent and any of the Lenders from time to time in the enforcement, realization and collection of or in respect of this Guarantee, and the term "Obligations" herein shall include all such costs and expenses. All of these amounts shall be payable by the Guarantor on demand, shall bear interest at a rate per annum equal to the Prime Rate per annum, calculated from the date incurred by the Agent to the date paid by the Guarantor, compounded monthly on the last day of each month, both before and after default, maturity and judgment.

16. ~~Payment.~~ *All payments hereunder with respect to any Obligations shall be made to the Agent on behalf of the Lenders at the Agent's branch in Calgary, Alberta at Suite 500, West Tower, Eighth Avenue Place*
17. ~~16. Payment.~~ *All payments hereunder with respect to any Obligations shall be made to the Agent on behalf of the Lenders at the Agent's branch in Calgary, Alberta at 600, 444 — 7th Avenue S.W. 585 8th Avenue SW, Calgary, Alberta . T2P 0X81G1* or at such other branch or agency of the Agent as the Agent shall designate from time to time by notice in writing to the Guarantor.
18. ~~17. Payment on Stay.~~ If: (a) any Other Loan Party is prevented from making payment of any of the Obligations when it would otherwise be required to do so; or (b) the Agent is prevented from demanding payment of the Obligations because of a stay or other judicial proceeding or any other legal impediment, all Obligations or other amounts otherwise subject to demand, acceleration or payment shall be payable by the Guarantor as provided for hereunder.
19. ~~18. Waiver of Notice.~~ The Guarantor waives all notices which may be required by any statute, rule of law, contract or otherwise to preserve any rights to the Agent or any Lender against the Guarantor.
20. ~~19. Taxes.~~ Any and all payments by the Guarantor hereunder shall be made free and clear of and without deduction for any and all present and future taxes, liens, imposts, stamp taxes, deductions, charges or withholdings, and all liabilities with respect thereto and any interest, additions to tax and penalties imposed with respect thereto, but excluding, with respect to the Agent or any Lender, taxes imposed on its income or capital and franchise taxes imposed on it by any taxation authority (hereinafter referred to as "**Taxes**"). If the Guarantor shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Agent or any Lender:
- (a) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 19) the Agent or such Lender receives an amount equal to the sum it would have received had no such deductions been made; and
 - (b) the Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with Applicable Law.
21. ~~20. Covenants.~~ The Guarantor acknowledges receipt of a copy of the Credit Agreement and the other Loan Documents and understands the Obligations of the Loan Parties thereunder. The Guarantor consents and agrees to be bound by any provision in the Credit Agreement which relates to the Guarantor. In addition, the Guarantor covenants and agrees that it shall perform each and every term, covenant, condition and agreement which the Borrower has covenanted in the Credit Agreement to cause the Guarantor to perform, and the Guarantor will comply with each and every term, covenant, condition and agreement which the Borrower has covenanted under the Credit Agreement to cause the Guarantor to comply with, when and as provided for by the terms of the Credit Agreement and the Guarantor will not do anything which would result in a breach of the Credit Agreement.

The Guarantor confirms and makes and repeats on its own behalf in favour of the Agent and the Lenders each of the representations and warranties set forth in the Credit Agreement to the extent such representations and warranties relate to the Guarantor or any matter in respect thereof, and shall be deemed to make, repeat and re-affirm each such representation and warranty on each date on which such representations and warranties are made or deemed to be made or re-made by the Borrower under the Credit Agreement, all to the same extent as if the Guarantor was a party to the Credit Agreement, and all as though such representations and warranties were set out at length herein.

22. ~~21.~~ Governing Law. This Guarantee shall be governed by the laws of the Province of Alberta and the laws of Canada applicable therein.

23. ~~22.~~ Severability. If any provision or paragraph of this Guarantee shall be invalid, illegal or unenforceable in any respect or in any jurisdiction, it shall not affect the validity, legality or enforceability of such provision or paragraph in any other jurisdiction or the validity, legality or enforceability of any other provision of this Guarantee.

24. ~~23.~~ Notices. Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by transmittal by telex, telecopy, rapifax or other electronic means of communication addressed to the respective parties as follows:

the Guarantor at:

[•]

Attention: _____ [•]

Facsimile: [•]

the Agent at:

Suite 500, West Tower, Eighth Avenue Place
~~600, 444 — 7585~~ 8th Avenue ~~S.W.~~ SW, Calgary, Alberta, T2P ~~0X8~~ 1G1

Attention: Managing Director, Loan Syndications

Facsimile: (403) 974-5784

or to such other address or telex number, telecopy number or rapifax number as any party may from time to time notify the others in accordance with this Section 23. Any demand, notice or communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof, or, if made or given by telex or other electronic means of communication, on the first Business Day following the transmittal thereof.

25. ~~24.~~ Acknowledgment. The Guarantor confirms that its obligations under this Guarantee are not subject to any promise or condition affecting or limiting its liability, and no statement, representation, collateral agreement or promise by the Agent or any Lender or by any officer, employee or agent of it, forms any part of this Guarantee or has induced the making thereof, or shall be deemed in any way to affect the Guarantor's liability hereunder.

26. ~~25.~~ Appropriation. The Agent shall be at liberty, without in any way prejudicing or affecting its rights hereunder, to appropriate any payment made or monies received to any part of the Obligations, whether then due or to become due, and from time to time to revoke or alter any such appropriation, as the Agent sees fit.

IN WITNESS WHEREOF the Guarantor has caused this Guarantee to be signed by the proper officer duly authorized in that behalf as of the date and year first above written.

[NAME OF BORROWING BASE SUBSIDIARY]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Schedule "H" to the Credit Agreement dated June 27, 2014 among QUESTFIRE ENERGY CORP., as Borrower, and a consortium of Lenders with ALBERTA TREASURY BRANCHES, as Agent

FORM OF POWER OF ATTORNEY TERMS – BANKERS' ACCEPTANCES

In order to facilitate the acceptance of Bankers' Acceptances pursuant to the terms of the Credit Agreement dated June 27, 2014 among Questfire Energy Corp., as borrower (the "**Borrower**"), Alberta Treasury Branches, as Agent, and the Lenders named therein (as amended, supplemented and restated from time to time, the "**Credit Agreement**"), the Borrower hereby appoints each Lender (hereinafter individually called the "**Bank**"), acting by an authorized signing officer (the "**Attorney**") for the time being of the Bank's Branch of Account, the attorney of the Borrower:

- (a) to sign for and on behalf and in the name of the Borrower as drawer, drafts in the Bank's standard form which are "depository bills" under and as defined in the *Depository Bills and Notes Act* (Canada) (the "**DBNA**") ("**Drafts**") drawn on the Bank payable to a "clearing house" under the DBNA or its nominee for deposit by the Bank with the "clearing house" after acceptance thereof by the Bank; and
- (b) to fill in the amount, date and maturity date of such Drafts;

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

Instructions to the Bank relating to the execution, completion, endorsement, discount, purchase and/or delivery by the Bank on behalf of the Borrower of Drafts which the Borrower wishes to submit to the Bank for acceptance by the Bank shall be communicated by the Agent in writing to the Attorney at the Bank's Branch of Account concurrently with delivery by the Borrower, pursuant to the provisions of: (i) Section 3.6 or 3.8 of the Credit Agreement, a Borrowing Notice by way of Bankers' Acceptances in the form of Schedule "B" to the Credit Agreement; or (ii) Section 3.13 of the Credit Agreement, a Conversion Notice in the form of Schedule "C" to the Credit Agreement. The instructions to the Bank shall specify the following information:

- (a) a Canadian Dollar amount, which shall be the aggregate face amount of the Drafts to be accepted by the Bank in respect of a particular Borrowing, Conversion or Rollover; and
- (b) a specified period of time, as provided in the Credit Agreement, which shall be the number of months after the date of such Drafts that such Drafts are to be payable, and the dates of issue and maturity of such Drafts.

The communication in writing to the Bank of the instructions referred to above shall constitute (a) the authorization and instruction of the Borrower to the Bank to complete and endorse Drafts in accordance with such information as set out above and (b) the request of the Borrower to the Bank to accept such Drafts and deposit the same with the "clearing house" against payment as set out in the instructions. The Borrower acknowledges that the Bank shall not be obligated to accept any such Drafts except in accordance with the provisions of the Credit Agreement.

The Bank shall be and it is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to the Bank as provided herein if the Bank reasonably believes them to be genuine.

The Borrower hereby agrees to indemnify the Bank and its directors, officers, employees, affiliates and agents and to hold it and them harmless from and against any loss, liability, expense or claim of any

kind or nature whatsoever incurred by any of them as a result of any action or inaction in any way relating to or arising out of this power of attorney or the acts contemplated hereby including the deposit of any Draft with the "clearing house"; provided that this indemnity shall not apply to any such loss, liability, expense or claim which results from the negligence or wilful misconduct of the Bank or any of its directors, officers, employees, affiliates or agents.

This power of attorney may be revoked at any time upon not less than 15 Business Days' written notice served in accordance with Section 14.7 of the Credit Agreement upon the Bank at its Branch of Account, provided that: (i) it may be replaced with another power of attorney forthwith on terms satisfactory to the Bank; and (ii) no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any Draft executed, completed, endorsed, discounted and/or delivered in accordance herewith prior to the time at which such revocation becomes effective. This power of attorney may be terminated by the Bank at any time upon not less than 15 Business Days written notice to the Borrower in accordance with Section 14.7 of the Credit Agreement. Any revocation or termination of this power of attorney shall not affect the rights of the Bank and the obligations of the Borrower with respect to the indemnities of the Borrower above stated with respect to all matters arising prior in time to any such revocation or termination.

This power of attorney is in addition to and not in substitution for any agreement to which the Bank and the Borrower are parties.

This power of attorney shall be governed in all respects by the laws of the Province of Alberta and the laws of Canada applicable therein and each of the Borrower and the Bank hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of such jurisdiction in respect of all matters arising out of this power of attorney.

In the event of a conflict between the provisions of this Power of Attorney and the Credit Agreement, the Credit Agreement shall prevail. Capitalized terms used and not defined herein shall have the meanings given to them in the Credit Agreement.

Schedule "I" to the Credit Agreement dated June 27, 2014 among QUESTFIRE ENERGY CORP., as Borrower, and a consortium of Lenders with ALBERTA TREASURY BRANCHES, as Agent

FORM OF POWER OF ATTORNEY TERMS – BA EQUIVALENT ADVANCES

In order to facilitate the making of BA Equivalent Advances pursuant to the terms of the Credit Agreement dated June 27, 2014 among Questfire Energy Corp., as borrower (the "**Borrower**"), Alberta Treasury Branches, as Agent, and the Lenders named therein (as amended, supplemented and restated from time to time, the "**Credit Agreement**"), the Borrower hereby appoints each Lender (hereinafter individually called the "**Bank**"), acting by an authorized signing officer (the "**Attorney**") for the time being of the Bank's Branch of Account, the attorney of the Borrower:

- (a) to sign for and on behalf and in the name of the Borrower as drawer, promissory notes in the Bank's standard form for advances in the nature of BA Equivalent Advances ("Notes") payable to the Bank or its order evidencing BA Equivalent Advances made by the Bank to the Borrower pursuant to the Credit Agreement; and
- (b) to fill in the amount, date and maturity date of such Notes;

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

Instructions to the Bank relating to the execution, completion, endorsement, discount, purchase and/or delivery by the Bank on behalf of the Borrower of Notes which the Borrower wishes to issue to the Bank shall be communicated by the Agent in writing to the Attorney at the Bank's Branch of Account concurrently with delivery by the Borrower, pursuant to the provisions of: (i) Section 3.6 or 3.8 of the Credit Agreement, a Borrowing Notice by way of Bankers' Acceptances in the form of Schedule "B" to the Credit Agreement; or (ii) Section 3.13 of the Credit Agreement, a Conversion Notice in the form of Schedule "C" to the Credit Agreement. The instructions to the Bank shall specify the following information:

- (a) a Canadian Dollar amount, which shall be the aggregate face amount of the Notes in respect of a particular Borrowing, Conversion or Rollover; and
- (b) a specified period of time, as provided in the Credit Agreement, which shall be the number of months after the date of such Notes that such Notes are to be payable, and the dates of issue and maturity of such Notes.

The communication in writing to the Bank of the instructions referred to above shall constitute the authorization and instruction of the Borrower to the Bank to complete and, if applicable, endorse Notes in accordance with such information as set out above. The Borrower acknowledges that the Bank shall not be obligated to make any BA Equivalent Advance and thereafter complete and execute, and if applicable, endorse any such Notes except in accordance with the provisions of the Credit Agreement.

The Bank shall be and it is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to the Bank as provided herein if the Bank reasonably believes them to be genuine.

The Borrower agrees to indemnify the Bank and its directors, officers, employees, affiliates and agents and to hold it and them harmless from and against any loss, liability, expense or claim of any kind or nature whatsoever incurred by any of them as a result of any action or inaction in any way relating to or arising out of this power of attorney or the acts contemplated hereby; provided that this indemnity shall not

apply to any such loss, liability, expense or claim which results from the negligence or wilful misconduct of the Bank or any of its directors, officers, employees, affiliates or agents.

This power of attorney may be revoked at any time upon not less than 15 Business Days' written notice served in accordance with Section 14.7 of the Credit Agreement upon the Bank at its Branch of Account, provided that: (i) it may be replaced with another power of attorney forthwith on terms satisfactory to the Bank; and (ii) no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any Notes executed, completed, endorsed, discounted and/or delivered in accordance herewith prior to the time at which such revocation becomes effective. This power of attorney may be terminated by the Bank at any time upon not less than 15 Business Days written notice to the Borrower in accordance with Section 14.7 of the Credit Agreement. Any revocation or termination of this power of attorney shall not affect the rights of the Bank and the obligations of the Borrower with respect to the indemnities of the Borrower above stated with respect to all matters arising prior in time to any such revocation or termination.

This power of attorney is in addition to and not in substitution for any agreement to which the Bank and the Borrower are parties.

This power of attorney shall be governed in all respects by the laws of the Province of Alberta and the laws of Canada applicable therein and each of the Borrower and the Bank hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of such jurisdiction in respect of all matters arising out of this power of attorney.

In the event of a conflict between the provisions of this Power of Attorney and the Credit Agreement, the Credit Agreement shall prevail. Capitalized terms used and not defined herein shall have the meanings given to them in the Credit Agreement.

Schedule "J" to the Credit Agreement dated June 27, 2014 among QUESTFIRE ENERGY CORP., as Borrower, and a consortium of Lenders with ALBERTA TREASURY BRANCHES, as Agent

FORM OF ENVIRONMENTAL CERTIFICATE

TO: ALBERTA TREASURY BRANCHES, as Agent

RE: Credit Agreement dated June 27, 2014 between Questfire Energy Corp., as borrower (the "**Borrower**"), Alberta Treasury Branches, as Agent (the "**Agent**"), and the persons party thereto as lenders from time to time (collectively, the "**Lenders**") (such Credit Agreement, as it may be amended, supplemented, modified or restated from time to time, referred to as the "**Credit Agreement**").

This Environmental Certificate is given pursuant to Section 8.1(d)(vii) of the Credit Agreement. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

I am the duly appointed [•] of the Borrower and hereby make the following certifications in such capacity for and on behalf of the Borrower and not in my personal capacity and without assuming any personal liability whatsoever:

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 and the Borrowing Base Subsidiaries to confirm that the internal environmental reporting and response procedures of the Borrower and the Borrowing Base Subsidiaries 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 certifications in paragraphs 3 through 9 are qualified as to any breach of or failure to comply with any Environmental Laws, provided that the breach or failure to comply has not had, or would not reasonably be expected to have (whether on an individual or cumulative basis), a Material Adverse Effect.
3. The property of the Loan Parties 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 a Governmental Authority by any of the Loan Parties, or of which any of the Loan Parties are otherwise aware, with respect to any alleged violation of or alleged liability under any Environmental Laws by any of the Loan Parties; or
 - (b) stop, cleanup or preventative orders, direction or action requests, notice of which has been received from an Governmental Authority by any of the Loan Parties or of which any of the Loan Parties are 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 any of the Loan Parties.

5. Except in compliance with Environmental Laws, no contaminant or other hazardous substance has been received, handled, used, stored, treated or shipped at or from, and there has been no discharge or Release of a contaminant or other hazardous substance at, on, from or under any property owned, leased, managed, controlled or operated by any of the Loan Parties.
6. None of the lands and facilities owned, leased, managed, controlled or operated by any of the Loan Parties 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 any of the Loan Parties, which with the passage of time, or the giving of notice or both, has given rise to or would reasonably be expected to give rise to a violation or liability under any Environmental Laws.
8. The Loan Parties are not aware of any matter affecting the environment that has had or could reasonably be expected to have a Material Adverse Effect.
9. The Loan Parties have 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 the Borrower hereby certifies that each of the Permits is in full force and effect and unrevoked as of the date of this certificate.

DATED this ____ day of _____, 20__.

QUESTFIRE ENERGY CORP.

By: _____
 Name:
 Title:

Schedule "K" to the Credit Agreement dated June 27, 2014 among QUESTFIRE ENERGY CORP., as Borrower, and a consortium of Lenders with ALBERTA TREASURY BRANCHES, as Agent

FORM OF OIL AND GAS OWNERSHIP CERTIFICATE

TO: Alberta Treasury Branches ("**ATB**"), as Agent

RE: Credit Agreement dated June 27, 2014 among Questfire Energy Corp., as borrower (the "**Borrower**"), Alberta Treasury Branches, as Agent (the "**Agent**"), and the persons party thereto as lenders from time to time (collectively, the "**Lenders**") (such Credit Agreement, as it may be amended, supplemented, modified or restated from time to time, referred to as the "**Credit Agreement**")

This certificate is delivered pursuant to Section 3.5(b) / 8.1(d)(ix) of the Credit Agreement.

The undersigned, [•], being the [•] of the Borrower hereby certifies for and on behalf of the Borrower and each Borrowing Base Subsidiary (collectively, the "**Borrowing Base Parties**") and not in any personal capacity and without assuming any personal liability whatsoever, as follows:

1. I have made or caused to be made due inquiries and review of all documents, correspondence and other material (the "**Title Enquiries**") relating to the hydrocarbons and lands or interests in lands (the "**Lands**") described in [describe Engineering Reports] with respect to the Borrowing Base Parties' proved plus probable reserves (collectively, the "**Engineering Reports**").
2. Attached hereto is a complete listing of all of the P&NG Rights of the Borrower and each Borrowing Base Subsidiary constituting interests in land (including legal descriptions, Crown lease numbers, issue dates, zone restrictions, names of freehold lessors, its before and after payout working interests, and all royalties and burdens encumbering such interests).
3. Based upon the Title Enquiries, I have no knowledge, information or belief that there exists any provision in any agreement, contract or document pertaining to the Lands which prevents the Borrowing Base Parties from providing a Security Interest over such Lands to the Agent, for its own benefit and on behalf of the Lenders and the Swap Lenders, or which would prevent the Agent from enforcing and realizing on such security in the event of a default thereunder other than the requirement to obtain the consent and/or waiver of a ROFR in the event of the sale of the Lands on the realization and enforcement of such security.
4. Based upon the Title Enquiries, to the best of my knowledge, information and belief, the Borrowing Base Parties are, effective as of the date hereof, possessed of and are beneficial owners of the respective working, royalty and other interests set forth in the Engineering Reports with respect to the Lands, subject to any Permitted Encumbrances and to Minor Title Defects.
5. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default (by the Borrowing Base Parties or for which the Borrowing Base Parties are liable, including by any operator of the Lands) of payment of royalties in connection with the Lands which have accrued due by reason of production since any royalty payment dates, as prescribed by statute or agreement, immediately preceding the date of this certificate which could reasonably be expected to have a Material Adverse Effect and no Borrowing Base Party nor any Person on behalf of a Borrowing Base Party (including any operator of the Lands) has received notice of default of any obligation imposed on it by any farmout, operating agreement or any other contract or agreement in respect of the Lands which, in any case, could reasonably be expected to have a

Material Adverse Effect and, to the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default of any such obligation which could reasonably be expected to have a Material Adverse Effect.

6. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, no Borrowing Base Party nor any Person on behalf of a Borrowing Base Party (including any operator of the Lands) has received notice of any claim adverse to a Borrowing Base Party's working, royalty and other interests in the Lands which if successfully asserted would reasonably be expected to have a Material Adverse Effect and there are no Security Interests or adverse claims, other than the Permitted Encumbrances, which affect the title of any Borrowing Base Party to their respective interests in the Lands which in any way could reasonably be expected to have a Material Adverse Effect.
7. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there are at present no outstanding unfulfilled obligations being enforced under any lease or contract pertaining to the Lands which could reasonably be expected to have a Material Adverse Effect and any Borrowing Base Party's working, royalty and other interests in the Lands are not subject to any contractual obligations or conditions which are reasonably expected to result in the diminishment or forfeiture of any material working, royalty and other interests, except those, without duplication, which are not prohibited by the Credit Agreement or which are accounted for in the Engineering Reports.
8. All of the working, royalty and other interests of the Borrowing Base Parties in respect of petroleum and natural gas rights described in the Engineering Reports are accurately reflected in the Engineering Reports in all material respects.
9. The most current LMR of the Borrower, and if applicable each other Loan Party, in the Province of [XX] is [XX].
10. The status of the Borrower's abandonment program is [XX].
11. All the historical data provided by each Borrowing Base Party to the independent petroleum engineer providing such Engineering Report for use in connection therewith was prepared from information reasonably believed to be complete and accurate in all material respects.
12. All data in the possession of or available to each Borrowing Base Party which is material to the preparation of such Engineering Report has been made available to such independent petroleum engineer.
13. Capitalized words and phrases used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

DATED this ____ day of _____, 20__.

QUESTFIRE ENERGY CORP.

By: _____
 Name:
 Title:

Listing of P&NG Rights

[Borrower to attach]

Schedule "L" to the Credit Agreement dated June 27, 2014 among
QUESTFIRE ENERGY CORP., as Borrower, and a consortium of
Lenders with ALBERTA TREASURY BRANCHES, as Agent

EXISTING SWAPS



**Questfire Energy Corp.
Hedging**

Contract	Instrument	Index	Start date	Maturity	Fixed price/strike	Daily Volume
988709 *	Swap	WTI CAD hedged	1/Jan/14	31/Dec/14	94.8000	200
988713 *	Swap	AECO 7A monthly	1/Jan/14	31/Dec/14	3.3575	8,000
14673106	Asian	AECO 7A monthly	1/Jan/14	31/Dec/14	3.0000	2,500
15142341	Asian	AECO 7A monthly	1/Jan/14	31/Dec/14	3.0000	2,500
15142359	Asian	AECO 7A monthly	1/Jan/14	31/Dec/14	3.0000	2,500
15449360	Asian	AECO 7A monthly	1/Jan/14	31/Dec/14	3.0000	5,000
ATB	Asian	AECO 7A monthly	1/Jan/14	31/Dec/14	3.0000	2,500
ATB	Asian	AECO 7A monthly	1/Jan/15	31/Dec/15	3.0000	5,000

* novated from Bank of Nova Scotia

Schedule "M" to the Credit Agreement dated June 27, 2014 among QUESTFIRE ENERGY CORP., as Borrower, and a consortium of Lenders with ALBERTA TREASURY BRANCHES, as Agent

EXISTING LETTERS OF CREDIT



Questfire letters of credit outstanding as of June 20, 2014:

	Amount
1) AltaGas Processing Partnership	\$150,000 CAD
2) Keyera Partnership	\$200,000 CAD

Document comparison by Workshare Compare on Wednesday, September 28, 2016 8:10:30 AM

Input:	
Document 1 ID	PowerDocs://DOCS/15852951/1
Description	DOCS-#15852951-v1-Credit_Agreement_(Questfire)_Sixth_Amendment
Document 2 ID	PowerDocs://DOCS/15852951/6
Description	DOCS-#15852951-v6-Credit_Agreement_(Questfire)_Sixth_Amendment
Rendering set	MTStandard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	470
Deletions	346
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	818

This is Exhibit "B" referred to in the Affidavit of
Trina Holland
sworn before me this 15th day of November, 2017.

A handwritten signature in black ink, appearing to read 'Lan T.X. Nguyen', is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

LAN T.X. NGUYEN
Student-at-Law

DEMAND DEBENTURE AND NEGATIVE PLEDGE

This Debenture is dated effective as of June 27, 2014 and is issued by Questfire Energy Corp., a corporation under the laws of Alberta (the "**Debtor**") in favour of **Alberta Treasury Branches**, as Agent (as defined herein).

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Debenture terms and expressions defined in the description of the parties and Schedule "A" shall have those meanings when used herein, including the recitals hereto. Unless otherwise defined herein, terms and expressions defined in the Credit Agreement shall, when used herein, have the same meanings as are ascribed to them in the Credit Agreement.

1.2 Schedules

The following Schedules are incorporated herein and made a part hereof:

Schedule "A" – Definitions

Schedule "B" – Specifically Mortgaged Properties

Any reference to a Schedule in this Debenture includes, unless the context otherwise requires, such Schedule as amended from time to time by one or more indentures supplemental hereto.

ARTICLE 2 PRINCIPAL AND INTEREST

2.1 Promise to Pay

The Debtor, for value received, hereby acknowledges itself indebted and promises to pay to the Agent for and on behalf of the Agent and the Lenders **ON DEMAND** or on such earlier date as the principal sum hereof may become payable as provided herein, the principal sum of One Hundred and Fifty Million Dollars (Cdn. \$150,000,000) and to pay interest on such principal sum at the Prime Rate plus 8.00% per annum from the date hereof until full and final payment and discharge hereof, as well after as before maturity, default and judgment in like money and, to the extent permitted by Applicable Law, to pay interest on overdue and unpaid interest at the same rate as aforesaid. All payments due under this Debenture shall be paid in immediately available funds to the Agent at the Agent's Account for Payments or such other place as the Agent may designate in writing from time to time. Interest accruing due hereunder shall be calculated daily in accordance with the "nominal rate" method of interest calculation on the basis of a 365 or 366 day year (as the case may be) and shall be due and payable in arrears on the first Business Day of the following calendar month. Any amount of interest not paid when due (including overdue and unpaid interest) shall bear interest at the rate aforesaid, be calculated daily and compounded on the last Business Day of each calendar month, and shall be paid without the necessity for any demand being made, but if demand is made, on demand. The theory of deemed reinvestment shall not apply to the calculation of interest or the payment of other amounts hereunder.

2.2 Agent Capacity

This Debenture is granted to the Agent in its capacity as agent for the Lenders. All of the covenants, representations, warranties, rights, benefits and protections made or given in favour of the Agent hereunder are acknowledged to be for the joint and several benefit of the Agent and each of the Lenders from time to time.

ARTICLE 3 SECURITY

3.1 Security

To secure the payment, performance and final and indefeasible satisfaction in full of each and every Obligation, the Debtor hereby (subject to the exceptions contained in Sections 3.3 and 3.4):

- (a) **fixed charge:** if any Leases, Lands and/or Title and Operating Documents are listed in Schedule "B" hereto (as amended from time to time by one or more indentures supplemental hereto), mortgages and charges as and by way of a continuing first, fixed and specific mortgage and charge to and in favour of the Agent and grants in favour of the Agent, in each case for and on behalf of the Agent and the Lenders, all of the Debtor's right, title, estate and interest, whether now owned or hereafter acquired, in and to:
 - (i) the Oil and Gas Properties and all Petroleum Substances relating to or produced from the Oil and Gas Properties; and
 - (ii) all proceeds, rents, issues, revenues, profits and other income (including insurance proceeds) accruing from or in respect of any of the properties and assets described in or contemplated by paragraph (i);
 (collectively, the "**Specifically Mortgaged Property**");
- (b) **personal property security interest:** grants to the Agent, for and on behalf of the Agent and the Lenders, and the Agent hereby takes, a continuing first priority security interest in and to all of the Debtor's present and after-acquired personal property, including proceeds, rents, issues, revenues, profits and other income (including insurance proceeds) accruing from or in respect of such personal property; and
- (c) **floating charge:** mortgages and charges as and by way of a continuing first floating charge to and in favour of the Agent, for and on behalf of the Agent and the Lenders, the undertaking and all the property and assets, rights and things of the Debtor, both present and future, legal or equitable, tangible and intangible, real or personal, of which the Debtor may be possessed or to which it may be entitled or which may hereafter be acquired by the Debtor, other than:
 - (i) the Specifically Mortgaged Property to the extent validly subjected to the grant of a mortgage and charge therein pursuant to Section 3.1(a), and
 - (ii) the Debtor's present and after-acquired personal property to the extent validly subjected to the grant of a security interest therein pursuant to Section 3.1(b));

such floating charge to include, for certainty, all of the Debtor's right, title, estate and interest in and to any real property now owned or hereafter acquired by the Debtor;

provided, however, that to the extent that, and for so long as, the Borrower is prohibited from creating a mortgage, charge or security interest on the "Facilities" (as that term is defined in the Joint Venture Agreement as in effect on the date of this Debenture) pursuant to the Joint Venture Agreement, the Collateral shall be deemed not to include such Facilities. For certainty, upon such prohibition ceasing to exist or to apply, and upon the Borrower acquiring any right, title or interest in the Facilities (or any of them), the charges created by this Section 3.1 shall thereupon attach to such Facilities, and further provided that, until the Charge hereby constituted shall have become enforceable and the Agent shall have determined to enforce the same, the Debtor may, in the ordinary course of the business of the Debtor and for the purpose of carrying on the same, sell, assign, lease, dispose of and deal with the Collateral to the extent expressly permitted in the Credit Agreement.

TO HAVE AND TO HOLD the Collateral and the Charge and all rights hereby conferred unto the Agent on behalf of itself and each of the Lenders.

Neither the granting of this Debenture nor any proceeding taken hereunder or with respect hereto or under any securities or evidences of securities taken by the Agent, nor any judgment obtained in such proceedings, shall operate as a merger of the Obligations or of any simple contract debt or in any way suspend payment of, affect or prejudice the rights, remedies or powers, legal or equitable, which the Agent (or any of the Lenders) may hold in connection with the Obligations and any securities which may be taken by the Agent (or any of the Lenders) in addition to, by way of renewal of, or in substitution for any present or future bill, promissory note, obligation or security evidencing the Obligations or a part thereof, or be deemed a payment or satisfaction of the Obligations or any part thereof or merge therein, or affect the Agent's right to interest at the rate and times for said period, and any right reserved to the Agent (or any of the Lenders) under any document may be exercised concurrently or consecutively with or to any other rights reserved to it.

3.2 Attachment

The Debtor acknowledges conclusively that the Debtor and the Agent intend the Charge in the Collateral to attach immediately upon the execution of this Debenture, except in the case of Collateral in which the Debtor subsequently acquires rights, in which case the Charge shall attach contemporaneously with the Debtor acquiring rights therein without the need for any further or other deed, act or consideration. The Charge shall be effective and shall attach as of the date hereof whether the Obligations hereby secured or any part thereof shall become owing by the Debtor before or after or upon the date of execution of this Debenture and shall from time to time constitute general and continuing security for the due payment and performance of the Obligations, until such time as these presents and the Security Interests terminate in accordance with the provisions of Section 7.4 hereof. The Debtor acknowledges conclusively that value has been given and that the Debtor has rights in the Collateral.

3.3 Title and Operating Documents

The last day of any term (or any extension or renewal of such term) reserved by any lease, sublease or *profit a prendre*, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby excepted out of the Charge and does not and shall not form part of the Collateral, but the Debtor shall stand possessed of such last day upon trust to assign and dispose thereof as the Agent shall direct and upon any sale thereof, or any part thereof, the Agent, for the purpose of vesting the aforesaid in any purchaser or purchasers thereof, shall be entitled by deed or writing to appoint such purchaser or purchasers or any other Person or Persons as trustee or trustees thereof in the place of the Debtor and to vest same accordingly in the new trustee or trustees so appointed freed and discharged from any obligation respecting same.

3.4 Unlimited Liability Shares

Notwithstanding any other provision in this Debenture, to the extent that any shares (the "**Unlimited Liability Shares**") in an unlimited liability company (an "**Unlimited Company**") constitute Collateral, neither the Agent nor the Lenders shall become or be deemed to become a member or shareholder, or obtain or have the right to obtain any other indicia of ownership of any Unlimited Company, and no provision in this Debenture (except this Section 3.4) or actions taken by the Agent or Lenders pursuant to this Debenture which might provide or be deemed to provide otherwise, in whole or in part, shall, without the express written consent of the Agent, apply in respect of Unlimited Liability Shares. For the avoidance of doubt, and except as otherwise provided in the last sentence of this Section 3.4, no provision of this Debenture or actions taken by the Agent pursuant to this Debenture shall apply or be deemed to apply so as to cause the Agent or the Lenders to be, and the Agent and the Lenders shall not be or be deemed to be, or entitled to:

- (a) be registered as a shareholder or member, or apply to be registered as a shareholder or member, of any Unlimited Company;

- (b) request or assent to a notation being entered in its favour in the share register in respect of Unlimited Liability Shares;
- (c) hold itself out as a shareholder or member of any Unlimited Company; or
- (d) act or purport to act as a member of any Unlimited Company, or obtain, exercise or attempt to exercise any rights of a shareholder or member, including the right to attend a meeting of, or to vote any Unlimited Liability Shares or to be entitled to receive any distribution in respect of Unlimited Liability Shares.

The foregoing limitation shall not restrict the Agent from exercising the rights which it is entitled to exercise hereunder in respect of any Unlimited Liability Shares constituting Collateral at any time that the Agent shall be entitled to realize on all or any portion of the Collateral.

3.5 Investment Property

If the Collateral at any time includes investment property which is or is to be credited to a securities account established by the Debtor with a securities intermediary, the Debtor shall notify the Agent and, at the request of the Agent, shall procure that the relevant securities intermediary shall enter into an agreement with the Agent which includes such terms as may be required by the Agent to ensure that the Agent has exclusive control over all investment property held in the relevant securities account following the occurrence and continuance of an Event of Default (as defined in the Credit Agreement) including, but not limited to, an agreement of the securities intermediary that it will comply with entitlement orders that are originated by the Agent without the further consent of the Debtor.

3.6 Contractual Rights

In the event the validity and effectiveness of the Charge over any of the Collateral is dependent upon obtaining the consent, approval or waiver of any arm's length third person in order to be effective as against such third person (or at all, as applicable), the Charge over any such Collateral shall not be effective as against such third person (or at all, as applicable) until the applicable consent, approval or waiver is obtained or is no longer necessary for the purposes of the validity and effectiveness of the Charge, whereupon the Charge shall immediately become effective as against such third person (or as against all, as applicable) on any such Collateral. Until such consent, approval or waiver is obtained or the same is no longer necessary, the Debtor shall (subject to the other terms hereof) stand possessed of such Collateral upon trust to assign the same to the Agent or otherwise subject the same to the Charge, as the Agent shall direct, forthwith upon obtaining such consent, waiver or approval or upon the same no longer being necessary.

3.7 Negative Pledge

The Debtor covenants and agrees that it will not grant, create, incur, assume or permit or suffer to exist any Security Interest upon or with respect to any of the Collateral, except as expressly permitted in the Credit Agreement. The fact that the Debtor is permitted to create or suffer to exist any Security Interest shall not, in any circumstances, be taken to constitute a subordination of the Charge to any Security Interest permitted by the Credit Agreement, it being the intention of the Debtor and the Agent that the Charge shall at all times, to the maximum extent permitted by Applicable Law, rank as a first priority Security Interest in priority to any other Security Interest permitted by the Credit Agreement or otherwise.

3.8 British Columbia Floating Charges

For greater certainty, it is hereby confirmed that the floating charge created hereby is a floating charge within the meaning of Section 203 of the *Land Title Act* (British Columbia) and does not

become a fixed charge on specific land until the occurrence of an Acceleration Event or until the Agent has made demand for payment of the Obligations.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties

The Debtor represents and warrants to the Agent that, subject to Sections 3.3, 3.4 and 3.6, the Debtor has the right to mortgage the Collateral as contemplated by this Debenture.

4.2 Survival

All representations and warranties of the Debtor made in this Debenture for the benefit of the Agent and the Lenders shall survive the issuance of this Debenture and shall continue in full force and effect until the Obligations are fully and finally paid. The Agent shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Agent at any time.

ARTICLE 5 REMEDIES

5.1 Acceleration

Upon the occurrence and during the continuance of an Acceleration Event, all of the principal hereof, accrued and unpaid interest hereon and all other Obligations shall automatically become immediately due and payable and the Debtor shall immediately pay to the Agent all amounts owing or payable in respect of the Obligations. Without restricting anything herein contained, it is the intent and purpose hereof that the Obligations shall become payable and be paid on demand or upon the occurrence of any Acceleration Event without any requirement of time (whether to negotiate credit or arrange financing in any way or otherwise howsoever) or further notice of any kind, all of which are expressly waived by the Debtor.

5.2 Remedies - General

Upon the occurrence and during the continuance of an Acceleration Event, the Agent may, in its absolute discretion:

- (a) exercise such rights and remedies as are provided by the PPSA with respect to the Collateral or any part thereof that constitutes personalty and all other rights and remedies recognized under Applicable Law against the Debtor or in respect of the Collateral or any part thereof for the enforcement of full payment and performance of all the Obligations;
- (b) either with or without notice, enter into and upon and take possession of all or any part of the Collateral with full power to exclude the Debtor and additionally shall have full power and authority:
 - (i) to carry on, manage and conduct the business operations of the Debtor respecting such Collateral and to borrow money in the Debtor's name or in its own name or advance its own money for the purpose of such business operations, maintenance and preservation of such Collateral or any part thereof and the making of such replacements thereof and additions thereto as it shall deem desirable and the payment of taxes, wages and other charges ranking in priority to the Charge, with all monies so borrowed to be repayable, together with interest thereon calculated and payable at the rate, in the manner and at the times provided in Section 2.1, by the Debtor without requirement of any request or

demand therefor, and until repaid shall be secured together with the said interest, by the Charge, in addition to all other sums secured thereby; and

- (ii) to receive the revenues, incomes, issues and profits of such Collateral and to pay therefrom the reasonable costs, charges and expenses of the Agent in carrying on the said business operations or otherwise, and all taxes, assessments and other charges against such Collateral ranking in priority to the Charge, the payment of which may be necessary to preserve such Collateral, and to apply the remainder of the monies so received in the same manner as if the same arose from a sale or realization of such Collateral;
- (c) either after entry as aforesaid or after other entries, or without any entry, sell or dispose of the Collateral, either as a whole or in separate parcels, either upon cash or upon credit, and whether by private contract, at public auction or by public tender, all as the Agent may in its discretion consider appropriate in the circumstances, it being agreed that any such sale may be made upon such terms and conditions, including terms and conditions as to price and payment as the Agent may in its discretion consider appropriate in the circumstances;
- (d) make any such sale or disposition of the Collateral either for cash or upon credit and upon such reasonable conditions as to upset or reserve bid or price and terms of payment as it may deem proper; to rescind or vary any contract or sale that may have been entered into and re-sell with or under any of the powers conferred herein; to adjourn such sale from time to time; and to execute and deliver to the purchaser or purchasers of the Collateral or any part thereof, good and sufficient deed or deeds for the same, and any such sale or disposition made as aforesaid shall be a perpetual bar at law and in equity against the Debtor and all other Persons claiming the Collateral or any part or parcel thereof, by, from, through, or under the Debtor. The Agent or any Lender may become a purchaser at any sale of the Collateral or any part thereof;
- (e) with or without entry or sale as aforesaid, in its discretion, proceed to protect and enforce its rights under this Debenture by sale under judgment order in any judicial proceeding or by foreclosure or a suit or suits in equity or at law or otherwise whether for the specific performance of any covenant or agreement contained in this Debenture or in aid of the execution of any power granted in this Debenture or in aid of the execution of this Debenture or for the filing of such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claim of the Agent lodged in any bankruptcy, winding-up or other judicial proceeding, or for the enforcement of any other legal or equitable remedy as the Agent shall deem most effective to protect and enforce any of the rights or duties of the Agent or any Lender; or
- (f) in lieu of appointing a Receiver as provided in Section 5.6, apply to any court or courts of competent jurisdiction for the appointment of one or more Receivers of the Collateral or any part thereof, with such powers as the court or courts making such appointment or appointments shall confer including all or any of the powers set forth above in paragraphs (a) through (e) inclusive of this Section 5.2.

5.3 Possession

The Debtor shall on demand by the Agent or any Receiver yield up possession of the Collateral or any part thereof as demanded by the Agent whenever the Agent shall have a right to exercise any rights or remedies under Section 5.2 and put no obstacle in the way of, but facilitate by all legal means, the actions of the Agent or any Receiver hereunder and not interfere with the carrying out of the powers hereby granted to the Agent or any Receiver. Nothing done by the Agent, any Lender or any Receiver or Receivers in possession of the Collateral shall render it a mortgagee in possession or responsible as such, or any way limit or curtail the remedies of it as a mortgagee or creditor under any Applicable Law.

5.4 Judgment

The Debtor covenants and agrees with the Agent that, in the case of any judicial or other proceeding to enforce the Charge or any part thereof, judgment may be rendered against the Debtor in favour of the Agent for any amount remaining due under this Debenture or for which the Debtor may be liable hereunder, after the application to the payment thereof of the proceeds of any sale of the Collateral or any part thereof. The covenant of the Debtor to pay interest at the rate provided in this Debenture shall not merge in any such judgment and such judgment shall bear interest at the rate set forth in this Debenture until such judgment and all interest thereon has been paid in full.

5.5 Account Debtors

- (a) All Persons producing, purchasing, taking, processing or receiving any Petroleum Substances forming part of the Collateral, having in their possession any such Petroleum Substances or proceeds therefrom, being a debtor on an intangible or chattel paper, an obligor on an instrument or any other Person being obligated to pay any account receivable or other debt due, owing or accruing due to the Debtor, including operators or managers under any operating agreement, management agreement, lease, or otherwise, are entitled at all times after the occurrence and during the continuance of an Acceleration Event to treat and regard the Agent as the assignee and transferee from the Debtor, entitled in the place and stead of the Debtor to receive such Petroleum Substances, proceeds, accounts and other debts. The Agent may give notice to all or any of such Persons of the Charge and, after the occurrence of and continuance of an Acceleration Event, may give notice to such Persons to remit all such Petroleum Substances, proceeds, accounts and other debts directly to the Agent, whether or not the Debtor was making collections on such Collateral prior to notification by the Agent; and all such Persons shall be fully protected in so treating and regarding the Agent and shall be under no obligation to see to the application in any particular manner by the Agent of any such Petroleum Substances, proceeds, accounts and other debts received by it. The Debtor will at the request of the Agent, furnish the Agent with the names of all Persons purchasing, producing, taking, processing or receiving Petroleum Substances, having in their possession such Petroleum Substances or proceeds therefrom, or otherwise being indebted or obligated to the Debtor.
- (b) All securities intermediaries (as defined in the PPSA) that are required to act upon entitlement orders of the Debtor are entitled to treat and regard the Agent as the entitlement holder, entitled in the place and stead of the Debtor to give entitlement orders. The Agent may give notice to each securities intermediary with whom the Debtor maintains a securities account and require each such securities intermediary to act in accordance with entitlement orders of the Agent in relation to the investment property held in such securities account after the occurrence and continuance of an Acceleration Event; and all such securities intermediaries shall be fully protected in treating and regarding the Agent as the entitlement holder and will be under no obligation to see to the application in any particular manner by the Agent of any investment property of the Debtor held by the securities intermediary. The Debtor will, at the request of the Agent, furnish the Agent with a list of all securities intermediaries with whom the Debtor maintains accounts together with all relevant account information.
- (c) Any money collected or received by the Agent pursuant to paragraph (a) above shall be applied in the manner set out in Section 5.8. The Agent shall not be liable or accountable for its failure to collect, realize, sell or obtain payment of accounts, chattel paper, instruments, intangibles, choses in action or rights to payment or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any right to payment of the Agent, the Debtor or any other Person in respect thereof.
- (d) All money collected or received by the Debtor in respect of accounts, chattel paper, instruments, documents of title, intangibles, choses in action, rights to payment or the proceeds of any sale of Petroleum Substances or other interests of the Debtor described herein shall, after the occurrence and during the continuance of an Acceleration Event, be held by the Debtor in trust

for the absolute use and benefit of the Agent and shall be paid or delivered over to the Agent upon demand in the identical form received and until demand shall be held by the Debtor separate and apart from any funds belonging to the Debtor or any other funds over which it has possession or control.

5.6 Receiver

Upon the occurrence and during the continuance of an Acceleration Event, the Agent may in its absolute discretion appoint one or more Receivers of the Collateral or any part thereof and upon any such appointment by the Agent the following provisions shall apply:

- (a) such appointment shall be made in writing signed by the Agent and such writing shall be conclusive evidence for all purposes of such appointment; the Agent may from time to time in the same manner remove any Receiver so appointed and appoint another in its stead; in making any such appointment the Agent shall be deemed to be acting as the attorney for the Debtor and the Debtor hereby consents to the appointment of a Receiver;
- (b) any such appointment may be limited to any part or parts of the Collateral or may extend to the whole thereof;
- (c) every Receiver may, in the discretion of the Agent, be vested with all or any of the powers, rights, benefits, discretions, protection and relief of the Agent hereunder and shall be vested with all of the powers and protections afforded to a Receiver under Applicable Law;
- (d) the Agent may from time to time fix the reasonable remuneration of the Receiver and direct the payment thereof, in priority to the other Obligations, out of the Collateral, the income therefrom or the proceeds thereof;
- (e) the Agent may from time to time require any Receiver to give security for the performance of its duties and may fix the nature and amount thereof, but the Agent shall not be bound to require such security;
- (f) every such Receiver may, with the consent in writing of the Agent, borrow money for the purpose of carrying on the business of the Debtor in respect of any part of the Collateral or for the maintenance, protection or preservation of the Collateral or any part thereof, and any Receiver may issue certificates (in this Section 5.6 called "**Receiver's Certificates**") for such sums as will in the opinion of the Agent be sufficient for carrying out the foregoing, and such Receiver's Certificates may be payable either to order or bearer and may be payable at such time or times as the Agent may consider expedient, and shall bear such interest at the Prime Rate plus 2% per annum and the Receiver may sell, pledge or otherwise dispose of the same in such manner as the Agent may consider advisable and may pay such commission on the sale thereof as the Agent may consider reasonable, and the amounts from time to time payable by virtue of such Receiver's Certificates shall at the option of the Agent form a charge upon the Collateral in priority to this Debenture;
- (g) every Receiver shall, regarding its acts or omissions, be deemed the agent of the Debtor and in no event the agent of the Agent and the Agent shall not, in making or consenting to such appointment, incur any liability to any Receiver for its remuneration or otherwise howsoever;
- (h) except as may be otherwise directed by the Agent, all monies from time to time received by any Receiver shall be paid over to the Agent at the place where this Debenture is payable; and
- (i) the Agent may pay over to any Receiver any monies constituting part of the Collateral to the extent that the same may be applied for the purposes hereof by such Receiver and the Agent

may from time to time determine what funds any Receiver shall be at liberty to keep on hand with a view to the performance of its duties as such Receiver.

5.7 Remedies Not Exclusive

No right, power or remedy herein conferred upon or reserved to the Agent, any Lender or any Receiver is intended to be exclusive of any other right, power or remedy or remedies, and each and every right, power and remedy shall, to the extent permitted by Applicable Law, be cumulative and shall be in addition to every other right, power or remedy given hereunder or now or hereafter existing at law, in equity or by statute. The Agent shall have the power to waive any default, provided no such waiver shall be effective unless made in writing and shall not constitute a waiver of any other or subsequent default. No delay or omission of the Agent or any Lender in the exercise of any right, power or remedy accruing upon any default shall impair any such right, power or remedy or shall be construed to be a waiver of any such default or an acquiescence therein. Every right, power and remedy given to the Agent, any Lender or to a Receiver by this Debenture or under Applicable Law may be exercised from time to time and as often as may be deemed expedient by the Agent, any Lender or such Receiver, as applicable. In case the Agent shall have proceeded to enforce any right under this Debenture and the proceedings for the enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Agent, then and in every such case the Debtor and the Agent shall, without any further action hereunder, to the fullest extent permitted by Applicable Law, subject to any determination in such proceedings, severally and respectively, be restored to their former positions and rights hereunder and thereafter all rights, remedies and powers of the Agent shall continue as though no such proceeding had been taken.

5.8 Application of Proceeds

Except as herein otherwise expressly provided, the monies arising from any enforcement in whole or in part of the Charge, or from any sale or realization of the whole or any part of the Collateral, whether under sale by the Agent or by judicial process or otherwise, and all incomes, rents and profits of the Collateral, and all proceeds of insurance, together with any other monies then in the hands of the Agent or any Receiver available for such purpose, shall be applied against the Obligations in the manner set out in the Credit Agreement.

5.9 Power of Attorney

The Debtor hereby irrevocably constitutes and appoints the Agent its true and lawful attorney and agent, with full power and authority in the Debtor's name, place and stead from time to time to do all acts and things and execute and deliver all share transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Agent considers necessary or desirable, which the Debtor is required to sign, execute and do hereunder if the Debtor has failed to sign, execute or do the same and generally to use the name of the Debtor, as applicable, in the exercise of all or any of the powers hereby conferred on the Agent, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Agent until an Acceleration Event shall have occurred and is continuing. Such appointment and power of attorney is hereby declared by the Debtor to be an irrevocable power coupled with an interest.

ARTICLE 6 LIABILITIES, WAIVERS AND EXPENSES

6.1 Liability of Agent

Neither the Agent nor any Lender or Receiver shall: (i) be responsible or liable for any debts contracted by it, for damages to Persons or property, for salaries or for non-fulfilment of contracts during any period when the Agent or any Receiver shall manage or be in possession of the Collateral; (ii) be liable to account as mortgagee in possession or for anything except actual receipts or be liable for

any loss on realization or for any default or omission for which a mortgagee in possession may be liable; (iii) be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor; or (iv) in the case of any chattel paper, security or instrument, be obligated to preserve rights against any other Persons. The Debtor hereby waives any provision of Applicable Law permitted to be waived by it which imposes higher or greater obligations upon the Agent, any Lender or any Receiver than aforesaid.

6.2 Mandatory Provisions of Applicable Law

Subject to Section 6.3, all rights, remedies, and powers provided herein may be exercised only to the extent that the exercise thereof does not violate any mandatory provision of Applicable Law and all the provisions of this Debenture are intended to be subject to all mandatory provisions of Applicable Law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Debenture invalid, unenforceable or not entitled to be recorded, registered or filed under any mandatory provisions of Applicable Law. Subject to Section 6.3, if any mandatory provision of Applicable Law shall provide for different or additional requirements than or to those specified herein as prerequisites to or incidental to the realization, sale or foreclosure of the Charge or any part thereof, then, to that extent, such laws shall be deemed to have been set forth herein at length, and any conflicting provisions hereof shall be disregarded, and the method of realization, sale or foreclosure of the Charge required by any such laws shall, insofar as may be necessary, be substituted herein as the method of realization, sale or foreclosure in lieu of that set forth above. Any provision hereof contrary to mandatory provisions of Applicable Law shall be deemed to be ineffective and shall be severable from and not invalidate any other provision of this Debenture.

6.3 Waivers of Applicable Law

- (a) To the extent not prohibited by Applicable Law, the Debtor hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner limit, restrict or otherwise affect the Agent's rights and remedies hereunder or impose any additional obligations on the Agent or any Lender. The Debtor waives the right to receive any amount which it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty or otherwise) by reason of the failure of the Agent to deliver to the Debtor a copy of any financing statement or any verification statement issued by any registry that confirms registration of a financing statement relating to this Debenture and the Debtor waives its right to receive a copy of such financing or verification statements.
- (b) The Debtor hereby authorizes the Agent to provide information to any Person who requests information under the PPSA or similar legislation and the Agent will not be required to investigate whether or not the inquiring Person is in fact a Person entitled to request information pursuant to the PPSA or similar legislation.
- (c) To the full extent that it may lawfully do so, the Debtor hereby:
 - (i) waives and disclaims any benefit of and shall not have or assert any right under any statute or rule of law pertaining to the marshalling of assets or any other matter whatever to defeat, reduce or affect the rights of the Agent under the terms of this Debenture to a sale of the Collateral or any part thereof or for the collection of all amounts secured hereby;
 - (ii) agrees that it shall not have or assert any right or equity of redemption or any right under any statute or otherwise to redeem the Collateral or any part thereof after the sale hereunder to any Person whether such sale is by the Agent, any Receiver or otherwise, notwithstanding that the Agent or any Lender may have purchased same;

- (iii) agrees that *The Land Contracts (Actions) Act* (Saskatchewan) shall have no application to any action (as defined in such Act) with respect to the Charge or the Loan Documents; and
- (iv) agrees that *The Limitation of Civil Rights Act* (Saskatchewan) shall have no application to:
 - (A) the Loan Documents or any instrument or agreement in implementation thereof;
 - (B) any Charge or security for the payment of money made, given or created or contemplated pursuant to this Debenture or any other Loan Document or any instrument or agreement in implementation thereof;
 - (C) any agreement or instrument entered into at any time hereafter by the Debtor renewing or extending or collateral to this Debenture or the other Loan Documents; or
 - (D) the rights, powers or remedies of the Agent, any Lender or any Receiver under any of the foregoing agreements or instruments.

6.4 Expenses

If the Debtor fails to pay any amounts required to be paid by it under this Debenture or to observe or perform any of the covenants and obligations set forth in this Debenture to be observed or performed by it, the Agent and any Receiver may, but shall be under no obligation to, pay such amounts or do such act or things as may be required to ensure such observance and performance, without waiving any of its rights under this Debenture. No such payment, act or thing by the Agent or any Receiver shall relieve the Debtor from any default under this Debenture or the consequences of such default. The reasonable expenses (including the cost of any insurance and payment of taxes or other charges and legal fees and expenses on a solicitor and his own client, full indemnity basis) paid by the Agent or any Receiver in respect of the care, custody, preservation, use or operation of the Collateral shall be deemed advanced to the Debtor by the Agent or such Receiver, shall become part of the Obligations, and shall, from the time they are paid by the Agent or such Receiver until repaid by the Debtor, bear interest at the applicable rate hereunder. In addition, the Debtor shall pay all reasonable expenses (including reasonable legal fees and expenses on a solicitor and his own client, full indemnity basis) incurred by the Agent or any Receiver in connection with the preparation, perfection, execution, protection, enforcement of and advice with respect to this Debenture (including the realization, disposition, retention, protection or collection of the Collateral or any part thereof and the protection and enforcement of the rights of the Agent and any Receiver hereunder together with all remuneration paid to a Receiver and all costs, charges and expenses of or incidental to any receivership) and such expenses shall become part of the Obligations and shall, from the time they are paid by the Agent or such Receiver until repaid by the Debtor, bear interest at the applicable rate hereunder.

6.5 Indemnity

The Debtor shall be liable for and does hereby indemnify and save harmless the Agent, each Lender and every Receiver from and against any and all liabilities, actions, claims, judgments, obligations, costs, charges or expenses (other than any liabilities, actions, claims, judgments, obligations, costs, charges or expenses arising from the gross negligence and willful misconduct of the Agent, any Lender and Receiver), including reasonable legal fees and expenses on a solicitor and his own client, full indemnity basis, made against or incurred by the Agent, any Lender or any Receiver as a result of taking this Debenture and the Agent and every Lender and Receiver shall have the right to defend against any such liabilities, actions, claims and charges and to claim from the Debtor all reasonable expenses incurred in connection therewith, together with all reasonable legal fees and expenses on a solicitor and his own client, full indemnity basis that may be paid in connection therewith. It is understood and agreed

that the covenants and conditions of this Section 6.5 shall remain in full force and effect notwithstanding the payment or release, either partially or wholly, of the Charge or any foreclosure thereof.

ARTICLE 7 REGISTRATION AND DISCHARGE

7.1 Composite Mortgage

This Debenture is a composite mortgage and security agreement covering the Collateral of the Debtor located in various Provinces and Territories of Canada and, as to portions of the Collateral located in such separate jurisdictions, this Debenture shall be a separate mortgage and security agreement enforceable against the Debtor without regard to the application of this Debenture to portions of the Collateral located in other jurisdictions. All provisions hereof shall be applicable separately to the portions of the Collateral located in each separate jurisdiction with the same effect as if a separate mortgage and security agreement with respect thereto had been executed and delivered by the Debtor to the Agent. Upon the reasonable request of the Agent, the Debtor shall execute and deliver, at its expense, a separate mortgage and security agreement covering the portion of the Collateral located in any such jurisdiction or jurisdictions, such separate mortgage and security agreement to be substantially in the form hereof except for such modifications as shall be required by the fact that such mortgage and security agreement relates only to the property of the Debtor located in such jurisdiction or jurisdictions or as may be required by the Agent in connection therewith.

7.2 Further Assurances

The Debtor hereby covenants and agrees that it will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, mortgages, hypothecs, transfers, assignments and assurances as the Agent may reasonably require for the better assuring, mortgaging, charging, transferring, assigning, granting, delivering and confirming unto the Agent the Collateral, or any part thereof, and for the better accomplishing and effectuating the purpose of this Debenture including the execution and delivery of indentures supplemental hereto more particularly describing the Collateral or to correct or amplify the description of the Collateral or to better assure, convey and confirm unto the Agent any of the Collateral. Upon the execution of any supplemental indenture under this Section 7.2, this Debenture shall be modified in accordance therewith, and each such supplemental indenture shall form part of this Debenture for all purposes.

7.3 Registration

The Debtor will assist the Agent as reasonably required to allow the Agent to ensure that this Debenture and all such supplementary and corrective instruments and all additional mortgage and security documents described in Section 7.2 and all documents, caveats, cautions, memorials, security notices and financing statements in respect thereof, are properly filed and refiled, registered and re-registered and deposited and re-deposited, in such manner, in such offices and places, and at such times and as often as may be required by Applicable Law or as may be necessary or desirable to perfect and preserve the Charge as a first priority mortgage, charge and security interest on the rights conferred or intended to be conferred upon the Agent by the Charge, as required by the Credit Agreement, and will cause to be furnished promptly to the Agent evidence satisfactory to the Agent of such filing, registering and depositing.

7.4 Discharge

Upon the full, final and indefeasible payment and performance of the aggregate amount of the obligations, liabilities and indebtedness of the Borrower and its Subsidiaries under the Credit Documents from time to time actually due and owing to the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders (or any of them), this Debenture and the rights hereby granted shall, at the

request of the Debtor, be terminated and thereupon the Agent shall at the request and at the reasonable expense of the Debtor cancel and discharge the Charge and execute and deliver to the Debtor such deeds and other instruments as shall be requisite to cancel and discharge the Charge; provided, however that this Debenture may be assigned, pledged, hypothecated or deposited by the Debtor as security for advances or loans to or for indebtedness or other obligations or liabilities of the Debtor and in such event, for so long as this Debenture is deposited, pledged or hypothecated as collateral security for loans (fixed, term, demand, fluctuating, revolving or otherwise), indebtedness, covenants or other obligations of the Debtor, this Debenture shall: (i) be considered as outstanding for its full amount; (ii) not be cancelled or redeemed on partial or full payment of such loans or indebtedness or satisfaction of such covenants or obligations; and (iii) not be affected by any such loans, indebtedness, covenants or obligations fluctuating from time to time or the amounts in respect thereof ceasing to be in debit balance. Further, this Debenture shall continue to be effective or be reinstated, as the case may be, if for any reason at any time any payment or performance of the Obligations, or any part thereof, is rescinded, reversed, nullified, rendered void or voidable or must otherwise be restored, refunded, returned or reimbursed by the Agent.

7.5 Partial Discharge

No postponement or partial release or discharge of the Charge in respect of all or any part of the Collateral shall in any way operate or be construed so as to release and discharge the Charge except as therein specifically provided, or so as to release or discharge the Debtor from its liability to the Agent and the Lenders to fully pay and satisfy the Obligations.

ARTICLE 8 CERTAIN MATTERS IN RESPECT OF THE DEBENTURE

8.1 Deposit of Debenture as Collateral Security

This Debenture may be issued, pledged, hypothecated or deposited by the Debtor as collateral security for any indebtedness, liabilities or obligations (direct or indirect, present or future, absolute or contingent, matured or not, extended or renewed), and may only be cancelled by the Debtor when physically redelivered by the Agent to the Debtor upon satisfaction of all such liabilities, indebtedness or obligations, except to the extent otherwise agreed to in writing by the Agent. While this Debenture is so issued, pledged, hypothecated or deposited it shall not be redeemed by reason of the account of the Debtor having ceased to be in debit, or by reason of the liabilities, indebtedness or obligations in respect of which this Debenture is issued, pledged, hypothecated or deposited being repaid or satisfied from time to time.

8.2 Debenture Outstanding for Full Face Amount

This Debenture shall constitute a secured promise of the Debtor to pay the full face principal sum referred to in Section 2.1 irrespective of whether any liabilities, indebtedness or obligations in respect of which this Debenture may have been issued, pledged, hypothecated or deposited as collateral security are less than such amount. The Debtor agrees and confirms that no payment by the Debtor to the Agent or any Person for whom the Agent acts as agent hereunder on account of any such liabilities, indebtedness or obligations shall reduce the principal sum owing under this Debenture unless such payment is specifically and expressly in writing appropriated by the Debtor to this Debenture.

8.3 Debenture Secures Revolving Line

This Debenture secures, among other things, a revolving line of credit up to the amount of the principal sum referred to in Section 2.1, and both present and future advances, and accordingly the Agent shall be entitled to all priorities and advantages conferred pursuant to Section 104 of the *Land Titles Act* (Alberta), the PPSA and equivalent provisions of any other applicable legislation.

8.4 Realization

The Agent will not, nor will it be entitled to, demand payment pursuant to this Debenture or enforce the Charge unless and until an Acceleration Event has occurred, but thereafter the Agent, as agent for the Lenders, may at any time exercise and enforce all of the rights and remedies of a holder of this Debenture in accordance with and subject to the Loan Documents as the absolute holder hereof, provided that the Agent will not be bound to exercise any such right or remedy.

8.5 Deemed Satisfaction

Notwithstanding the stated interest rate per annum in Section 2.1 of this Debenture, payment by the Debtor of interest and fees for any period in respect of the Obligations (other than interest on the principal sum under this Debenture pursuant to Section 2.1) at the rate at which such Obligations bear interest or such fees are determined for such period, will be deemed to be payment in satisfaction of the interest payment on the principal sum under this Debenture for the same period.

8.6 Collection Limited to Obligations

Notwithstanding Section 8.2, the Agent, for and on behalf of the Lenders, shall not claim or realize, nor shall the Debtor be obligated for payment of, any amount of principal or interest under or in respect of this Debenture in excess of the aggregate amount of the obligations, liabilities and indebtedness of the Borrower and its Subsidiaries under the Credit Documents from time to time actually due and owing to the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders (or any of them).

ARTICLE 9 MISCELLANEOUS

9.1 Additional Security

Subject to Article 8, nothing in this Debenture contained shall detract from or limit the absolute obligation of the Debtor to make payment of this Debenture and of all monies owing hereunder at the time and in the manner provided in this Debenture and to perform or observe any other act or condition which it is required to perform or observe hereunder whether or not the Charge is operative, and the rights under this Debenture shall be in addition to and not in substitution for any other Security Interests of any and every character now or hereafter held by the Agent for the Obligations.

9.2 Quiet Enjoyment

Upon the occurrence of and during the continuance of an Acceleration Event, the Agent shall, as against the Debtor, be entitled to quiet possession of the Collateral, free from all Security Interests except Permitted Encumbrances and Minor Title Defects.

9.3 Third Parties

No Person dealing with the Agent, any Receiver or either of their respective agents shall be concerned to inquire whether the Charge (or any part thereof) has become enforceable, or whether the powers which the Agent or any Receiver is purporting to exercise have become exercisable, or whether any of the Obligations remain outstanding or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or of any other dealing by the Agent with the Collateral or any part thereof or to see to the application of any money paid to the Agent, and, in the absence of fraud on the part of such Person, such dealings shall be deemed, as regards the safety and protection of such Person, to be within the powers hereby conferred upon the Agent and to be valid and effective accordingly.

9.4 Severability

Any provision of this Debenture which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

9.5 Amendments

No provision of the Debenture may be amended verbally and any such amendment may only be made by way of an instrument in writing signed by the Debtor and the Agent.

9.6 Governing Law

This Debenture is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. Except as required by the laws of any jurisdiction in which any real property is situate, there shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Debenture. The Debtor hereby irrevocably submits and attorns to the jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Debenture, or any of the transactions contemplated hereby, without prejudice to the rights of the Agent or any Lender or Receiver to take proceedings in other jurisdictions in which any Collateral may be situate.

9.7 Agent May Perform Covenants

If the Debtor fails to perform any covenants of this Debenture, the Agent may, in its sole discretion, perform the covenant and, if any such covenant requires the expenditure of money, it may make those expenditures with its own funds, or with money borrowed by or advanced to it for that purpose, but shall be under no obligation to do so; and all sums so expended or advanced shall be payable by the Debtor on demand and shall bear interest at the Prime Rate plus 2% per annum from time to time from advancing until paying, shall be deemed to be in addition to the principal sum outstanding having the benefit of the Charge hereby created in priority to the Obligations secured by this Debenture, but no such performance or payment shall be deemed to relieve the Debtor from any default hereunder, and, until such payment shall be made amounts so owing shall be added to the principal sum hereby secured and shall be a charge upon the Collateral.

9.8 Limitation on Duties Regarding Preservation of Collateral

The Agent's sole duty with respect to the custody, safekeeping and physical preservation of Collateral in its possession or under its control will be to use reasonable care in the custody and preservation of such Collateral. The Debtor agrees that the Agent will be deemed to have used reasonable care in the custody and preservation of Collateral if the Agent deals with such Collateral in the same manner as the Agent deals with similar property for its own account and, to the extent permitted by Applicable Law, the Agent need not take any steps to preserve rights against any other Person (including prior parties). Neither the Agent nor any of its directors, officers, employees or agents will be liable for failure to demand, collect or realize upon the Collateral or for any delay in doing so or will be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Debtor or otherwise.

9.9 Time of Essence

Time shall be of the essence of this Debenture.

9.10 Enurement

This Debenture shall be binding upon the Debtor and its successors and permitted assigns and shall enure to the benefit of the Agent and each of the Lenders and their respective successors and assigns.

9.11 Headings and Table of Contents

The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Debenture.

9.12 References

Unless something in the subject matter or context is inconsistent herewith, all references to Sections, Articles and Schedules are to Sections and Articles of and Schedules to this Debenture. The words "hereto", "hereof", "hereunder" and similar expressions mean and refer to this Debenture. In this Debenture the singular includes the plural and vice versa; a reference to gender includes the masculine, feminine and neuter; where a term or expression is defined, derivations thereof have a corresponding meaning; references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced; and references to any agreement, contract, document, licence or other instrument shall mean and refer to such agreement, contract, document, licence or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time.

9.13 Receipt

The Debtor hereby acknowledges receipt of an executed copy of this Debenture.

9.14 Notices

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 facsimile as follows:

- (a) if to the Debtor, to it at Suite 500, 400-3rd Avenue S.W., Calgary, Alberta T2P 4H2, Attention of Vice President, Finance and Chief Financial Officer (Facsimile No. (403) 263-6683); and
- (b) if to the Agent, to it at 600, 444 - 7th Avenue S.W. Calgary, Alberta T2P 0X8, Attention of Manager - Syndications (Facsimile No.(403) 663-3160).

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 facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient).

[Signature Page Follows]

IN WITNESS WHEREOF the Debtor has issued this Debenture signed by its duly authorized signatory effective as of the date and year first above written.

QUESTFIRE ENERGY CORP.

By: _____
 Ronald Williams
 Vice President, Finance and Chief Financial
 Officer

Acknowledged and agreed as of the date and year first above written.


ALBERTA TREASURY BRANCHES, as Agent

Jon Horsman
 Managing Director, Loan Syndications
 By: _____
 ATB Corporate Financial Services

Carolyn Mawhinney
 By: _____
 Carolyn Mawhinney
 Manager-Syndications
 ATB Corporate Financial Services

IN WITNESS WHEREOF the Debtor has issued this Debenture signed by its duly authorized signatory effective as of the date and year first above written.

QUESTFIRE ENERGY CORP.

By: 
Ronald Williams
Vice President, Finance and Chief Financial
Officer

Acknowledged and agreed as of the date and year first above written.

ALBERTA TREASURY BRANCHES, as Agent

By: _____

By: _____

Schedule "A" attached to and forming part of the Fixed and Floating Charge Debenture dated effective as of June 27, 2014 issued by Questfire Energy Corp. in favour of Alberta Treasury Branches, as Agent.

DEFINITIONS

In this Debenture:

"Acceleration Event" means delivery by the Agent of an Acceleration Notice or the occurrence of an Event of Default specified in Sections 10.1(h) or 10.1(i) of the Credit Agreement, whichever is earlier;

"Agent" means Alberta Treasury Branches, in its capacity as administrative agent for the Lenders, and any successor thereof appointed pursuant to the Credit Agreement;

"Borrower" means Questfire Energy Corp. and its permitted successors and assigns;

"Canadian Dollars" "Cdn. dollars" "Cdn. \$" and "\$" each mean lawful money of Canada;

"Charge" means the Security Interests created by or intended to be created by Section 3.1 of this Debenture;

"Collateral" means the whole, or any item or part, of the property, assets, rights and undertaking of the Debtor from time to time subjected or intended to be subjected to the Charge, including the Specifically Mortgaged Property;

"Credit Agreement" means the credit agreement dated June 27, 2014 between the Borrower and the financial institutions which are or may become party thereto from time to time, as lenders, and Alberta Treasury Branches, as administrative agent for such lenders, providing for, *inter alia*, an extendible revolving term credit facility and an extendible revolving operating term credit facility, as such credit agreement may be amended, restated, amended and restated, modified, supplemented, substituted or replaced from time to time;

"Credit Documents" mean, collectively, the Credit Agreement, all ISDA Master Agreements between a Swap Lender and a Loan Party and all Transactions documented thereunder, all agreements between a Creditcard Lender and a Loan Party with respect to Creditcard Facilities, and all agreements between the Operating Lender and a Loan Party with respect to Cash Management Services, in each case both present and future, and all renewals, extensions, or restatements of, or amendments, modifications or supplements to, all or any part of the foregoing; and **"Credit Document"** means any of them;

"Debenture" means this Demand Debenture and Negative Pledge, as amended, restated, amended and restated, modified or supplemented from time to time, including all Schedules hereto;

"include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation";

"Joint Venture Agreement" means the Lookout Butte and Medicine Hat Facilities Joint Venture Agreement dated as of March 26, 2014 between the Borrower and Stream Asset Financial Questfire LP, as amended, modified, supplemented, restated or replaced from time to time;

"Lands" means all the lands listed and described on Schedule "B" (including all stratigraphic formations from surface to basement unless otherwise specified), and includes all Petroleum Substances from time to time situated within or forming part of such lands and any other lands with which the same may from time to time be pooled or unitized;

"Leases" means, collectively, the various leases, reservations, permits, licences and similar documents of title by virtue of which the holder thereof is entitled to explore for, drill for, recover, remove or dispose of

Petroleum Substances from time to time situated within or forming part of the Lands, including any leases, licences and other documents of title described in Schedule "B" hereto, and all renewals, replacements and extensions thereof;

"Lenders" has the meaning assigned to that term under the Credit Agreement and includes any Person in its capacity as a Swap Lender or a Creditcard Lender;

"Loan Documents" means the Credit Documents, the Security, each Bankers' Acceptance, each application and indemnity with respect to a Letter of Credit, the arrangement/syndication fee agreements pertaining to the Facilities, the agency agreement pertaining to the Facilities, and all other agreements, certificates, instruments and documents delivered by or on behalf of any Loan Party in connection therewith from time to time and all future renewals, extensions, or restatements of, or amendments, modifications or supplements to, all or any part of the foregoing;

"Miscellaneous Interests" means, in respect of any P&NG Rights or Tangibles of the Debtor, all of the Debtor's interest, property and rights at such time, whether contingent or absolute, legal or beneficial, present or future which affect or are related to or are associated with such P&NG Rights or Tangibles, including the following property, rights, and assets:

- (a) all present and future contracts, agreements and documents (including Title and Operating Documents and insurance contracts) relating to any of such P&NG Rights or Tangibles or any rights in relation thereto;
- (b) all present and future Surface Rights which are used or useful in connection with any of such P&NG Rights or Tangibles;
- (c) all present and future permits, licenses, authorizations and deposits relating to any of such P&NG Rights or Tangibles, including in respect of facilities, wells and pipelines, or the export, removal, transportation, purchase or sale of Petroleum Substances;
- (d) all Petroleum Substances in the course of production from any of such P&NG Rights or Tangibles;
- (e) books, maps, records, documents, seismic, geological, engineering, data processing, well, plant and other reports, data, information, computer programs or other records which relate to or are used or useful in connection with any of such P&NG Rights or Tangibles; and
- (f) all extensions, renewals, amendments or replacements of or to any of the foregoing items described in paragraphs (a) through (e) of this definition;

"Obligations" means all obligations, liabilities and indebtedness of the Borrower to the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders (or any of them) from time to time under the Loan Documents, whether present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, and **"Obligation"** means any of them;

"Oil and Gas Properties" means all (or such parts as are stipulated or pertinent for the purposes of any provision hereof) of the P&NG Rights, Tangibles and Miscellaneous Interests;

"Petroleum Substances" means petroleum, natural gas, crude bitumen and related hydrocarbons and any other substances, whether gaseous, liquid or solid, and whether hydrocarbons or not, which may be produced in association therewith, or any of them, or any constituent of any of them;

"P&NG Rights" means all of the Debtor's 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", in and to any of the following, by whatever name the same are known:

- (a) the interest of the Debtor in the Leases and the Lands;
- (b) rights to explore for, drill for and produce, take, save, work, treat, process or market any Petroleum Substances from, within, upon, under or in relation to the Leases or the Lands;
- (c) rights to a share of the production of any Petroleum Substances from the Leases or the Lands;
- (d) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of any Petroleum Substances from the Leases or the Lands;
- (e) rights to acquire any of the rights described in paragraphs (a) through (d) of this definition; and
- (f) all extensions, renewals, replacements or amendments of or to the foregoing items described in paragraphs (a) through (e) of this definition;

and includes interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests, economic interests and other interests and fractional or undivided interests in any of the foregoing and freehold, leasehold, profit a prendre or other interests;

"PPSA" means the *Personal Property Security Act* (Alberta), as amended from time to time; and the terms "proceeds", "chattel paper", "intangible", "instrument", "investment property", "securities intermediary", "accessions", "document of title" and "account" shall, when used herein, have the same meanings as are ascribed thereto in the PPSA;

"Receiver" means any receiver, manager, or receiver and manager of the Collateral or any part thereof or the business and undertaking of the Debtor, or any part thereof, whether appointed by the Agent under this Debenture or by a court pursuant to Applicable Law and any nominee of the Agent or any other Person that is appointed by the Agent to exercise all or any of the powers, rights, benefits and discretion of the Agent under this Debenture;

"Specifically Mortgaged Property" has the meaning set forth in Section 3.1(a) of this Debenture;

"Surface Rights" mean rights (whether fee simple or pursuant to orders, licences, Title and Operating Documents, easements, rights of way or otherwise) to enter upon, use or occupy the surface of any lands;

"Tangibles" means, in respect of the Debtor at any time, all right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, of the Debtor at such time in and to any tangible property, apparatus, plants, equipment, machinery and fixtures, fixed or non-fixed, real or personal, used or capable of use in exploiting any Petroleum Substances including:

- (a) systems, plants and facilities used or useful in producing, gathering, compressing, processing, treating, refining, storing, transporting or shipping Petroleum Substances from any Lands;
- (b) tangible property and assets used or intended for use in exploration, producing, storing, injecting or removing Petroleum Substances produced from or allocable to the Leases or the Lands; and
- (c) all extensions, additions and accretions to any item described in items (a) or (b) above;

"Title and Operating Documents" means, in respect of any P&NG Rights or Tangibles at any time, all of the documents (including Title and Operating Documents, reservations, permits, licenses, exploration agreements, operating agreements, unit agreements, production sharing agreements, pooling agreements, assignments, trust declarations or other agreements to recognize the Debtor's interest, participation agreements, farmin or farmout agreements, royalty agreements, purchase agreements and

transfers; gas, oil, condensate and other production sale contracts; gathering, common stream, transportation and processing agreements; and agreements for the construction, ownership and/or operation of Tangibles):

- (a) by virtue of which P&NG Rights or Tangibles were acquired or constructed or held at such time;
- (b) to which the construction, ownership, operation, exploitation, development, production, transportation or marketing of P&NG Rights or Tangibles are subject; and
- (c) which grant rights which are or may be used by the Debtor in connection with such P&NG Rights or Tangibles;

and including the rights (except for P&NG Rights) granted under or created by such documents, and including specifically, in each case, those specified in Schedule "B";

"Unlimited Company" has the meaning set forth in Section 3.4 of this Debenture; and

"Unlimited Liability Shares" has the meaning set forth in Section 3.4 of this Debenture.

Schedule "B" attached to and forming part of the Fixed and Floating Charge Debenture dated effective as of June 27, 2014 issued by Questfire Energy Corp. in favour of Alberta Treasury Branches, as Agent.

SPECIFICALLY MORTGAGED PROPERTIES

As at June 27, 2014, not applicable.

Properties may in future become Specifically Mortgaged Properties by execution and delivery by the Debtor of a Supplement to this Debenture.

This is Exhibit "C" referred to in the Affidavit of

Trina Holland

sworn before me this 15th day of November, 2017.

A handwritten signature in black ink, appearing to read 'Lan T.X. Nguyen', is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

LAN T.X. NGUYEN
Student-at-Law

SPECIFIC ASSIGNMENT OF RIGHTS UNDER JOINT VENTURE AGREEMENT

THIS SPECIFIC ASSIGNMENT OF RIGHTS UNDER JOINT VENTURE AGREEMENT (this "**Assignment Agreement**") is dated as of June 27, 2014.

WHEREAS Questfire Energy Corp. (the "**Borrower**") has entered into a credit agreement dated as of the date hereof (as amended, modified, supplemented, restated or replaced from time to time, the "**Credit Agreement**") among the Borrower, as borrower, Alberta Treasury Branches and the other banks and financial institutions from time to time party thereto as Lenders, Swap Lenders and Creditcard Lenders (collectively, the "**Lenders**"), and Alberta Treasury Branches (in its capacity as administrative agent for the Lenders, and any successor thereof appointed pursuant to the Credit Agreement, the "**Agent**");

WHEREAS the Borrower has entered into the Lookout Butte and Medicine Hat Facilities Joint Venture Agreement dated as of March 26, 2014 (as amended, modified, supplemented, restated or replaced from time to time, the "**Joint Venture Agreement**") between the Borrower and Stream Asset Financial Questfire LP ("**Stream LP**"); and

WHEREAS the Borrower has agreed to provide to the Agent this Assignment Agreement as security for the repayment and satisfaction in full of the Obligations.

NOW THEREFORE, in consideration of the mutual covenants in the Credit Agreement and herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Defined Terms

In this Assignment Agreement:

"**Obligations**" means all obligations, liabilities and indebtedness of the Borrower to the Agent, the Lenders, the Swap Lenders and the Creditcard Lenders (or any of them) from time to time under the Credit Documents, whether present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed; and "**Obligation**" means any of them; and

"**Credit Documents**" mean, collectively, the Credit Agreement, all ISDA Master Agreements between a Swap Lender and a Loan Party and all Transactions documented thereunder, all agreements between a Creditcard Lender and a Loan Party with respect to Creditcard Facilities, and all agreements between the Operating Lender and a Loan Party with respect to Cash Management Services, in each case both present and future, and all renewals, extensions, or restatements of, or amendments, modifications or supplements to, all or any part of the foregoing; and "**Credit Document**" means any of them.

Other capitalized terms not otherwise defined herein, including the recitals hereto, shall have the respective meanings ascribed to such terms in the Credit Agreement.

2. Assignment

- (a) As continuing collateral security for the due and timely satisfaction and performance of the Obligations, the Borrower hereby transfers, assigns and grants a security interest to and in favour of the Agent in all of the Borrower's present and future rights, title and interest whatsoever in and to the Joint Venture Agreement, including, without limiting the generality of the foregoing, all of the Borrower's rights, claims, privileges, benefits and advantages comprised therein and arising therefrom.

- (b) This Assignment Agreement shall not in any way suspend or affect the rights or remedies of the Agent in respect of the Obligations, or any part thereof, nor shall it affect any Security which the Agent now has or hereafter may hold in respect of the Credit Agreement or any part thereof.

3. **Rights of the Agent**

If the Agent shall become entitled to exercise the remedies referred to in the Credit Agreement, in addition to any other remedies permitted by contract, law or otherwise, the Agent shall at any time thereafter have the rights to fulfill and enforce all rights and remedies of or in respect of the Borrower under the Joint Venture Agreement, and any such right or remedy may be exercised separately from or in combination with any right or remedy the Agent may have and shall be in addition to and not in substitution for any other rights and remedies of the Agent. The Agent shall not be bound to exercise such right or remedy or otherwise deal with all or any part of the Joint Venture Agreement or otherwise realize any proceeds therefrom and shall not be responsible for any loss occasioned by any realization or other dealing with or other failure to realize or otherwise deal with all or any part of the Joint Venture Agreement. To the extent permitted by law, the Borrower hereby expressly waives each and every formally prescribed by law in relation to any sale, transfer or delivery of the Joint Venture Agreement.

4. **Concerning Liability**

Notwithstanding anything contained herein to the contrary, the Borrower shall remain liable to observe and perform all the terms and provisions on its part to be observed and performed under the Joint Venture Agreement.

5. **Representation and Warranties of the Borrower**

The Borrower represents, warrants and covenants to the Agent that:

- (a) it has made no prior assignment of the Joint Venture Agreement that is currently in effect;
- (b) as at the date hereof, the Joint Venture Agreement has not been amended, supplemented, modified, extended, renewed or replaced;
- (c) the Joint Venture Agreement is in full force and effect and shall not be amended, altered or terminated except as permitted in accordance with the Credit Agreement and the Joint Venture Intercreditor Agreement;
- (d) the Borrower has not received notice of any default under the Joint Venture Agreement;
- (e) the Borrower is not aware that Stream LLP is in default under the Joint Venture Agreement; and
- (f) all necessary approvals and consents have been obtained in order to permit the Borrower to subject to the security interest of this Assignment Agreement the interest of the Borrower in the Joint Venture Agreement.

6. **No further Assignment by the Borrower; No Termination of Joint Venture Agreement**

- (a) Neither the Joint Venture Agreement nor any interest of the Borrower herein shall be transferred, assigned or otherwise alienated or encumbered by the Borrower in favour of any person except in accordance with the provisions of the Credit Agreement and the Joint Venture Intercreditor Agreement.

- (b) The Borrower shall not terminate the Joint Venture Agreement nor agree to such termination by any party thereto without the express prior written consent of the Agent.

7. **Application of Proceeds**

Any proceeds received by the Agent in respect of the Joint Venture Agreement after the Agent has become entitled to exercise the remedies referred to in the Credit Agreement shall be applied by the Agent in accordance with the provisions of the Credit Agreement and the Joint Venture Intercreditor Agreement.

8. **No Merger of Obligations**

This Assignment Agreement shall not operate by way of merger of any of the Obligations, and no judgment recovered by the Agent shall operate by way of merger of or in any way affect the security hereby constituted which is in addition to and not in substitution for and shall not in any way prejudice any other Security now heretofore or hereafter held by the Agent.

9. **Termination and Release**

Upon payment, satisfaction, settlement or extinguishment of the Obligations in full, or if the Borrower is otherwise entitled to a release of this Assignment Agreement in accordance with the terms of the Credit Agreement, the Agent, upon request in writing by the Borrower and at the Borrower's expense, shall execute and deliver to the Borrower such deeds or other instruments as shall be required to discharge the security interest hereby constituted and to re-assign and transfer to the Borrower all of the right, title and interest of the Agent in and to the Joint Venture Agreement.

10. **Further Assurances**

The Borrower shall, at its own expense, make, execute and, deliver or cause to be made, executed and delivered all such further acts, documents and things as the Agent may reasonably require for the purposes of giving effect to this Assignment Agreement including, without limiting the generality of the foregoing, for the purposes of the facilitating the enforcement of the Security over the Joint Venture Agreement hereby constituted and for the purpose of exercising all powers, authorities and discretion hereby conferred upon or acquired by the Agent, all immediately upon the request of the Agent.

11. **No Duty to Inquire**

No person dealing with the Agent or its agents including, without limitation, the parties to the Joint Venture Agreement, shall be concerned to inquire whether the powers which the Agent or such agents are purporting to exercise under the Assignment Agreement have become exercisable, or whether any money remains due and owing by the Borrower to the Agent, or as to the necessity or expediency of, or the performance of or compliance with, the stipulations and conditions subject to which any realization shall be made, or otherwise as to the propriety or regularity of any realization or of any other dealing by the Agent with the Joint Venture Agreement or to see to the application of any money paid to the Agent; and in the absence of fraud on the part of such person, such dealings shall be deemed, insofar as regards the safety and protection of such person, to be within the powers hereby conferred and to be valid and effectual accordingly.

12. **Severability**

In the event that any provision of this Assignment Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction, it shall not affect the validity, legality or enforceability of such provision in any other jurisdiction or the validity, legality or enforceability if any other provision of this Assignment Agreement.

13. **Amendments, Etc.**

No amendment or waiver of any provision of this Assignment Agreement, nor consent of the Borrower to any departure herefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

14. **Governing Law**

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

15. **Time of the Essence**

Time shall be of the essence of this Assignment Agreement.

16. **Successors and Assigns**

The provisions hereof shall be binding upon and shall ensure to the benefit of the parties hereto and their respective successors and assigns.

17. **Headings**

In this Assignment Agreement, the insertion of headings is for the convenience of reference only and shall not affect the construction or interpretation of this Assignment Agreement.

18. **Acknowledgement and Incorporation of Terms**

Notwithstanding anything to the contrary expressed or implied in paragraph 2(a) the transfers, assignments and security interests made or created by this Assignment Agreement shall be, and the Agent shall hold the Security created by this Assignment Agreement subject to the terms of the Joint Venture Agreement and the Joint Venture Intercreditor Agreement. For greater certainty, it is acknowledged that nothing contained in this paragraph 18 will render the Agent or any of its agents liable to the Borrower or any other person for any failure by the Agent or any of its agents to assume or discharge any liability of the Borrower in respect of any obligation of the Borrower unless the Agent otherwise expressly agree in writing to assume such liability.

19. **Paramountcy**

The Borrower agrees and acknowledges that this Assignment Agreement has been granted by the Borrower to the Agent pursuant to the Credit Agreement and to the extent that any provisions of this Assignment Agreement conflict or are inconsistent with any of the provisions of the Credit Agreement, the Credit Agreement shall govern and prevail to resolve such conflict or inconsistency in any and all circumstances, such that the provisions of the Credit Agreement shall be paramount to and supersede the provisions of this Assignment Agreement.


20. **Agent Capacity**

This Assignment Agreement is granted to the Agent in its capacity as agent for the Lenders. All of the covenants, representations, warranties, rights, benefits and protections made or given in favour of the Agent hereunder are acknowledged to be for the joint and several benefit of the Agent and each of the Lenders from time to time.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS HEREOF the undersigned has executed this Assignment Agreement as of the date first written above.

QUESTFIRE ENERGY CORP.

Per: 

Ronald Williams
Vice President, Finance and Chief Financial
Officer

This is Exhibit "D" referred to in the Affidavit of
Trina Holland
sworn before me this 15th day of November, 2017.

A handwritten signature in black ink, appearing to read 'Lan T.X. Nguyen', is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

LAN T.X. NGUYEN
Student-at-Law

Search ID#: Z09681198

Transmitting Party

MCCARTHY TETRAULT LLP

4000, 421 - 7th AVENUE SW
CALGARY, AB T2P 4K9

Party Code: 50087121

Phone #: 403 260 3500

Reference #: 174791-485515

Search ID #: Z09681198

Date of Search: 2017-Nov-03

Time of Search: 15:49:23

Business Debtor Search For:

QUESTFIRE ENERGY CORP.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z09681198

Business Debtor Search For:

QUESTFIRE ENERGY CORP.

Search ID #: Z09681198

Date of Search: 2017-Nov-03

Time of Search: 15:49:23

Registration Number: 14032442018

Registration Type: SECURITY AGREEMENT

Registration Date: 2014-Mar-24

Registration Status: Current

Expiry Date: 2032-Mar-24 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)**Block****Status**

1	QUESTFIRE ENERGY CORP. SUITE 500, 400 - 3RD AVENUE S.W. CALGARY, AB T2P 4H2	Current
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Secured Party / Parties**Block****Status**

1	STREAM ASSET FINANCIAL QUESTFIRE LP SUITE 201, 1100 - 1ST STREET S.E. CALGARY, AB T2G 1B1	Current
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Collateral: General**Block****Description****Status**

1	Petroleum, natural gas and natural gas liquids, and related hydrocarbons that are processed or transported through the (i) the Questfire Energy Corp. Lookout Butte Gas Processing Plant located at LSD: 00/04-13-002-29W4 operating under AER Licence No. F-33, and/or (ii) the compressor stations located at LSD: 15-14-014-04W4, LSD: 08-20-014-04W4, LSD: 12-22-014-04W4, LSD: 04-27-014-04W4, and/or LSD: 13-27-014-04W4, and (iii) all present and future contractual rights related to (i) or (ii) above.	Current
2	Proceeds: goods, inventory, chattel paper, documents of title, instruments, money, intangibles, accounts and investment property (all as defined in the Personal Property Security Act) and insurance proceeds.	Current

Search ID#: Z09681198

Business Debtor Search For:

QUESTFIRE ENERGY CORP.

Search ID #: Z09681198

Date of Search: 2017-Nov-03

Time of Search: 15:49:23

Registration Number: 14061813455

Registration Type: SECURITY AGREEMENT

Registration Date: 2014-Jun-18

Registration Status: Current

Expiry Date: 2024-Jun-18 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)**Block****Status**

1	QUESTFIRE ENERGY CORP. SUITE 500, 400 - 3RD AVENUE S.W. CALGARY, AB T2P 4H2	Current
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Secured Party / Parties**Block****Status**

1	ALBERTA TREASURY BRANCHES, AS AGENT 600, 444 - 7TH AVENUE S.W. CALGARY, AB T2P 0X8	Current
---	--	---------

Collateral: General**Block****Description****Status**

1	ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY.	Current
---	---	---------

Particulars**Block****Additional Information****Status**

1	THE SECURED PARTY IS ACTING AS AGENT FOR A SYNDICATE OF LENDERS.	Current
---	--	---------

Search ID#: Z09681198

Business Debtor Search For:

QUESTFIRE ENERGY CORP.

Search ID #: Z09681198

Date of Search: 2017-Nov-03

Time of Search: 15:49:23

Registration Number: 14061813516

Registration Type: LAND CHARGE

Registration Date: 2014-Jun-18

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Debtor(s)**Block****Status**

1	QUESTFIRE ENERGY CORP. SUITE 500, 400 - 3RD AVENUE S.W. CALGARY, AB T2P 4H2	Current
---	---	---------

Secured Party / Parties**Block****Status**

1	ALBERTA TREASURY BRANCHES, AS AGENT 600, 444 - 7TH AVENUE S.W. CALGARY, AB T2P 0X8	Current
---	--	---------

Particulars**Block****Additional Information****Status**

1	THE SECURED PARTY IS ACTING AS AGENT FOR A SYNDICATE OF LENDERS.	Current
---	--	---------

Search ID#: Z09681198

Business Debtor Search For:

QUESTFIRE ENERGY CORP.

Search ID #: Z09681198

Date of Search: 2017-Nov-03

Time of Search: 15:49:23

Registration Number: 15021908164

Registration Type: SECURITY AGREEMENT

Registration Date: 2015-Feb-19

Registration Status: Current

Expiry Date: 2025-Feb-19 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)**Block****Status**

1	QUESTFIRE ENERGY CORP. 1000, 250 2ND STREET S.W. CALGARY, AB T2P 0C1	Current
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Secured Party / Parties**Block****Status**

1	BEARSPAW PETROLEUM LTD. 5309, 333 - 96TH AVENUE N.E. CALGARY, AB T3K 0S3 Phone #: 403 258 3767	Current
---	---	---------

Collateral: General**Block****Description****Status**

Search ID#: Z09681198

- | | | |
|---|---|---------|
| 1 | <p>A. ALL OF THE DEBTOR'S PERSONAL PROPERTY INTERESTS GOVERNED BY A RETROSPECTIVE JOINT OPERATING AGREEMENT DATED MARCH 01, 1995 ORIGINALLY AMONG PEMBINA RESOURCES, COREXCANA LTD., PETROREP RESOURCES LTD., BENSON PETROLEUM LTD., LANGEVIN RESOURCES, MAXX PETROLEUM LTD., CANADIAN CONQUEST EXPLORATION INC., CHAUVCO RESOURCES LTD., QUANTEX RESOURCES LTD., RENAISSANCE ENERGY LTD., (INCORPORATING A CAPL 1981 OPERATING PROCEDURE) AS AMENDED (THE "OPERATING AGREEMENT") INCLUDING, BUT NOT LIMITED TO, THE "JOINT LANDS" DESCRIBED AS:</p> <p>THE EAST HALF OF SECTION 11 TOWNSHIP 036 RANGE 21 WEST OF THE 4TH MERIDIAN AS TO PETROLEUM AND NATURAL GAS FROM BELOW THE TOP OF THE MISSISSIPPIAN FORMATION TO THE BASE OF THE LEDUC FORMATION.</p> <p>B. ALL OF THE DEBTOR'S PERSONAL PROPERTY INTERESTS IN WELLS (INCLUDING BUT NOT LIMITED TO ABANDONED, SHUT-IN, SUSPENDED, CAPPED, PRODUCING, WATER INJECTION, WATER SOURCE, WASTE DISPOSAL, OIL OR GAS WELLS AND ANY OTHER WELLS AND OTHER WELLS) LOCATED ON THE JOINT LANDS, INCLUDING THE WELL BORES, WELLHEAD, AND ALL MATERIALS AND EQUIPMENT IN THE WELLBORE.</p> | Current |
| 2 | <p>C. ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED INTERESTS IN EQUIPMENT AND PRODUCTION FACILITIES ON THE JOINT LANDS OR LOCATED ELSEWHERE BUT SERVING OR INTENDED TO SERVE ANY WELL OR WELLS LOCATED ON THE JOINT LANDS (INCLUDING WITHOUT LIMITATION ANY BATTERY, SEPARATOR, COMPRESSOR STATION, GAS PROCESSING PLANT, GATHERING SYSTEM, PIPELINE, PRODUCTION STORAGE FACILITY OR WAREHOUSE, SURFACE AND SUBSURFACE MACHINERY, APPARATUS, FACILITIES AND OTHER PROPERTY AND ASSETS OF WHATSOEVER NATURE AND KIND FOR THE PRODUCTION, TREATMENT, STORAGE OR TRANSPORTATION OF HYDROCARBONS, CASING, TUBING, RODS, PUMPS AND PUMPING EQUIPMENT, SEPARATORS, FLOW LINES, TANKS, TREATERS, HEATERS, COMPRESSORS PLANTS AND SYSTEMS TO TREAT, DISPOSE OF OR INJECT WATER OR OTHER SUBSTANCES, POWER PLANTS, POLES, LINES, TRANSFORMERS, STARTERS, CONTROLLERS, MACHINE SHOPS, TOOLS, SPARE PARTS AND SPARE EQUIPMENT, COMPUTERS, TELEGRAPH, TELEPHONE, RADIO AND OTHER COMMUNICATION EQUIPMENT, RACKS AND STORAGE FACILITIES).</p> <p>D. ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY INTERESTS IN PETROLEUM SUBSTANCES PRODUCED OR RECOVERABLE FROM THE JOINT LANDS (INCLUDING WITHOUT LIMITATION, PETROLEUM, OR SOLID) AND WHETHER HYDROCARBONS OR NOT PRODUCED IN ASSOCIATION THEREWITH INCLUDING ANY SUBSTANCES WITHIN PIPELINES AND FLOWLINES.</p> | Current |

Search ID#: Z09681198

3	<p>E. PROCEEDS: PROCEEDS IN ANY FORM RESULTING DIRECTLY OR INDIRECTLY FROM THE SALE OF OR OTHER DEALING WITH ANY OF THE COLLATERAL DESCRIBED HEREIN INCLUDING WITHOUT LIMITATION ALL:</p> <ul style="list-style-type: none">- ACCOUNTS,- CHEQUES,- CONTRACT RIGHTS,- CHATTEL PAPER,- DOCUMENTS OF TITLE,- INSTRUMENTS,- INTANGIBLES,- MONEYS,- AMOUNTS PAID OR PAYABLE PURSUANT TO POLICIES OF INSURANCE COVERING THE COLLATERAL OR THAT INDEMNIFY OR COMPENSATE FOR LOSS OR DAMAGE TO THE COLLATERAL; AND ANY OTHER PROPERTY OR OBLIGATIONS RECEIVED WHEN SUCH COLLATERAL OR PROCEEDS THEREOF ARE SOLD, COLLECTED, DISPOSED, EXCHANGED OR OTHERWISE DEALT WITH AND ALL PROCEEDS OF PROCEEDS, WHETHER OF THE SAME OR OF A DIFFERENT TYPE, CLASS, ITEM OR KIND AS THE ORIGINAL COLLATERAL OR PROCEEDS.IL, NATURAL GAS, NATURAL GAS LIQUIDS, METHANE, ETHANE, BUTANE, PROPANE, PENTANES PLUS, CONDENSATE, AND ALL OTHER SUBSTANCES WHETHER LIQUID	Current
---	--	---------

Search ID#: Z09681198

Business Debtor Search For:

QUESTFIRE ENERGY CORP.

Search ID #: Z09681198

Date of Search: 2017-Nov-03

Time of Search: 15:49:23

Registration Number: 15021925853

Registration Type: LAND CHARGE

Registration Date: 2015-Feb-19

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Debtor(s)**Block****Status**

1	QUESTFIRE ENERGY CORP. 1000, 250 - 2ND STREET S.W. CALGARY, AB T2P 0C1	Current
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Secured Party / Parties**Block****Status**

1	BEARSPAW PETROLEUM LTD. 5309, 333 - 96TH AVENUE N.E. CALGARY, AB T3K 0S3 Phone #: 403 258 3767	Current
---	---	---------

Particulars**Block****Additional Information****Status**

1		Current
---	--	---------

Search ID#: Z09681198

THIS LAND CHARGE REGISTRATION IS LIMITED TO THE INTERESTS OF THE DEBTOR IN ALBERTA CROWN PETROLEUM AND NATURAL GAS LEASE 32138 (THE "CROWN LEASE") WHICH IS GOVERNED BY A RETROSPECTIVE JOINT OPERATING AGREEMENT DATED MARCH 01, 1995 ORIGINALLY AMONG PEMBINA RESOURCES, COREXCANA LTD, PETROREP RESOURCES LTD, BENSON PETROLEUM LTD, LANGEVIN RESOURCES, MAXX PETROLEUM LTD, CANADIAN CONQUEST EXPLORATION INC, CHAUVCO RESOURCES LTD, QUANTEX RESOURCES LTD, RENAISSANCE ENERGY LTD, (INCORPORATING A CAPL 1981 OPERATION PROCEDURE) AS AMENDED (THE "OPERATING AGREEMENT") INCLUDING, BUT NOT LIMITED TO, THE JOINT LANDS DESCRIBED AS:

THE EAST HALF OF SECTION 11 TOWNSHIP 036 RANGE 21 WEST OF THE 4TH MERIDIAN AS TO PETROLEUM AND NATURAL GAS FROM BELOW THE TOP OF THE MISSISSIPPIAN FORMATION TO THE BASE OF LEDUC FORMATION.

(THE "CROWN LANDS")

PROCEEDS: PROCEEDS IN ANY FORM RESULTING DIRECTLY OR INDIRECTLY FROM THE SALE OF OR OTHER DEALING WITH ANY OF THE COLLATERAL DESCRIBED HEREIN INCLUDING WITHOUT LIMITATION ALL:

- ACCOUNTS,
- CHEQUES,
- CONTRACT RIGHTS,
- CHATTEL PAPER,
- DOCUMENTS OF TITLE,
- INSTRUMENTS,
- INTANGIBLES,
- MONEYS,
- SECURITIES,
- AMOUNTS PAID OR PAYABLE PURSUANT TO POLICIES OF INSURANCE COVERING THE COLLATERAL; AND ANY OTHER PROPERTY OR OBLIGATIONS RECEIVED WHEN SUCH COLLATERAL OR PROCEEDS THEREOF ARE SOLD, COLLECTED DISPOSED, EXCHANGED OR OTHERWISE DEALT WITH AND ALL PROCEEDS OF PROCEEDS, WEATHER OF THE SAME OR OF A DIFFERENT TYPE, CLASS, ITEM OR KIND AS THE ORIGINAL COLLATERAL OR PROCEEDS.

Result Complete

This is Exhibit "E" referred to in the Affidavit of
Trina Holland
sworn before me this 15th day of November, 2017.

A handwritten signature in black ink, appearing to read 'Lan T.X. Nguyen', is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

LAN T.X. NGUYEN
Student-at-Law

CUSTOMER REGISTRATION NOTICE

208

LAND TITLES OFFICE
BOX 2380
EDMONTON, AB
T5J 2T3

TO MCCARTHY TETRAULT LLP

VIA CALL BOX

CUSTOMER FILE NBR: 174791/485515AM

RE: D.R.R. NUMBER: D0CF235

CALL BOX: C106
ACCOUNT NUMBER: A065285
REGISTRATION DATE: 2016/08/22

LAND AFFECTED

LINC	SHORT LEGAL	TITLE NUMBER
0026220285	4;21;40;7;NW	032391804 +1
0026220293	4;21;40;7;SW	032391804 +2
0026220301	4;21;40;7;NE	032391804 +3
0026220319	4;21;40;7;SE	032391804 +4
0024244741	4;21;38;27;SE	052487289
0018977348	4;21;38;27;NE	082220494
0018977348	4;21;38;27;NE	142197725 +14
0024244741	4;21;38;27;SE	142197725 +14
0024244790	4;21;38;27;SW	142197725 +14
0018977322	4;21;38;27;NW	231N175
0024244790	4;21;38;27;SW	842221859
0018977348	4;21;38;27;NE	862241246
0018977348	4;21;38;27;NE	862241246A
0018977348	4;21;38;27;NE	862241246C
0018977348	4;21;38;27;NE	862241246D
0018977348	4;21;38;27;NE	862241246E
0025120999	5;2;46;25;NW	892197229
0025121005	5;2;46;25;NE	892197229
0018518499	5;2;46;25;SW	892197229
0025121013	5;2;46;25;SE	892197229

DOCUMENTS REGISTERED

DOCUMENT TYPE	REGISTRATION NUMBER	FEES
CAVEAT	162229540 (14 EX REF)	\$5,887.00
	SUB TOTAL:	\$5,887.00

OTHER SERVICES

DESCRIPTION	FEES
15 CERTIFIED LAND TITLE	\$150.00
	SUB TOTAL: \$150.00
	TOTAL FEES: \$6,037.00



CERTIFIED COPY OF
Certificate of Title

209

M

LINC SHORT LEGAL
0026 220 285 4;21;40;7;NW

TITLE NUMBER: 032 391 804 +1
ORDER
DATE: 15/10/2003

AT THE TIME OF THIS CERTIFICATION

COMPUTERSHARE TRUST COMPANY OF CANADA.
OF 700,530 8 AVE SW
CALGARY
ALBERTA T2P 3S8

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER

MERIDIAN 4 RANGE 21 TOWNSHIP 40
SECTION 7
QUARTER NORTH WEST
CONTAINING 61.19 HECTARES (151.20 ACRES) AND 3.56 HECTARES
(8.80 ACRES) MORE OR LESS OF ACCRUED LAND PURSUANT TO JUDGES
ORDER NO. 862048159

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
6559KJ	16/10/1956	CAVEAT CAVEATOR - COMPUTERSHARE TRUST COMPANY OF CANADA. 700,530 8 AVE SW CALGARY ALBERTA T2P3S8 AGENT - S MARY HAMMER "(M & M AS DESC)" (DATA UPDATED BY: CHANGE OF ADDRESS 972130013) (DATA UPDATED BY: TRANSFER OF CAVEAT 032171072)
4495LT	17/05/1960	UNITIZATION AGREEMENT NEVIS UNIT AGREEMENT NO. 1. "(M & M AS DESC)"
002 116 913	04/05/2000	CAVEAT RE : LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 052063906) (DATA UPDATED BY: CHANGE OF NAME 072675313) (DATA UPDATED BY: TRANSFER OF CAVEAT

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 4;21;40;7;NW
NAME COMPUTERSHARE TRUST COMPANY OF CANADA
NUMBER 032 391 804 +1

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		132167898)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: LACOMBE COUNTY
REFERENCE NUMBER:
942 340 824
TOTAL INSTRUMENTS: 004



CERTIFIED COPY OF
Certificate of Title

211

M

LINC SHORT LEGAL
0026 220 293 4;21;40;7;SW

TITLE NUMBER: 032 391 804 +2
ORDER
DATE: 15/10/2003

AT THE TIME OF THIS CERTIFICATION

COMPUTERSHARE TRUST COMPANY OF CANADA.
OF 700,530 8 AVE SW
CALGARY
ALBERTA T2P 3S8

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER

MERIDIAN 4 RANGE 21 TOWNSHIP 40
SECTION 7
ALL THAT PORTION OF THE SOUTH WEST QUARTER
WHICH IS NOT COVERED BY ANY OF THE WATERES OF BUFFALO LAKE
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP SIGNED AT
OTTAWA ON THE 7TH DAY OF OCTOBER A.D., 1903, CONTAINING
28.73 HECTARES (71 ACRES) AND 24.32 HECTARES (60.10 ACRES)
MORE OR LESS OF ACCRUED LAND PURSUANT TO JUDGES ORDER NO.
862048159

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
6559KJ	16/10/1956	CAVEAT CAVEATOR - COMPUTERSHARE TRUST COMPANY OF CANADA. 700,530 8 AVE SW CALGARY ALBERTA T2P3S8 AGENT - S MARY HAMMER " (M & M AS DESC) " (DATA UPDATED BY: CHANGE OF ADDRESS 972130013) (DATA UPDATED BY: TRANSFER OF CAVEAT 032171072)
4495LT	17/05/1960	UNITIZATION AGREEMENT NEVIS UNIT AGREEMENT NO. 1. " (M & M AS DESC) "
002 116 906	04/05/2000	CAVEAT RE : LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 4;21;40;7;SW
NAME COMPUTERSHARE TRUST COMPANY OF CANADA
NUMBER 032 391 804 +2

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		052063906) (DATA UPDATED BY: CHANGE OF NAME 072675313) (DATA UPDATED BY: TRANSFER OF CAVEAT 132167898)

162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY
-------------	------------	--

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: LACOMBE COUNTY
REFERENCE NUMBER:
942 340 824 +1
TOTAL INSTRUMENTS: 004



CERTIFIED COPY OF
Certificate of Title

213

M

LINC SHORT LEGAL
0026 220 301 4;21;40;7;NE

TITLE NUMBER: 032 391 804 +3
ORDER
DATE: 15/10/2003

AT THE TIME OF THIS CERTIFICATION

COMPUTERSHARE TRUST COMPANY OF CANADA.
OF 700,530 8 AVE SW
CALGARY
ALBERTA T2P 3S8

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER

MERIDIAN 4 RANGE 21 TOWNSHIP 40
SECTION 7

ALL THAT PORTION OF THE NORTH EAST QUARTER
WHICH IS NOT COVERED BY ANY OF THE WATERS OF BUFFALO LAKE
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP SIGNED AT
OTTAWA ON THE 7TH DAY OF OCTOBER A.D. 1903 CONTAINING
26.99 HECTARES (66.7 ACRES) AND 30.34 HECTARES (74.97 ACRES)
MORE OR LESS OF ACCRUED LAND PURSUANT TO JUDGES ORDER NO.
862048159

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
6559KJ	16/10/1956	CAVEAT CAVEATOR - COMPUTERSHARE TRUST COMPANY OF CANADA. 700,530 8 AVE SW CALGARY ALBERTA T2P3S8 AGENT - S MARY HAMMER "(M & M AS DESC)" (DATA UPDATED BY: CHANGE OF ADDRESS 972130013) (DATA UPDATED BY: TRANSFER OF CAVEAT 032171072)
4495LT	17/05/1960	UNITIZATION AGREEMENT NEVIS UNIT AGREEMENT NO. 1. "(M & M AS DESC)"
002 116 909	04/05/2000	CAVEAT RE : LEASE CAVEATOR - QUESTFIRE ENERGY CORP. 1100,350-7 AVE SW CALGARY ALBERTA T2P3N9 (DATA UPDATED BY: TRANSFER OF CAVEAT

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 4;21;40;7;NE
NAME COMPUTERSHARE TRUST COMPANY OF CANADA
NUMBER 032 391 804 +3

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		052063906) (DATA UPDATED BY: CHANGE OF NAME 072675313) (DATA UPDATED BY: TRANSFER OF CAVEAT 142318606)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: LACOMBE COUNTY
REFERENCE NUMBER:
942 340 824 +2
TOTAL INSTRUMENTS: 004



CERTIFIED COPY OF
Certificate of Title

215

M

LINC SHORT LEGAL
0026 220 319 4;21;40;7;SE

TITLE NUMBER: 032 391 804 +4
ORDER
DATE: 15/10/2003

AT THE TIME OF THIS CERTIFICATION

COMPUTERSHARE TRUST COMPANY OF CANADA.
OF 700,530 8 AVE SW
CALGARY
ALBERTA T2P 3S8

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER

MERIDIAN 4 RANGE 21 TOWNSHIP 40
SECTION 7
ALL THAT PORTION OF THE SOUTH EAST QUARTER
WHICH IS NOT COVERED BY ANY OF THE WATERS OF BUFFALO LAKE
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP SIGNED AT
OTTAWA ON THE 7TH DAY OF OCTOBER A.D. 1903 CONTAINING
4.09 HECTARES (10.1 ACRES) AND 18.04 HECTARES (44.58 ACRES)
MORE OR LESS OF ACCRUED LAND PURSUANT TO JUDGES ORDER NO.
862048159

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
6559KJ	16/10/1956	CAVEAT CAVEATOR - COMPUTERSHARE TRUST COMPANY OF CANADA. 700,530 8 AVE SW CALGARY ALBERTA T2P3S8 AGENT - S MARY HAMMER "(M & M AS DESC)" (DATA UPDATED BY: CHANGE OF ADDRESS 972130013) (DATA UPDATED BY: TRANSFER OF CAVEAT 032171072)
4495LT	17/05/1960	UNITIZATION AGREEMENT NEVIS UNIT AGREEMENT NO. 1. "(M & M AS DESC)"
002 116 899	04/05/2000	CAVEAT RE : LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 4;21;40;7;SE
NAME COMPUTERSHARE TRUST COMPANY OF CANADA
NUMBER 032 391 804 +4

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		052063906) (DATA UPDATED BY: CHANGE OF NAME 072675312) (DATA UPDATED BY: TRANSFER OF CAVEAT 132167898)

162 229 540 22/08/2016 CAVEAT
RE : AGREEMENT CHARGING LAND
CAVEATOR - ALBERTA TREASURY BRANCHES.
SUITE 600, 585 8TH AVE SW
CALGARY
ALBERTA T2P1G1
AGENT - ALEX CORBETT
AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: LACOMBE COUNTY
REFERENCE NUMBER:
942 340 824 +3
TOTAL INSTRUMENTS: 004



CERTIFIED COPY OF
Certificate of Title

217

M

LINC SHORT LEGAL
0024 244 741 4;21;38;27;SE

TITLE NUMBER: 052 487 289
SEPARATION - INTERESTS
DATE: 04/11/2005

AT THE TIME OF THIS CERTIFICATION

LYNNE MARIE SNODGRASS
OF 4610-53 STREET
STETTTLER
ALBERTA T0C 2L0
AS TO AN UNDIVIDED 17/54 INTEREST

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE
WITHIN, UPON OR UNDER:

MERIDIAN 4 RANGE 21 TOWNSHIP 38
SECTION 27
ALL THAT PORTION OF THE SOUTH EAST QUARTER
NOT COVERED BY THE WATERS OF LAKE NO. 1, AS SHOWN ON
A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 30 AUGUST 1915
CONTAINING 30.7 HECTARES MORE OR LESS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
012 324 819	11/10/2001	CAVEAT RE : NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500, 400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 052063157) (DATA UPDATED BY: CHANGE OF NAME 072675356) (DATA UPDATED BY: TRANSFER OF CAVEAT 132167946)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

Certificate of Title

TITLE NUMBER: 052 487 289

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



****SUPPLEMENTARY INFORMATION****

MUNICIPALITY: COUNTY OF STETTLE NO. 6

REFERENCE NUMBER:

052 487 210

TOTAL INSTRUMENTS: 002



CERTIFIED COPY OF
Certificate of Title

219

M

LINC SHORT LEGAL
0018 977 348 4;21;38;27;NE

TITLE NUMBER: 082 220 494
TRANSFER OF LAND
DATE: 27/05/2008

AT THE TIME OF THIS CERTIFICATION

MARGARET FORSYTH
OF P.O. BOX 78
ERSKINE
ALBERTA T0C 1G0
AS TO AN UNDIVIDED 1/7 INTEREST

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE
STONE, WITHIN UPON OR UNDER:

ALL THAT PORTION OF THE NORTH EAST QUARTER OF SECTION TWENTY SEVEN
(27)
TOWNSHIP THIRTY EIGHT (38)
RANGE TWENTY ONE (21)
WEST OF THE FOURTH MERIDIAN
NOT COVERED BY ANY OF THE WATERS OF LAKE NO. 1, AT THE
TIME OF THE SURVEY OF THE SAID LAKE, AS SHOWN ON A PLAN
OF SURVEY OF THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE
30TH DAY OF AUGUST A.D. 1915,
CONTAINING 45.7 HECTARES (113.10 ACRES) MORE OR LESS.

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
012 324 852	11/10/2001	CAVEAT RE : NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 052063158) (DATA UPDATED BY: CHANGE OF NAME 072675357) (DATA UPDATED BY: TRANSFER OF CAVEAT 132167908)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 4;21;38;27;NE
NAME MARGARET FORSYTH
NUMBER 082 220 494

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

VALUE: \$1,000
CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: COUNTY OF STETTLE NO. 6
REFERENCE NUMBER:
082 220 493
TOTAL INSTRUMENTS: 002



CERTIFIED COPY OF
Certificate of Title

221

M

LINC	SHORT LEGAL
0018 977 348	4;21;38;27;NE
0024 244 741	4;21;38;27;SE
0024 244 790	4;21;38;27;SW

TITLE NUMBER: 142 197 725 +14

ORDER

DATE: 26/06/2014

AT THE TIME OF THIS CERTIFICATION

PRAIRIESKY ROYALTY LTD.
OF PO BOX 780, STATION M
CALGARY
ALBERTA T2P 2J6

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

FIRST

*ALL COAL, PETROLEUM AND VALUABLE STONE AS SET FORTH IN
TRANSFERS 6241BO AND 2403BS WITHIN, UPON OR UNDER:

ALL THAT PORTION OF THE NORTH EAST QUARTER OF SECTION TWENTY SEVEN
(27)
TOWNSHIP THIRTY EIGHT (38)
RANGE TWENTY ONE (21)
WEST OF THE FOURTH MERIDIAN
NOT COVERED BY ANY OF THE WATERS OF LAKE NO. 1, AT THE
TIME OF THE SURVEY OF THE SAID LAKE, AS SHOWN ON A PLAN
OF SURVEY OF THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE
30TH DAY OF AUGUST A.D. 1915,
CONTAINING 45.7 HECTARES (113.10 ACRES) MORE OR LESS.

SECOND

*ALL COAL, PETROLEUM AND VALUABLE STONE AS SET FORTH IN
TRANSFERS 6241BO AND 2403BS WITHIN, UPON OR UNDER:

MERIDIAN 4 RANGE 21 TOWNSHIP 38
SECTION 27
ALL THAT PORTION OF THE SOUTH EAST QUARTER
NOT COVERED BY THE WATERS OF LAKE NO. 1, AS SHOWN ON
A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 30 AUGUST 1915
CONTAINING 30.7 HECTARES MORE OR LESS

THIRD

*ALL COAL, PETROLEUM AND VALUABLE STONE AS SET FORTH IN
TRANSFERS 6241BO AND 2403BS WITHIN, UPON OR UNDER:

MERIDIAN 4 RANGE 21 TOWNSHIP 38
SECTION 27
ALL THAT PORTION OF THE SOUTH WEST QUARTER
NOT COVERED BY THE WATERS OF LAKE NO. 1, AT THE TIME
OF SURVEY OF SAID LAKE, AS SHOWN ON A PLAN OF SURVEY
OF THE SAID TOWNSHIP DATED 30 AUGUST 1915
CONTAINING 36.8 HECTARES (91.1 ACRES) MORE OR LESS

Certificate of Title

TITLE NUMBER: 142 197 725 +14

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER- WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS		
REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
982 264 884	02/09/1998	CAVEAT RE : LEASE CAVEATOR - MOUNTAIN ENERGY INC. 3000, 400-3 AVENUE SW CALGARY ALBERTA T2P4H2 AGENT - MIKE COGUT
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: COUNTY OF STETTLE NO. 6
REFERENCE NUMBER:
248J156
TOTAL INSTRUMENTS: 002



CERTIFIED COPY OF
Certificate of Title

223

M

LINC SHORT LEGAL
0018 977 322 4;21;38;27;NW

TITLE NUMBER: 231N175
DATE: 23/06/1959

AT THE TIME OF THIS CERTIFICATION

MONTREAL TRUST COMPANY.
OF EDMONTON
ALBERTA
ADMINISTRATOR FOR GEORGE ROPPEL

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER:

ALL THAT PORTION OF THE NORTH WEST QUARTER
OF SECTION TWENTY SEVEN (27)
TOWNSHIP THIRTY EIGHT (38)
RANGE TWENTY ONE (21)
WEST OF THE FOURTH MERIDIAN
WHICH IS NOT COVERED BY ANY OF THE WATERS OF LAKE NO. 1
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP
SIGNED AT OTTAWA ON THE 24TH DAY OF JULY A.D. 1903,
CONTAINING 60.8 HECTARES (150.3 ACRES) MORE OR LESS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
022 214 672	15/06/2002	CAVEAT RE : LEASE CAVEATOR - QUESTFIRE ENERGY CORP. 1100,350-7 AVE SW CALGARY ALBERTA T2P3N9 (DATA UPDATED BY: TRANSFER OF CAVEAT 052063158) (DATA UPDATED BY: CHANGE OF NAME 072675359) (DATA UPDATED BY: TRANSFER OF CAVEAT 142318606)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

Certificate of Title

TITLE NUMBER: 231N175

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



****SUPPLEMENTARY INFORMATION****

CONSIDERATION: REF. 6Q13
MUNICIPALITY: COUNTY OF STETTLER NO. 6
TOTAL INSTRUMENTS: 002



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Certificate of Title

225

M

LINC SHORT LEGAL
0024 244 790 4;21;38;27;SW

TITLE NUMBER: 842 221 859
DATE: 10/10/1984

AT THE TIME OF THIS CERTIFICATION

MURRAY BEER
OF BOX 123
ERSKINE
ALBERTA T0C 1G0
(DATA UPDATED BY: CHANGE OF ADDRESS 982311358)

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE
WITHIN, UPON OR UNDER:

MERIDIAN 4 RANGE 21 TOWNSHIP 38
SECTION 27
ALL THAT PORTION OF THE SOUTH WEST QUARTER
NOT COVERED BY THE WATERS OF LAKE NO. 1, AT THE TIME
OF SURVEY OF SAID LAKE, AS SHOWN ON A PLAN OF SURVEY
OF THE SAID TOWNSHIP DATED 30 AUGUST 1915
CONTAINING 36.8 HECTARES (91.1 ACRES) MORE OR LESS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
012 324 813	11/10/2001	CAVEAT RE : NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500, 400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 052063157) (DATA UPDATED BY: CHANGE OF NAME 072675356) (DATA UPDATED BY: TRANSFER OF CAVEAT 132167908)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

Certificate of Title

TITLE NUMBER: 842 221 859

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



****SUPPLEMENTARY INFORMATION****

CONSIDERATION: REF. 842221858
MUNICIPALITY: COUNTY OF STETTLER NO. 6
TOTAL INSTRUMENTS: 002



CERTIFIED COPY OF
Certificate of Title

227

M

LINC SHORT LEGAL
0018 977 348 4;21;38;27;NE

TITLE NUMBER: 862 241 246
DATE: 05/11/1986

AT THE TIME OF THIS CERTIFICATION

ROBERT ANTHONY BEER
OF BOX 71
ERSKINE
ALBERTA T0C 1G0
AS TO AN UNDIVIDED 29/84 INTEREST
(DATA UPDATED BY: CHANGE OF ADDRESS 982311362)

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE
WITHIN, UPON OR UNDER:

ALL THAT PORTION OF THE NORTH EAST QUARTER OF SECTION TWENTY SEVEN
(27)
TOWNSHIP THIRTY EIGHT (38)
RANGE TWENTY ONE (21)
WEST OF THE FOURTH MERIDIAN
NOT COVERED BY ANY OF THE WATERS OF LAKE NO. 1, AT THE
TIME OF THE SURVEY OF THE SAID LAKE, AS SHOWN ON A PLAN
OF SURVEY OF THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE
30TH DAY OF AUGUST A.D. 1915,
CONTAINING 45.7 HECTARES (113.10 ACRES) MORE OR LESS.

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
012 324 856	11/10/2001	CAVEAT RE : NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 052063158) (DATA UPDATED BY: CHANGE OF NAME 072675357) (DATA UPDATED BY: TRANSFER OF CAVEAT 132167946)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 4;21;38;27;NE
NAME ROBERT ANTHONY BEER
NUMBER 862 241 246

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: REF. 862241244A
MUNICIPALITY: COUNTY OF STETTLER NO. 6
TOTAL INSTRUMENTS: 002



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Certificate of Title

229

M

LINC SHORT LEGAL
0018 977 348 4;21;38;27;NE

TITLE NUMBER: 862 241 246 A
DATE: 05/11/1986

AT THE TIME OF THIS CERTIFICATION

GREGORY WAYNE BEER
OF 5312-56 ST
ROCKY MOUNTAIN HOUSE
ALBERTA T0M 1T4
AS TO AN UNDIVIDED 29/84 INTEREST
(DATA UPDATED BY: CHANGE OF ADDRESS 982315608)

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE
WITHIN, UPON OR UNDER:

ALL THAT PORTION OF THE NORTH EAST QUARTER OF SECTION TWENTY SEVEN
(27)
TOWNSHIP THIRTY EIGHT (38)
RANGE TWENTY ONE (21)
WEST OF THE FOURTH MERIDIAN
NOT COVERED BY ANY OF THE WATERS OF LAKE NO. 1, AT THE
TIME OF THE SURVEY OF THE SAID LAKE, AS SHOWN ON A PLAN
OF SURVEY OF THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE
30TH DAY OF AUGUST A.D. 1915,
CONTAINING 45.7 HECTARES (113.10 ACRES) MORE OR LESS.

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
012 324 854	11/10/2001	CAVEAT RE : NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500, 400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 052063158) (DATA UPDATED BY: CHANGE OF NAME 072675357) (DATA UPDATED BY: TRANSFER OF CAVEAT 132167908)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT

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Certificate of Title

PAGE 2
230

SHORT LEGAL 4;21;38;27;NE
NAME GREGORY WAYNE BEER
NUMBER 862 241 246 A

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: REF. 862241244A
MUNICIPALITY: COUNTY OF STETTLER NO. 6
TOTAL INSTRUMENTS: 002



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Certificate of Title

231

M

LINC SHORT LEGAL
0018 977 348 4;21;38;27;NE

TITLE NUMBER: 862 241 246 C
DATE: 05/11/1986

AT THE TIME OF THIS CERTIFICATION

EDWARD WILLIAM BEER
OF BOX 166
ERSKINE
ALBERTA T0C 1G0
AS TO AN UNDIVIDED 1/14 INTEREST
(DATA UPDATED BY: CHANGE OF ADDRESS 982311360)

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE
WITHIN, UPON OR UNDER:

ALL THAT PORTION OF THE NORTH EAST QUARTER OF SECTION TWENTY SEVEN
(27)
TOWNSHIP THIRTY EIGHT (38)
RANGE TWENTY ONE (21)
WEST OF THE FOURTH MERIDIAN
NOT COVERED BY ANY OF THE WATERS OF LAKE NO. 1, AT THE
TIME OF THE SURVEY OF THE SAID LAKE, AS SHOWN ON A PLAN
OF SURVEY OF THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE
30TH DAY OF AUGUST A.D. 1915,
CONTAINING 45.7 HECTARES (113.10 ACRES) MORE OR LESS.

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
012 324 848	11/10/2001	CAVEAT RE : NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500, 400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 052063158) (DATA UPDATED BY: CHANGE OF NAME 072675357) (DATA UPDATED BY: TRANSFER OF CAVEAT 132167908)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 4;21;38;27;NE
NAME EDWARD WILLIAM BEER
NUMBER 862 241 246 C

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: REF. 862241244A
MUNICIPALITY: COUNTY OF STETTLE NO. 6
TOTAL INSTRUMENTS: 002



CERTIFIED COPY OF
Certificate of Title

233

M

LINC SHORT LEGAL
0018 977 348 4;21;38;27;NE

TITLE NUMBER: 862 241 246 D
DATE: 05/11/1986

AT THE TIME OF THIS CERTIFICATION

COLLEEN M ANDERSEN
OF LOT 65, EMMERSON ACRES
STETTTLER
ALBERTA T0C 2L2
AS TO AN UNDIVIDED 1/21 INTEREST

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE
WITHIN, UPON OR UNDER:

ALL THAT PORTION OF THE NORTH EAST QUARTER OF SECTION TWENTY SEVEN
(27)
TOWNSHIP THIRTY EIGHT (38)
RANGE TWENTY ONE (21)
WEST OF THE FOURTH MERIDIAN
NOT COVERED BY ANY OF THE WATERS OF LAKE NO. 1, AT THE
TIME OF THE SURVEY OF THE SAID LAKE, AS SHOWN ON A PLAN
OF SURVEY OF THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE
30TH DAY OF AUGUST A.D. 1915,
CONTAINING 45.7 HECTARES (113.10 ACRES) MORE OR LESS.

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
012 324 846	11/10/2001	CAVEAT RE : NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500, 400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 052063158) (DATA UPDATED BY: CHANGE OF NAME 072675357) (DATA UPDATED BY: TRANSFER OF CAVEAT 132167908)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

Certificate of Title

TITLE NUMBER: 862 241 246 D

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



****SUPPLEMENTARY INFORMATION****

CONSIDERATION: REF. 862241244A
MUNICIPALITY: COUNTY OF STETTLER NO. 6
TOTAL INSTRUMENTS: 002



CERTIFIED COPY OF
Certificate of Title

235

M

LINC SHORT LEGAL
0018 977 348 4;21;38;27;NE

TITLE NUMBER: 862 241 246 E
DATE: 05/11/1986

AT THE TIME OF THIS CERTIFICATION

ROBERT ANDERSEN
OF P.O. BOX 243
STETTTLER
ALBERTA T0C 2L0
AS TO AN UNDIVIDED 1/21 INTEREST

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE
WITHIN, UPON OR UNDER:

ALL THAT PORTION OF THE NORTH EAST QUARTER OF SECTION TWENTY SEVEN
(27)
TOWNSHIP THIRTY EIGHT (38)
RANGE TWENTY ONE (21)
WEST OF THE FOURTH MERIDIAN
NOT COVERED BY ANY OF THE WATERS OF LAKE NO. 1, AT THE
TIME OF THE SURVEY OF THE SAID LAKE, AS SHOWN ON A PLAN
OF SURVEY OF THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE
30TH DAY OF AUGUST A.D. 1915,
CONTAINING 45.7 HECTARES (113.10 ACRES) MORE OR LESS.

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
012 324 858	11/10/2001	CAVEAT RE : NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500, 400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 052063158) (DATA UPDATED BY: CHANGE OF NAME 072675357) (DATA UPDATED BY: TRANSFER OF CAVEAT 132167908)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

Certificate of Title

TITLE NUMBER: 862 241 246 E

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



****SUPPLEMENTARY INFORMATION****

CONSIDERATION: REF. 862241244A
MUNICIPALITY: COUNTY OF STETTLER NO. 6
TOTAL INSTRUMENTS: 002

CERTIFIED COPY OF
Certificate of Title

237



M

LINC	SHORT LEGAL
0025 120 999	5;2;46;25;NW
0025 121 005	5;2;46;25;NE
0018 518 499	5;2;46;25;SW
0025 121 013	5;2;46;25;SE

TITLE NUMBER: 892 197 229
DATE: 10/08/1989

AT THE TIME OF THIS CERTIFICATION

ROBERT WILLIAM MULLEN
OF 102, 4826-47 ST
RED DEER
ALBERTA T4N 1R2

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

FIRST

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE
WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 2 TOWNSHIP 46
SECTION 25
QUARTER NORTH WEST

SECOND

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE
WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 2 TOWNSHIP 46
SECTION 25
QUARTER NORTH EAST

THIRD

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE
WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 2 TOWNSHIP 46
SECTION 25
QUARTER SOUTH WEST

FOURTH

*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE
WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 2 TOWNSHIP 46
SECTION 25
QUARTER SOUTH EAST

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

Certificate of Title

TITLE NUMBER: 892 197 229

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
892 197 230	10/08/1989	CAVEAT RE : TRUST AGREEMENT CAVEATOR - THE PUBLIC TRUSTEE. C/O WATSON & KLAUSE 5003A-51 AVE BOX 6716 WETASKIWIN ALBERTA T9A2G4 AGENT - GEORGE GUY WATSON "FOR MYRTLE MULLEN, JOE E MULLEN, RILEY MULLEN, J HOWARD MULLEN, LEO E MULLEN, VIRGINIA MULLEN, PHYLLIS MULLEN, JAMES R MULLEN, ELSIE ELDER, GORDON RICKETS AND LENA RICKETS"
022 128 346	16/04/2002	CAVEAT RE : MINERAL LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 042036607) (DATA UPDATED BY: CHANGE OF NAME 062088044) (DATA UPDATED BY: CHANGE OF NAME 072110448) (DATA UPDATED BY: TRANSFER OF CAVEAT 132168960)
162 229 540	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: REF. 66I184
MUNICIPALITY: COUNTY OF WETASKIWIN NO. 10
AREA:
64.3 HECTARES (159 ACRES) MORE OR LESS (0025 120 999)
64.3 HECTARES (159 ACRES) MORE OR LESS (0025 121 005)
64.3 HECTARES (159 ACRES) MORE OR LESS (0018 518 499)
64.3 HECTARES (159 ACRES) MORE OR LESS (0025 121 013)

Certificate of Title

TITLE NUMBER: 892 197 229

TOTAL INSTRUMENTS: 003

CUSTOMER REGISTRATION NOTICE

240
LAND TITLES OFFICE
BOX 7575
CALGARY, AB
T2P 2R4

TO MCCARTHY TETRAULT LLP

VIA CALL BOX

CUSTOMER FILE NBR: 17491/485515AM

RE: D.R.R. NUMBER: G0CF235
CALL BOX: C106
ACCOUNT NUMBER: A065285
REGISTRATION DATE: 2016/08/22

LAND AFFECTED

LINC	SHORT LEGAL	TITLE NUMBER
0018705997	5;1;30;8;NE	041431988
0018706002	5;1;30;8;SE	041431988
0018705997	5;1;30;8;NE	061515969
0018706002	5;1;30;8;SE	061515969
0015276330	5;1;30;8;NW	081257333
0024331282	5;1;30;8;SW	081257333
0024331290	5;1;30;8;NE	081257333
0025283235	5;1;30;8;NE	141190202 +24
0026597048	5;1;30;8;NE	161014027 +1
0019122969	5;1;30;8;NE	161014028 +4
0026426163	5;1;30;8;NE	161014028 +5
0021178389	5;1;30;5;NW	46Z28 .
0024275290	5;1;30;5;NE	46Z28 .
0024275308	5;1;30;5;SW	46Z28 .
0024275316	5;1;30;5;SE	46Z28 .
0018705997	5;1;30;8;NE	911135142
0018706002	5;1;30;8;SE	911135142
0026421131	5;1;30;8;NE	951128725
0012867545	5;1;30;8;NE	971012142 +1
0021306212	4;29;2;13;SW	141021302

DOCUMENTS REGISTERED

DOCUMENT TYPE	REGISTRATION NUMBER	FEEES
CAVEAT	161196452 (10 EX REF)	\$100.00
CAVEAT	161196453	\$100.00
SUB TOTAL:		\$200.00

OTHER SERVICES

DESCRIPTION	FEEES
12 CERTIFIED LAND TITLE	\$120.00
SUB TOTAL:	\$120.00
TOTAL FEEES:	\$320.00



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Certificate of Title

241

M

LINC	SHORT LEGAL
0018 705 997	5;1;30;8;NE
0018 706 002	5;1;30;8;SE

TITLE NUMBER: 041 431 988
TRANSFER OF LAND
DATE: 12/11/2004

AT THE TIME OF THIS CERTIFICATION

ROYAL TRUST CORPORATION OF CANADA.
OF 301, 335-8 AVE SW
CALGARY
ALBERTA T2P 1C9
EXECUTOR FOR HELEN M GOUGH
AS TO AN UNDIVIDED 1/5 INTEREST

JOHN R GOUGH
OF 1702 SUN OIL BUILDING
714, 614 5 AVENUE SW
CALGARY
ALBERTA
AS TO AN UNDIVIDED 1/5 INTEREST

DONNA V KEMP
OF 606 COPELAND ROAD
SARNIA
ONTARIO N7T 7B1
AS TO AN UNDIVIDED 1/15 INTEREST

MARY BELL
OF R.R. 1, STN. MAIN
WOODSTOCK
ONTARIO N4S 7V6
AS TO AN UNDIVIDED 1/15 INTEREST

PHYLLIS HURRY
OF 843 BRYSON LOOP
LAKELAND, FLORIDA
USA 33809

AS TO AN UNDIVIDED 1/15 INTEREST

ARE THE OWNERS OF AN ESTATE IN FEE SIMPLE
OF AND IN

FIRST

*ALL MINES AND MINERALS, WITHIN, UPON OR UNDER

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
THAT PORTION OF THE NORTH EAST QUARTER DESCRIBED AS FOLLOWS:
COMMENCING AT A POINT ON THE NORTHERN BOUNDARY OF SAID QUARTER SECTION,
DISTANT 660 FEET EASTERLY FROM THE NORTH WEST CORNER THEREOF,
THENCE EASTERLY ALONG SAID NORTHERN BOUNDARY TO ITS INTERSECTION WITH THE
SOUTH WESTERLY LIMIT OF THE LAND COMPRISED IN A PLAN OF RECORD AS CARSTAIRS
262L,
THENCE SOUTH EASTERLY ALONG SAID SOUTH WESTERLY LIMIT OF SAID PLAN TO THE
SOUTH EASTERLY LIMIT THEREOF,
THENCE NORTH EASTERLY ALONG SAID SOUTH EASTERLY LIMIT TO THE SOUTH WEST
CORNER OF LOT 4 IN BLOCK "D" AS SAID BLOCK "D" IS SHOWN ON SAID PLAN,
THENCE SOUTH EASTERLY ALONG THE PRODUCTION SOUTH EASTERLY OF THE SOUTH

Certificate of Title

TITLE NUMBER: 041 431 988

WESTERLY BOUNDARY OF SAID LOT 4 A DISTANCE OF 166 FEET,
THENCE NORTH EASTERLY AND PARALLEL WITH SAID SOUTH EASTERLY LIMIT OF SAID
PLAN TO THE EASTERN BOUNDARY OF SAID QUARTER SECTION,
THENCE SOUTHERLY ALONG THE SAID EASTERN BOUNDARY TO THE SOUTHERN BOUNDARY
OF SAID QUARTER SECTION,
THENCE WESTERLY ALONG SAID SOUTHERN BOUNDARY TO THE WESTERN BOUNDARY OF SAID
QUARTER SECTION,
THENCE NORTHERLY ALONG SAID WESTERN BOUNDARY TO A POINT 528 FEET SOUTHERLY
FROM THE NORTH WEST CORNER THEREOF,
THENCE EASTERLY AND PARALLEL WITH SAID NORTHERN BOUNDARY 660 FEET,
THENCE NORTHERLY AND PARALLEL WITH SAID WESTERN BOUNDARY TO THE POINT OF
COMMENCEMENT, CONTAINING 48.33 HECTARES (119.32 ACRES) MORE OR LESS
EXCEPTING 0.938 HECTARES (2.32 ACRES) MORE OR LESS AS DESCRIBED IN TRANSFER
REGISTERED AS 7989EU AND CERTIFICATE OF TITLE NUMBER 55H200

SECOND

*ALL MINES AND MINERALS, WITHIN, UPON OR UNDER

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
QUARTER SOUTH EAST

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS		
REGISTRATION		
NUMBER	DATE (D/M/Y)	PARTICULARS
941 064 180	15/03/1994	CAVEAT RE : LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 AFFECTED PARTY: HELEN M GOUGH (DATA UPDATED BY: TRANSFER OF CAVEAT 961030356) (DATA UPDATED BY: CHANGE OF NAME 011083054) (DATA UPDATED BY: TRANSFER OF CAVEAT 051046495) (DATA UPDATED BY: TRANSFER OF CAVEAT 131293044)
941 064 183	15/03/1994	CAVEAT RE : LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 AFFECTED PARTY: VIVIAN M FARNDALE (DATA UPDATED BY: TRANSFER OF CAVEAT 961030357) (DATA UPDATED BY: CHANGE OF NAME 011083054) (DATA UPDATED BY: TRANSFER OF CAVEAT 051058088) (DATA UPDATED BY: TRANSFER OF CAVEAT 131293044)

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 5;1;30;8;E
NAME ROYAL TRUST CORPORATION OF CANADA ET AL
NUMBER 041 431 988

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
951 081 608	07/04/1995	CAVEAT RE : PETROLEUM AND NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 SEE INSTRUMENT FOR INTERESTS (DATA UPDATED BY: TRANSFER OF CAVEAT 961030360) (DATA UPDATED BY: CHANGE OF NAME 011083513) (DATA UPDATED BY: TRANSFER OF CAVEAT 051058088) (DATA UPDATED BY: TRANSFER OF CAVEAT 131293044)
161 196 452	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: MOUNTAIN VIEW COUNTY
REFERENCE NUMBER:
041 431 987
AREA:
64.7 HECTARES (160 ACRES) MORE OR LESS (0018 706 002)
TOTAL INSTRUMENTS: 004



CERTIFIED COPY OF
Certificate of Title

244

M

LINC	SHORT LEGAL
0018 705 997	5;1;30;8;NE
0018 706 002	5;1;30;8;SE

TITLE NUMBER: 061 515 969
AFFIDAVIT OF SURVIVING JOINT TENANT
DATE: 13/12/2006

AT THE TIME OF THIS CERTIFICATION

MARGARET LENA MAY GOUGH
OF BOX 8428, STN F
EDMONTON
ALBERTA T6H 5H3
AS TO AN UNDIVIDED 1/5 INTEREST

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

FIRST

*ALL MINES AND MINERALS, WITHIN, UPON OR UNDER

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8

THAT PORTION OF THE NORTH EAST QUARTER DESCRIBED AS FOLLOWS:
COMMENCING AT A POINT ON THE NORTHERN BOUNDARY OF SAID QUARTER SECTION,
DISTANT 660 FEET EASTERLY FROM THE NORTH WEST CORNER THEREOF,
THENCE EASTERLY ALONG SAID NORTHERN BOUNDARY TO ITS INTERSECTION WITH THE
SOUTH WESTERLY LIMIT OF THE LAND COMPRISED IN A PLAN OF RECORD AS CARSTAIRS
262L,
THENCE SOUTH EASTERLY ALONG SAID SOUTH WESTERLY LIMIT OF SAID PLAN TO THE
SOUTH EASTERLY LIMIT THEREOF,
THENCE NORTH EASTERLY ALONG SAID SOUTH EASTERLY LIMIT TO THE SOUTH WEST
CORNER OF LOT 4 IN BLOCK "D" AS SAID BLOCK "D" IS SHOWN ON SAID PLAN,
THENCE SOUTH EASTERLY ALONG THE PRODUCTION SOUTH EASTERLY OF THE SOUTH
WESTERLY BOUNDARY OF SAID LOT 4 A DISTANCE OF 166 FEET,
THENCE NORTH EASTERLY AND PARALLEL WITH SAID SOUTH EASTERLY LIMIT OF SAID
PLAN TO THE EASTERN BOUNDARY OF SAID QUARTER SECTION,
THENCE SOUTHERLY ALONG THE SAID EASTERN BOUNDARY TO THE SOUTHERN BOUNDARY
OF SAID QUARTER SECTION,
THENCE WESTERLY ALONG SAID SOUTHERN BOUNDARY TO THE WESTERN BOUNDARY OF SAID
QUARTER SECTION,
THENCE NORTHERLY ALONG SAID WESTERN BOUNDARY TO A POINT 528 FEET SOUTHERLY
FROM THE NORTH WEST CORNER THEREOF,
THENCE EASTERLY AND PARALLEL WITH SAID NORTHERN BOUNDARY 660 FEET,
THENCE NORTHERLY AND PARALLEL WITH SAID WESTERN BOUNDARY TO THE POINT OF
COMMENCEMENT, CONTAINING 48.33 HECTARES (119.32 ACRES) MORE OR LESS
EXCEPTING 0.938 HECTARES (2.32 ACRES) MORE OR LESS AS DESCRIBED IN TRANSFER
REGISTERED AS 7989EU AND CERTIFICATE OF TITLE NUMBER 55H200

SECOND

*ALL MINES AND MINERALS, WITHIN, UPON OR UNDER

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
QUARTER SOUTH EAST

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-

Certificate of Title

TITLE NUMBER: 061 515 969

WRITTEN OR ENDORSED HEREON,OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS		
REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
941 040 604	15/02/1994	CAVEAT RE : PETROLEUM AND NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 AFFECTED LAND: 5;1;30;8;NE (DATA UPDATED BY: TRANSFER OF CAVEAT 961030355) (DATA UPDATED BY: CHANGE OF NAME 011083054) (DATA UPDATED BY: TRANSFER OF CAVEAT 051046495) (DATA UPDATED BY: TRANSFER OF CAVEAT 131293044)
161 196 452	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

MUNICIPALITY: MOUNTAIN VIEW COUNTY
REFERENCE NUMBER:
901 287 155
AREA:
64.7 HECTARES (160 ACRES) MORE OR LESS (0018 706 002)
TOTAL INSTRUMENTS: 002



CERTIFIED COPY OF
Certificate of Title

246

M

LINC	SHORT LEGAL
0015 276 330	5;1;30;8;NW
0024 331 282	5;1;30;8;SW
0024 331 290	5;1;30;8;NE

TITLE NUMBER: 081 257 333
TRANSFER OF LAND
DATE: 21/07/2008

AT THE TIME OF THIS CERTIFICATION

CHARLES BENNISON
OF P.O. BOX 487
POWASSAN
ONTARIO P0H 1Z0

AND
HARVEY BENNISON
OF P.O. BOX 422
SOUTH RIVER
ONTARIO P0A 1X0
AS TO AN UNDIVIDED 7/18 INTEREST

ARE THE OWNERS OF AN ESTATE IN FEE SIMPLE
OF AND IN

FIRST

*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
THE EASTERLY 33 FEET OF THE NORTH WEST QUARTER
CONTAINING 0.809 HECTARES (2.0 ACRES) MORE OR LESS

SECOND

*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
QUARTER SOUTH WEST
EXCEPTING THEREOUT:
THE NORTHERLY 33 FEET OF THE WESTERLY 2607 FEET
CONTAINING 0.802 OF A HECTARE (1.98 ACRES) MORE OR LESS

THIRD

*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
THE NORTHERLY 528 FEET
OF THE WESTERLY 495 FEET
OF THE NORTH EAST QUARTER
CONTAINING 2.43 HECTARES (6 ACRES) MORE OR LESS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

Certificate of Title

TITLE NUMBER: 081 257 333

ENCUMBRANCES, LIENS & INTERESTS		
REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
951 062 569	16/03/1995	CAVEAT RE : PETROLEUM AND NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 961030362) (DATA UPDATED BY: CHANGE OF NAME 011083513) (DATA UPDATED BY: TRANSFER OF CAVEAT 051058088) (DATA UPDATED BY: TRANSFER OF CAVEAT 131293059)
161 196 452	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION
VALUE: \$35,000
CONSIDERATION: ESTATE
MUNICIPALITY: TOWN OF CARSTAIRS / MOUNTAIN VIEW COUNTY
REFERENCE NUMBER:
081 257 332
TOTAL INSTRUMENTS: 002



CERTIFIED COPY OF
Certificate of Title

248

M

LINC SHORT LEGAL
0025 283 235 5;1;30;8;NE

TITLE NUMBER: 141 190 202 +24
ORDER
DATE: 23/07/2014

AT THE TIME OF THIS CERTIFICATION

PRAIRIESKY ROYALTY LTD.
OF PO BOX 780, STATION M
CALGARY
ALBERTA T2P 2J6

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

ALL MINES AND MINERALS WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
THAT PORTION OF THE NORTH EAST QUARTER
LYING WITHIN THE RAILWAY ON PLAN RY9
CONTAINING 0.51 OF AN ACRE, MORE OR LESS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
131 251 777	02/10/2013	CAVEAT RE : MINES AND MINERALS LEASE INTEREST CAVEATOR - BONA VISTA ENERGY CORPORATION. PO BOX 22192 BANKERS HALL POSTAL OUTLET CALGARY ALBERTA T2P4J6 AGENT - STACEY CHENE "AS TO PETROLEUM ONLY"
131 264 929	17/10/2013	CAVEAT RE : MINES AND MINERALS LEASE INTEREST CAVEATOR - BONA VISTA ENERGY CORPORATION. PO BOX 22192 BANKERS HALL POSYAL OUTLET CALGARY ALBERTA T2P4J6 AGENT - STACEY CHENE
151 235 264	11/09/2015	CAVEAT RE : MINES AND MINERALS LEASE INTEREST CAVEATOR - QUESTFIRE ENERGY CORP. 1100,350-7 AVE SW CALGARY ALBERTA T2P3N9 AGENT - JOHN RAMESCU

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 5;1;30;8;NE
NAME PRAIRIESKY ROYALTY LTD.
NUMBER 141 190 202 +24

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		IN THE PETROLEUM
151 235 265	11/09/2015	CAVEAT RE : MINES AND MINERALS LEASE INTEREST CAVEATOR - QUESTFIRE ENERGY CORP. 1100,350-7 AVE SW CALGARY ALBERTA T2P3N9 AGENT - JOHN RAMESCU IN THE NATURAL GAS
161 196 452	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: TOWN OF CARSTAIRS
REFERENCE NUMBER:
Z170A .
TOTAL INSTRUMENTS: 005



CERTIFIED COPY OF
Certificate of Title

250

M

LINC SHORT LEGAL
0026 597 048 5;1;30;8;NE

TITLE NUMBER: 161 014 027 +1
TRANSFER OF LAND
DATE: 15/01/2016

AT THE TIME OF THIS CERTIFICATION

PRAIRIESKY ROYALTY LTD.
OF PO BOX 780, STATION M
CALGARY
ALBERTA T2P 2J6

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
THAT PORTION OF THE NORTH EAST QUARTER DESCRIBED AS FOLLOWS:
COMMENCING AT A POINT DISTANT 495 FEET EAST
FROM THE NORTH WEST BOUNDARY THEREOF,
THENCE SOUTHERLY PARALLEL WITH THE WESTERN BOUNDARY
THEREOF 528 FEET,
THENCE EASTERLY PARALLEL WITH THE SOUTHERN BOUNDARY
THEREOF 165 FEET
THENCE NORTHERLY PARALLEL WITH THE SAID WESTERN
BOUNDARY 528 FEET TO SAID NORTHERN BOUNDARY,
THENCE WESTERLY ALONG SAID NORTHERN BOUNDARY TO THE
POINT OF COMMENCEMENT
CONTAINING 0.809 OF A HECTARE (2 ACRES) MORE OR LESS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
091 304 072	08/10/2009	CAVEAT RE : MINES AND MINERALS LEASE INTEREST CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500, 400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 131293030)
161 074 262	24/03/2016	CAVEAT RE : BENEFICIAL OWNER CAVEATOR - CANADIAN NATURAL RESOURCES LIMITED. BOX 6926, STATION "D" CALGARY ALBERTA T2P2G1 AGENT - SEAL.

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 5;1;30;8;NE
NAME PRAIRIESKY ROYALTY LTD.
NUMBER 161 014 027 +1

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
161 196 452	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: TOWN OF CARSTAIRS
REFERENCE NUMBER:
041 457 683
TOTAL INSTRUMENTS: 003



CERTIFIED COPY OF
Certificate of Title

252

M

LINC SHORT LEGAL
0019 122 969 5;1;30;8;NE

TITLE NUMBER: 161 014 028 +4
TRANSFER OF LAND
DATE: 15/01/2016

AT THE TIME OF THIS CERTIFICATION

PRAIRIESKY ROYALTY LTD.
OF PO BOX 780, STATION M
CALGARY
ALBERTA T2P 2J6

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS WITHIN, UPON OR UNDER....

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
THAT PORTION OF THE NORTH EAST QUARTER
DESCRIBED AS FOLLOWS:
COMMENCING AT A POINT ON THE EASTERN BOUNDARY OF SAID QUARTER SECTION
PERPENDICULARLY DISTANT 166 FEET SOUTH EASTERLY FROM THE SOUTH EASTERLY LIMIT
ON PLAN 262L
THENCE SOUTH WESTERLY PARALLEL WITH SAID SOUTH EASTERLY LIMIT TO A POINT
ON THE PRODUCTION SOUTH EASTERLY OF THE SOUTH WESTERLY LIMIT
OF LOT 4 IN BLOCK D ON SAID PLAN
THENCE SOUTH EASTERLY ON THE SAID PRODUCTION OF SAID LIMIT 234 FEET
THENCE NORTH EASTERLY PARALLEL WITH SAID SOUTH EASTERLY LIMIT OF LAND
IN SAID PLAN TO THE EASTERLY LIMIT OF SAID QUARTER SECTION
THENCE NORTH ALONG THE SAID EASTERLY LIMIT OF THE SAID QUARTER SECTION
TO THE POINT OF COMMENCEMENT
CONTAINING 0.938 HECTARE (2.32 ACRES) MORE OR LESS
AND THE RIGHT TO WORK THE SAME

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
941 102 172	26/04/1994	CAVEAT RE : PETROLEUM AND NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500, 400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 961030359) (DATA UPDATED BY: CHANGE OF NAME 011083054) (DATA UPDATED BY: TRANSFER OF CAVEAT 051374050) (DATA UPDATED BY: TRANSFER OF CAVEAT 131135770)

CERTIFIED COPY OF
Certificate of Title

SHORT LEGAL 5;1;30;8;NE
NAME PRAIRIESKY ROYALTY LTD.
NUMBER 161 014 028 +4

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
091 256 671	31/08/2009	CAVEAT RE : MINES AND MINERALS LEASE INTEREST CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 131293030)
161 074 262	24/03/2016	CAVEAT RE : BENEFICIAL OWNER CAVEATOR - CANADIAN NATURAL RESOURCES LIMITED. BOX 6926, STATION "D" CALGARY ALBERTA T2P2G1 AGENT - SEAL.
161 196 452	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: TOWN OF CARSTAIRS
REFERENCE NUMBER:
041 457 739
TOTAL INSTRUMENTS: 004



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Certificate of Title

254

M

LINC SHORT LEGAL
0026 426 163 5;1;30;8;NE

TITLE NUMBER: 161 014 028 +5
TRANSFER OF LAND
DATE: 15/01/2016

AT THE TIME OF THIS CERTIFICATION

PRAIRIESKY ROYALTY LTD.
OF PO BOX 780, STATION M
CALGARY
ALBERTA T2P 2J6

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
THAT PORTION OF THE NORTH EAST QUARTER WHICH LIES
NORTH AND EAST OF THE RAILWAY ON PLAN RY9
CONTAINING 0.016 OF A HECTARE (0.04 OF AN ACRE) MORE OR LESS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
091 256 670	31/08/2009	CAVEAT RE : MINES AND MINERALS LEASE INTEREST CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 131293030)
161 074 356	24/03/2016	CAVEAT RE : BENEFICIAL OWNER CAVEATOR - CANADIAN NATURAL RESOURCES LIMITED. BOX 6926, STATION "D" CALGARY ALBERTA T2P2G1 AGENT - SEAL.
161 196 452	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

Certificate of Title

TITLE NUMBER: 161 014 028 +5

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



****SUPPLEMENTARY INFORMATION****

CONSIDERATION: SEE INSTRUMENT
MUNICIPALITY: TOWN OF CARSTAIRS
REFERENCE NUMBER:
041 457 740
TOTAL INSTRUMENTS: 003

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Certificate of Title

256



M

LINC	SHORT LEGAL
0021 178 389	5;1;30;5;NW
0024 275 290	5;1;30;5;NE
0024 275 308	5;1;30;5;SW
0024 275 316	5;1;30;5;SE

TITLE NUMBER: 46Z28
DATE: 03/12/1932

AT THE TIME OF THIS CERTIFICATION

EXXONMOBIL RESOURCES LTD.
OF ATTN:LAND DEPT.
237 4 AVE SW
P.O.BOX 800,CALGARY
ALBERTA T2P 2J7
(DATA UPDATED BY: CHANGE OF NAME 011345340)

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

FIRST

ALL MINES AND MINERALS, AND THE RIGHT TO WORK THE SAME
WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 5
QUARTER NORTH WEST

SECOND

ALL MINES AND MINERALS, AND THE RIGHT TO WORK THE SAME
WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 5
QUARTER NORTH EAST

THIRD

ALL MINES AND MINERALS, AND THE RIGHT TO WORK THE SAME
WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 5
QUARTER SOUTH WEST

FOURTH

ALL MINES AND MINERALS, AND THE RIGHT TO WORK THE SAME
WITHIN, UPON OR UNDER:

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 5
QUARTER SOUTH EAST

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

Certificate of Title

TITLE NUMBER: 46Z28

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION
NUMBER

DATE (D/M/Y) PARTICULARS

971 086 051	01/04/1997	<p>CAVEAT</p> <p>RE : PETROLEUM AND NATURAL GAS LEASE</p> <p>CAVEATOR - QUESTFIRE ENERGY CORP.</p> <p>SUITE 500,400-3 AVE SW</p> <p>CALGARY</p> <p>ALBERTA T2P4H2</p> <p>(DATA UPDATED BY: CHANGE OF NAME 011083585)</p> <p>(DATA UPDATED BY: TRANSFER OF CAVEAT 041456875)</p> <p>(DATA UPDATED BY: CHANGE OF NAME 071109672)</p> <p>(DATA UPDATED BY: TRANSFER OF CAVEAT 081103565)</p> <p>(DATA UPDATED BY: TRANSFER OF CAVEAT 131135828)</p>
081 038 081	29/01/2008	<p>CAVEAT</p> <p>RE : MINES AND MINERALS LEASE INTEREST</p> <p>CAVEATOR - QUESTFIRE ENERGY CORP.</p> <p>SUITE 500,400-3 AVE SW</p> <p>CALGARY</p> <p>ALBERTA T2P4H2</p> <p>(DATA UPDATED BY: TRANSFER OF CAVEAT 131135828)</p>
161 196 452	22/08/2016	<p>CAVEAT</p> <p>RE : AGREEMENT CHARGING LAND</p> <p>CAVEATOR - ALBERTA TREASURY BRANCHES.</p> <p>SUITE 600, 585 8TH AVE SW</p> <p>CALGARY</p> <p>ALBERTA T2P1G1</p> <p>AGENT - ALEX CORBETT</p> <p>AS TO LEASEHOLD INTEREST ONLY</p>

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

VALUE: \$100

CONSIDERATION: REF. DT28

MUNICIPALITY: MOUNTAIN VIEW COUNTY

AREA:

64.7 HECTARES (160 ACRES) MORE OR LESS (0021 178 389)

64.7 HECTARES (160 ACRES) MORE OR LESS (0024 275 290)

64.7 HECTARES (160 ACRES) MORE OR LESS (0024 275 308)

64.7 HECTARES (160 ACRES) MORE OR LESS (0024 275 316)

TOTAL INSTRUMENTS: 003



CERTIFIED COPY OF
Certificate of Title

258

M

LINC	SHORT LEGAL
0018 705 997	5;1;30;8;NE
0018 706 002	5;1;30;8;SE

TITLE NUMBER: 911 135 142
SEPARATION - INTERESTS
DATE: 25/06/1991

AT THE TIME OF THIS CERTIFICATION

MATTHEW H PEART
OF 3727 WEST BRITTAIN ROAD
BURBANK, OH
44214, USA

AS TO AN UNDIVIDED 1/5 INTEREST
(DATA UPDATED BY: CHANGE OF ADDRESS 061506147)

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

FIRST

*ALL MINES AND MINERALS, WITHIN, UPON OR UNDER

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8

THAT PORTION OF THE NORTH EAST QUARTER DESCRIBED AS FOLLOWS:
COMMENCING AT A POINT ON THE NORTHERN BOUNDARY OF SAID QUARTER SECTION,
DISTANT 660 FEET EASTERLY FROM THE NORTH WEST CORNER THEREOF,
THENCE EASTERLY ALONG SAID NORTHERN BOUNDARY TO ITS INTERSECTION WITH THE
SOUTH WESTERLY LIMIT OF THE LAND COMPRISED IN A PLAN OF RECORD AS CARSTAIRS
262L,
THENCE SOUTH EASTERLY ALONG SAID SOUTH WESTERLY LIMIT OF SAID PLAN TO THE
SOUTH EASTERLY LIMIT THEREOF,
THENCE NORTH EASTERLY ALONG SAID SOUTH EASTERLY LIMIT TO THE SOUTH WEST
CORNER OF LOT 4 IN BLOCK "D" AS SAID BLOCK "D" IS SHOWN ON SAID PLAN,
THENCE SOUTH EASTERLY ALONG THE PRODUCTION SOUTH EASTERLY OF THE SOUTH
WESTERLY BOUNDARY OF SAID LOT 4 A DISTANCE OF 166 FEET,
THENCE NORTH EASTERLY AND PARALLEL WITH SAID SOUTH EASTERLY LIMIT OF SAID
PLAN TO THE EASTERN BOUNDARY OF SAID QUARTER SECTION,
THENCE SOUTHERLY ALONG THE SAID EASTERN BOUNDARY TO THE SOUTHERN BOUNDARY
OF SAID QUARTER SECTION,
THENCE WESTERLY ALONG SAID SOUTHERN BOUNDARY TO THE WESTERN BOUNDARY OF SAID
QUARTER SECTION,
THENCE NORTHERLY ALONG SAID WESTERN BOUNDARY TO A POINT 528 FEET SOUTHERLY
FROM THE NORTH WEST CORNER THEREOF,
THENCE EASTERLY AND PARALLEL WITH SAID NORTHERN BOUNDARY 660 FEET,
THENCE NORTHERLY AND PARALLEL WITH SAID WESTERN BOUNDARY TO THE POINT OF
COMMENCEMENT, CONTAINING 48.33 HECTARES (119.32 ACRES) MORE OR LESS
EXCEPTING 0.938 HECTARES (2.32 ACRES) MORE OR LESS AS DESCRIBED IN TRANSFER
REGISTERED AS 7989EU AND CERTIFICATE OF TITLE NUMBER 55H200

SECOND

*ALL MINES AND MINERALS, WITHIN, UPON OR UNDER

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
QUARTER SOUTH EAST

Certificate of Title

TITLE NUMBER: 911 135 142

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER- WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
941 040 605	15/02/1994	CAVEAT RE : PETROLEUM AND NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500, 400-3 AVE SW CALGARY ALBERTA T2P4H2 AFFECTED LAND: 5;1;30;8;NE (DATA UPDATED BY: TRANSFER OF CAVEAT 001012038) (DATA UPDATED BY: CHANGE OF NAME 011083054) (DATA UPDATED BY: TRANSFER OF CAVEAT 051046495) (DATA UPDATED BY: TRANSFER OF CAVEAT 131135852)
161 196 452	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

MUNICIPALITY: MOUNTAIN VIEW COUNTY
REFERENCE NUMBER:
911 134 263
AREA:
64.7 HECTARES (160 ACRES) MORE OR LESS (0018 706 002)
TOTAL INSTRUMENTS: 002

CERTIFIED COPY OF
Certificate of Title

260



M

LINC SHORT LEGAL
0026 421 131 5;1;30;8;NE

TITLE NUMBER: 951 128 725
DATE: 08/06/1995

AT THE TIME OF THIS CERTIFICATION

BRIAN M. POUND HOLDINGS LTD.
OF P.O. BOX 808
CARSTAIRS
ALBERTA

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

* ALL MINES AND MINERALS WITHIN, UPON OR UNDER

MERIDIAN 5 RANGE 1 TOWNSHIP 30
SECTION 8
THAT PORTION OF THE NORTH EAST QUARTER
WHICH LIES BETWEEN THE NORTHEASTERLY LIMIT OF
RAILWAY AVENUE ON PLAN 262L AND THE SOUTHWESTERLY
LIMIT OF THE RAILWAY ON PLAN RY9
CONTAINING 0.433 HECTARES (1.07 ACRES) MORE OR LESS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
1298LO .	26/06/1972	CAVEAT CAVEATOR - THE TOWN OF CARSTAIRS.
951 178 475	09/08/1995	CAVEAT RE : PETROLEUM AND NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500,400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 961030608) (DATA UPDATED BY: CHANGE OF NAME 011083516) (DATA UPDATED BY: TRANSFER OF CAVEAT 051058088) (DATA UPDATED BY: TRANSFER OF CAVEAT 131135840)
161 196 452	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

Certificate of Title

TITLE NUMBER: 951 128 725

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



****SUPPLEMENTARY INFORMATION****

CONSIDERATION: RENEWAL
MUNICIPALITY: TOWN OF CARSTAIRS
TOTAL INSTRUMENTS: 003

CERTIFIED COPY OF
Certificate of Title

262



M

LINC SHORT LEGAL
0012 867 545 5;1;30;8;NE

TITLE NUMBER: 971 012 142 +1
AFFIDAVIT OF SURVIVING JOINT TENANT
DATE: 13/01/1997

AT THE TIME OF THIS CERTIFICATION

FRED BELENKY (CLERK)
OF CARSTAIRS
ALBERTA

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:

THAT PORTION OF THE NORTH EAST QUARTER OF SECTION 8
IN TOWNSHIP 30
RANGE 1
WEST OF THE FIFTH MERIDIAN, DESCRIBED AS FOLLOWS:
COMMENCING AT THE INTERSECTION OF THE SOUTH LIMIT OF THE
LAND COMPRISED WITHIN PLAN...CARSTAIRS 262L., WITH THE
EAST BOUNDARY OF SAID QUARTER SECTION,
THENCE WESTERLY ALONG THE SOUTH LIMIT OF SAID PLAN TO THE
SOUTH WEST CORNER OF LOT 4 IN BLOCK "D" ON PLAN 262 L.,
THENCE SOUTHERLY ALONG THE PRODUCTION OF THE WEST BOUNDARY
OF SAID LOT 4 AND 166 FEET,
THENCE EASTERLY PARALLEL WITH THE SAID SOUTH BOUNDARY OF
LAND IN SAID PLAN 262L., TO THE INTERSECTION WITH THE
EAST BOUNDARY OF SAID QUARTER SECTION,
THENCE NORTH ALONG SAID EAST BOUNDARY TO THE PLACE OF
COMMENCEMENT,
CONTAINING 0.809 HECTARES (2 ACRES) MORE OR LESS

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
941 025 615	28/01/1994	CAVEAT RE : PETROLEUM AND NATURAL GAS LEASE CAVEATOR - QUESTFIRE ENERGY CORP. SUITE 500, 400-3 AVE SW CALGARY ALBERTA T2P4H2 (DATA UPDATED BY: TRANSFER OF CAVEAT 961030361) (DATA UPDATED BY: CHANGE OF NAME 011083029) (DATA UPDATED BY: TRANSFER OF CAVEAT 051046495) (DATA UPDATED BY: TRANSFER OF CAVEAT 131293059)
161 196 452	22/08/2016	CAVEAT

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Certificate of Title

SHORT LEGAL 5;1;30;8;NE
NAME FRED BELENKY
NUMBER 971 012 142 +1

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW CALGARY ALBERTA T2P1G1 AGENT - ALEX CORBETT AS TO LEASEHOLD INTEREST ONLY

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

MUNICIPALITY: TOWN OF CARSTAIRS
REFERENCE NUMBER:
971 012 125 +1
TOTAL INSTRUMENTS: 002

CERTIFIED COPY OF
Certificate of Title

264



S

LINC SHORT LEGAL
0021 306 212 4;29;2;13;SW

TITLE NUMBER: 141 021 302
TRANSFER OF LAND
DATE: 23/01/2014

AT THE TIME OF THIS CERTIFICATION

QUESTFIRE ENERGY CORP.
OF SUITE 500,400-3 AVE SW
CALGARY
ALBERTA T2P 4H2

IS THE OWNER OF AN ESTATE IN FEE SIMPLE
OF AND IN

MERIDIAN 4 RANGE 29 TOWNSHIP 2
SECTION 13
QUARTER SOUTH WEST
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

SUBJECT TO THE ENCUMBRANCES, LIENS AND INTERESTS NOTIFIED BY MEMORANDUM UNDER-
WRITTEN OR ENDORSED HEREON, OR WHICH MAY HEREAFTER BE MADE IN THE REGISTER.

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
3910IZ .	07/05/1964	UTILITY RIGHT OF WAY GRANTEE - FORTISALBERTA INC. 320-17 AVE SW CALGARY ALBERTA T2S2V1 "PORTION DESCRIBED"
061 061 154	09/02/2006	CAVEAT RE : LEASE CAVEATOR - TM MOBILE INC. C/O TELUS MOBILITY 200 CONSILIUM PLACE SUITE 1600 SCARBOROUGH ONTARIO M1H3J3
081 323 286	29/08/2008	CAVEAT RE : LEASE INTEREST UNDER 20 ACRES CAVEATOR - LONG RUN EXPLORATION LTD. C/O P.O. BOX 20009 BOW VALLEY RPO CALGARY ALBERTA T2P4H3 AGENT - LANDSOLUTIONS INC. (DATA UPDATED BY: CHANGE OF NAME 141244998)
161 196 453	22/08/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - ALBERTA TREASURY BRANCHES. SUITE 600, 585 8TH AVE SW

CERTIFIED COPY OF
Certificate of Title

PAGE 2
265

SHORT LEGAL 4;29;2;13;SW
NAME QUESTFIRE ENERGY CORP.
NUMBER 141 021 302

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

CALGARY
ALBERTA T2P1G1
AGENT - ALEX CORBETT
(DATA UPDATED BY: 161196624)

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE
REPRESENTED HEREIN THIS 22 DAY OF AUGUST ,2016



SUPPLEMENTARY INFORMATION

VALUE: \$250,000
CONSIDERATION: \$1
MUNICIPALITY: CARDSTON COUNTY
REFERENCE NUMBER:
051 327 335
AREA:
64.7 HECTARES (160 ACRES) MORE OR LESS
TOTAL INSTRUMENTS: 004

This is Exhibit "F" referred to in the Affidavit of
Trina Holland
sworn before me this 15th day of November, 2017.

A handwritten signature in cursive script, appearing to read 'Lan T.X. Nguyen', is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

LAN T.X. NGUYEN
Student-at-Law



SECURITY NOTICE

1602217

FOR DEPARTMENT USE ONLY:

REGISTERED by the Minister of Energy
 this 5 day of August
2016, as Reg. No. 1602217
G. Talar
 for Minister of Energy

(Do not write above this line)

A Full name of secured party:

Alberta Treasury Branches

B Secured party's address for service:

Suite 600, 585 8th Avenue SW, Calgary, Alberta, T2P 1G1

C The secured party hereby gives notice that it has a security interest affecting the following Crown mineral rights agreement(s) (type and number):

See Attached Schedule "A".

D Description of security instrument:

1. Full name of corporation or individual who gave the security instrument:

Questfire Energy Corp.

2. Describe the nature of the interest held by the corporation or individual (named in Part D1) in the Crown mineral rights agreement(s) listed in Part C, over which the secured party has a security interest:

Lessee or the holder of a working interest under the agreements set out in Schedule "A".

3. Identify and describe the security instrument (including its date) from which the secured party's security interest arises:

☐ Bank assignment under the *Bank Act*
☒ Debenture

A Demand Debenture and Negative Pledge dated June 27, 2014, a First Supplemental Debenture dated July 6, 2016, and a Credit Agreement dated June 27, 2014.

☐ Mortgage

☐ Other (please specify)

E. Was a registered security notice relating to the same security interest cancelled according to section 98(9) of the *Mines and Minerals Act*?

☐ Yes (if so, please attach order of the Court of Queen's Bench which grants leave for the submission of this security notice for registration)

☒ No

F. Affidavit


I, Alex Corbett, Turnaround Group Consultant for the Secured Party,

[print full name of secured party or print full name and capacity of individual signing on behalf of secured party or print full name and capacity of agent for secured party]


make oath and say (or solemnly declare) as follows:

1. I am the within named secured party or duly authorized representative for the secured party (or agent for the secured party).
2. I believe that I have (or the secured party has) a good and valid security interest on the Crown mineral rights agreements described in Part C, and I say that this security notice is not being filed for the purpose of delaying or embarrassing any person interested in or proposing to deal with it.

SWORN before me at the City _____
of Calgary
in the Province of Alberta this 2 day
of August, 2016



Signature of Secured Party or Agent for
Secured Party



(A Commissioner for Oaths in and for the Province of Alberta)

Stephen Cooper

Barrister and Solicitor

Suite 600, 585 - 8 Avenue SW
(Printed or stamped name of Commissioner for Oaths
and if applicable, date on which appointment expires)
Calgary, Alberta T2P 1G1

Note: Registration of a security notice is subject to a fee of \$50.00 for each agreement against which the notice is registered.

SCHEDULE "A"

Affected Crown Mineral Rights Agreements

- ✓1. 0494100036
- ✓2. 443A
- ✓3. 0586110267
- ✓4. 0487050348
- ✓5. 5497070089
- ✓6. 0596100544
- ✓7. 39169
- ✓8. 21584
- ✓9. 5496120014
- ✓10. 0178110021
- ✓11. 0495060257
- ✓12. 0598040359
- ✓13. 0411060666
- ✓14. 21586
- ✓15. 0497100120
- ✓16. 1479
- ✓17. 116390
- ✓18. ~~0479010151~~ *cancel*
- ✓19. 106170
- ✓20. 0589060332
- ✓21. 0589060107
- ✓22. 058112A185
- ✓23. 0402110314

Alberta Mineral Information
Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI:100023

Report Detail

Registration Type/Number: SN 1602217 SECURITY NOTICE

Current Status

Status: ACTIVE
Registration Date: 2016/08/05
Expiry Date:
Last Update Date: 2016/08/18
Document Type: SECURITY NOTICE
Received Date: 2016/08/05
Number of Linked Agreements:23

Interest Of

DOE Client ID	Name
1003301	QUESTFIRE ENERGY CORP.

Secured Party

DOE Client ID	Name
8014904	ALBERTA TREASURY BRANCHES

Address For Service

DOE Client ID	Name
8014904	ALBERTA TREASURY BRANCHES

Alberta Mineral Information Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

Related Agreements

Agreement Type	Agreement Number	Status	Term Date	Original Expiry Date	Current Expiry/ Continued To Date	Current Area
001	21584	ACTIVE	1970/04/19	1980/04/19	INDEFINITE	384.0000
001	21586	ACTIVE	1970/04/19	1980/04/19	INDEFINITE	256.0000
001	39169	ACTIVE	1975/06/14	1985/06/14	INDEFINITE	128.0000
001	106170	ACTIVE	1956/10/16	1977/10/16	INDEFINITE	64.0000
001	116390	ACTIVE	1959/05/25	1980/05/25	INDEFINITE	1,472.0000
001	0178110021	ACTIVE	1978/11/02	1988/11/02	INDEFINITE	768.0000
002	1479	ACTIVE	1973/07/03	1994/07/03	INDEFINITE	1,152.0000
002	443A	ACTIVE	1959/11/18	1980/11/18	MULTIPLE	697.9500
004	0402110314	ACTIVE	2002/11/28	2007/11/28	INDEFINITE	256.0000
004	0411060666	ACTIVE	2011/06/30	2016/06/30	2017/06/30	256.0000
004	0487050348	ACTIVE	1987/05/30	1992/05/30	INDEFINITE	768.0000
004	0494100036	ACTIVE	1994/10/06	1999/10/06	INDEFINITE	256.0000
004	0495060257	ACTIVE	1995/06/22	2000/06/22	INDEFINITE	83.5600
004	0497100120	ACTIVE	1997/10/02	2002/10/02	INDEFINITE	256.0000
005	058112A185	ACTIVE	1981/12/14	1986/12/14	INDEFINITE	768.0000
005	0586110267	ACTIVE	1986/11/27	1991/11/27	INDEFINITE	192.0000
005	0589060107	ACTIVE	1989/06/01	1994/06/01	INDEFINITE	128.0000
005	0589060332	ACTIVE	1989/06/15	1994/06/15	INDEFINITE	128.0000
005	0596100544	ACTIVE	1996/10/17	2001/10/17	INDEFINITE	256.0000
005	0598040359	ACTIVE	1998/04/30	2003/04/30	INDEFINITE	256.0000
054	5496120014	ACTIVE	1996/12/12	2000/12/12	INDEFINITE	1,408.0000
054	5497070089	ACTIVE	1997/07/24	2001/07/24	INDEFINITE	704.0000

Alberta Mineral Information

Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

Land/Rights Description

Land Description:

Agreement Number: 002 443A
4-21-040: 6W; 7L1P,L2P,L3P,L6P,L7P,L8P,L9P,L16P
COVERED FROM TIME TO TIME BY WATERS OF BUFFALO LAKE
4-21-040: 8L2P,L3P,L4P,L5P,L6P,L7,L10-L12,L13P,L14,L15; 17L2,L3,L4P,L5P,L6,L7,L11,L12P,L13; 19L1,L2,L3P,L4P
DESIGNATED AS BUFFALO LAKE ON A PLAN OF SURVEY, CONFIRMED BY E. DEVILLE, SURVEYOR GENERAL, AT OTTAWA IN 1894/10/12
4-22-040: 24L1-L4; 28W

NATURAL GAS IN THE LOWER BLAIRMORE
AS DESIGNATED IN Z2042
INTERVAL: 4327.00 - 4578.00 Feet
KEY WELL: 00/06-06-040-21W4/00
LOG TYPE: INDUCTION ELECTRIC

INTERVAL: 5461.00 - 5575.00 Feet
KEY WELL: 00/06-06-040-21W4/00
LOG TYPE: INDUCTION ELECTRIC

NATURAL GAS IN THE LOWER BLAIRMORE
AS DESIGNATED IN Z2042
INTERVAL: 4327.00 - 4578.00 Feet
KEY WELL: 00/06-06-040-21W4/00
LOG TYPE: INDUCTION ELECTRIC

INTERVAL: 5461.00 - 5575.00 Feet
KEY WELL: 00/06-06-040-21W4/00
LOG TYPE: INDUCTION ELECTRIC

NATURAL GAS IN THE LEDUC FM
AS DESIGNATED IN Z2042
INTERVAL: 4327.00 - 4578.00 Feet
KEY WELL: 00/06-06-040-21W4/00
LOG TYPE: INDUCTION ELECTRIC

INTERVAL: 5461.00 - 5575.00 Feet

Alberta Mineral Information Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

KEY WELL: 00/06-06-040-21W4/00
LOG TYPE: INDUCTION ELECTRIC

NATURAL GAS IN THE LEDUC FM
AS DESIGNATED IN Z2042
INTERVAL: 4327.00 - 4578.00 Feet
KEY WELL: 00/06-06-040-21W4/00
LOG TYPE: INDUCTION ELECTRIC

INTERVAL: 5461.00 - 5575.00 Feet
KEY WELL: 00/06-06-040-21W4/00
LOG TYPE: INDUCTION ELECTRIC

Agreement Number: 004 0487050348
4-28-042: 10-12

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE MANNVILLE GRP
AS DESIGNATED IN D00004
INTERVAL: 2557.00 - 2985.00 Feet
KEY WELL: 00/06-16-041-08W4/00
LOG TYPE: INDUCTION ELECTRICAL

Agreement Number: 004 0494100036
5-01-029: 32

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE TURNER VALLEY FM
AS DESIGNATED IN D00028
INTERVAL: 5817.00 - 6172.00 Feet
KEY WELL: 00/08-30-019-02W5/00
LOG TYPE: GAMMA RAY NEUTRON

Agreement Number: 005 0586110267
5-06-074: 33N,SW

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE GILWOOD MBR
AS DESIGNATED IN D00010

Alberta Mineral Information
Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

INTERVAL: 5693.00 - 5772.00 Feet
KEY WELL: 00/02-21-079-08W5/00
LOG TYPE: INDUCTION ELECTRIC

Agreement Number: 001 21584
4-28-001: 31N
4-28-002: 6

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE RUNDLE GRP
AS DESIGNATED IN D00027
INTERVAL: 9040.00 - 9990.00 Feet
KEY WELL: 00/05-25-029-09W5/00
LOG TYPE: GAMMA RAY NEUTRON

Agreement Number: 001 39169
4-28-001: 31S

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE RUNDLE GRP
AS DESIGNATED IN D00027
INTERVAL: 9040.00 - 9990.00 Feet
KEY WELL: 00/05-25-029-09W5/00
LOG TYPE: GAMMA RAY NEUTRON

Agreement Number: 005 0596100544
5-12-048: 21

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE SHUNDA FM
AS DESIGNATED IN D00029
INTERVAL: 11048.00 - 11229.00 Feet
KEY WELL: 00/07-24-041-12W5/00
LOG TYPE: BOREHOLE COMPENSATED SONIC

Alberta Mineral Information Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

Agreement Number: 054 5496120014
5-06-042: 17; 18N; 20

PETROLEUM AND NATURAL GAS BELOW THE BASE OF THE CARDIUM FM
AS DESIGNATED IN D00003
INTERVAL: 6303.00 - 6436.00 Feet
KEY WELL: 00/16-16-041-06W5/00
LOG TYPE: ELECTRICAL

TO THE BASE OF THE JURASSIC SYSTEM
AS DESIGNATED IN D00090
INTERVAL: 7052.00 - 7148.00 Feet
KEY WELL: 00/06-29-039-03W5/00
LOG TYPE: INDUCTION ELECTROLOG

Agreement Number: 054 5496120014
5-06-042: 7SW,NE; 18S; 19E; 21

PETROLEUM AND NATURAL GAS BELOW THE BASE OF THE CARDIUM FM
AS DESIGNATED IN D00003
INTERVAL: 6303.00 - 6436.00 Feet
KEY WELL: 00/16-16-041-06W5/00
LOG TYPE: ELECTRICAL

TO THE BASE OF THE MANNVILLE GRP
AS DESIGNATED IN D00004
INTERVAL: 2557.00 - 2985.00 Feet
KEY WELL: 00/06-16-041-08W4/00
LOG TYPE: INDUCTION ELECTRICAL

Agreement Number: 054 5496120014
5-06-042: 19W

PETROLEUM AND NATURAL GAS BELOW THE BASE OF THE CARDIUM FM
AS DESIGNATED IN D00003
INTERVAL: 6303.00 - 6436.00 Feet
KEY WELL: 00/16-16-041-06W5/00
LOG TYPE: ELECTRICAL

**Alberta Mineral Information
Encumbrance Detail Report**

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

TO THE BASE OF THE VIKING FM
AS DESIGNATED IN D00006
INTERVAL: 2600.00 - 2680.00 Feet
KEY WELL: 00/10-10-042-14W4/00
LOG TYPE: INDUCTION ELECTRICAL

Agreement Number: 054 5497070089
5-06-042: 15

PETROLEUM AND NATURAL GAS BELOW THE BASE OF THE CARDIUM FM
AS DESIGNATED IN D00003
INTERVAL: 6303.00 - 6436.00 Feet
KEY WELL: 00/16-16-041-06W5/00
LOG TYPE: ELECTRICAL

TO THE BASE OF THE ROCK CREEK MBR
AS DESIGNATED IN D00060
INTERVAL: 2502.50 - 2531.50 Meters
KEY WELL: 00/10-35-049-13W5/02
LOG TYPE: DUAL LATEROLOG

Agreement Number: 054 5497070089
5-06-042: 27; 34S,NW

PETROLEUM AND NATURAL GAS BELOW THE BASE OF THE CARDIUM FM
AS DESIGNATED IN D00003
INTERVAL: 6303.00 - 6436.00 Feet
KEY WELL: 00/16-16-041-06W5/00
LOG TYPE: ELECTRICAL

TO THE BASE OF THE MANNVILLE GRP
AS DESIGNATED IN D00004
INTERVAL: 2557.00 - 2985.00 Feet
KEY WELL: 00/06-16-041-08W4/00
LOG TYPE: INDUCTION ELECTRICAL

Alberta Mineral Information

Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

Agreement Number: 001 0178110021
5-12-049: 11

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE NISKU FM
AS DESIGNATED IN D00079
INTERVAL: 8324.00 - 8730.00 Feet
KEY WELL: 00/06-25-050-10W5/00
LOG TYPE: BOREHOLE COMPENSATED SONIC

Agreement Number: 001 0178110021
5-12-049: 1N,SW; 2S,NE; 12S

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE BELLY RIVER GRP
AS DESIGNATED IN D00039
INTERVAL: 1688.00 - 2453.00 Feet
KEY WELL: 00/07-18-032-22W4/00
LOG TYPE: INDUCTION ELECTRICAL

Agreement Number: 004 0411060666
5-02-048: 27

PETROLEUM AND NATURAL GAS BELOW THE BASE OF THE VIKING FM
AS DESIGNATED IN D00006
INTERVAL: 2600.00 - 2680.00 Feet
KEY WELL: 00/10-10-042-14W4/00
LOG TYPE: INDUCTION ELECTRICAL

TO THE BASE OF THE MANNVILLE GRP
AS DESIGNATED IN D00004
INTERVAL: 2557.00 - 2985.00 Feet
KEY WELL: 00/06-16-041-08W4/00
LOG TYPE: INDUCTION ELECTRICAL

Alberta Mineral Information Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

Agreement Number: 004 0495060257
4-21-038: 27SP

PORTION(S) DESIGNATED AS LAKE NO. 1 ON A TOWNSHIP PLAN APPROVED AND CONFIRMED BY THE SURVEYOR GENERAL AT OTTAWA
ON 1915/08/30.

4-21-038: 27NWP

PORTION(S) DESIGNATED AS LAKE NO. 1 ON A TOWNSHIP PLAN APPROVED AND CONFIRMED BY THE SURVEYOR GENERAL AT OTTAWA
ON 1903/07/24.

4-21-038: 27NEP

PORTION(S) DESIGNATED AS LAKE NO. 1 ON A TOWNSHIP PLAN APPROVED AND CONFIRMED BY THE SURVEYOR GENERAL AT OTTAWA
ON 1915/08/30.

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE MANNVILLE GRP
AS DESIGNATED IN D00004
INTERVAL: 2557.00 - 2985.00 Feet
KEY WELL: 00/06-16-041-08W4/00
LOG TYPE: INDUCTION ELECTRICAL

Agreement Number: 005 0598040359
5-12-048: 16

NATURAL GAS IN THE SHUNDA FM
AS DESIGNATED IN Z2701
INTERVAL: 9280.00 - 9474.00 Feet
KEY WELL: 00/10-36-046-13W5/00
LOG TYPE: DUAL INDUCTION-LATEROLOG

Agreement Number: 001 21586
4-29-002: 12

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE RUNDLE GRP
AS DESIGNATED IN D00027
INTERVAL: 9040.00 - 9990.00 Feet
KEY WELL: 00/05-25-029-09W5/00
LOG TYPE: GAMMA RAY NEUTRON

Alberta Mineral Information Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

Agreement Number: 001 116390
5-21-059: 7; 8W; 17W; 18

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE TRIASSIC SYSTEM
AS DESIGNATED IN D00037
INTERVAL: 6948.00 - 7042.00 Feet
KEY WELL: 00/10-07-062-19W5/00
LOG TYPE: DUAL INDUCTION FOCUSED

Agreement Number: 001 116390
5-21-059: 6N
5-22-059: 1N; 2NE

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE BLUESKY-BULLHEAD
AS DESIGNATED IN D00021
INTERVAL: 2754.00 - 3043.00 Feet
KEY WELL: 00/10-32-081-01W6/00
LOG TYPE: DUAL INDUCTION SPHERICALLY FOCUSED

Agreement Number: 001 116390
5-22-059: 12

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE VIKING FM
AS DESIGNATED IN D00006
INTERVAL: 2600.00 - 2680.00 Feet
KEY WELL: 00/10-10-042-14W4/00
LOG TYPE: INDUCTION ELECTRICAL

Agreement Number: 001 116390
5-22-059: 11E

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE CARDIUM FM
AS DESIGNATED IN D00051

Alberta Mineral Information

Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

INTERVAL: 2350.40 - 2415.70 Meters
KEY WELL: 00/07-36-058-03W6/00
LOG TYPE: DUAL INDUCTION SFL

Agreement Number: 002 1479
5-21-059: 8E; 9W; 16W; 17E; 19; 20; 29S

NATURAL GAS IN THE TRIASSIC SYSTEM
AS DESIGNATED IN Z2726
INTERVAL: 9113.00 - 9350.00 Feet
KEY WELL: 00/11-14-059-22W5/00
LOG TYPE: BOREHOLE COMPENSATED SONIC

Agreement Number: 004 0497100120
4-13-060: 33

PETROLEUM AND NATURAL GAS BELOW THE BASE OF THE VIKING FM
AS DESIGNATED IN D00006
INTERVAL: 2600.00 - 2680.00 Feet
KEY WELL: 00/10-10-042-14W4/00
LOG TYPE: INDUCTION ELECTRICAL

TO THE BASE OF THE MANNVILLE GRP
AS DESIGNATED IN D00004
INTERVAL: 2557.00 - 2985.00 Feet
KEY WELL: 00/06-16-041-08W4/00
LOG TYPE: INDUCTION ELECTRICAL

Agreement Number: 001 106170
4-20-038: 18L16

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE LEDUC FM
AS DESIGNATED IN D00007
INTERVAL: 6418.00 - 7033.00 Feet
KEY WELL: 00/06-20-041-24W4/00
LOG TYPE: GAMMA RAY-SONIC

Alberta Mineral Information
Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

Agreement Number: 001 106170
4-20-038: 18L9,L10,L15

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE MANNVILLE GRP
AS DESIGNATED IN D00004
INTERVAL: 2557.00 - 2985.00 Feet
KEY WELL: 00/06-16-041-08W4/00
LOG TYPE: INDUCTION ELECTRICAL

Agreement Number: 004 0402110314
4-22-038: 36

PETROLEUM AND NATURAL GAS BELOW THE BASE OF THE MANNVILLE GRP
AS DESIGNATED IN D00004
INTERVAL: 2557.00 - 2985.00 Feet
KEY WELL: 00/06-16-041-08W4/00
LOG TYPE: INDUCTION ELECTRICAL

TO THE BASE OF THE WABAMUN GRP
AS DESIGNATED IN D00277
INTERVAL: 10452.00 - 11198.00 Feet
KEY WELL: 00/03-10-063-26W5/00
LOG TYPE: BOREHOLE COMPENSATED SONIC

Agreement Number: 005 058112A185
6-05-062: 22E; 23; 26; 27E

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE CARDIUM FM
AS DESIGNATED IN D00051
INTERVAL: 2350.40 - 2415.70 Meters
KEY WELL: 00/07-36-058-03W6/00
LOG TYPE: DUAL INDUCTION SFL

Alberta Mineral Information
Encumbrance Detail Report

Created On: 2016/08/18 9:35:44 AM
Energy External Search
Request No.: 80135
AMI100023

Registration Type/Number: SN 1602217 SECURITY NOTICE

Agreement Number: 005 0589060107
5-12-048: 15N

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE NISKU FM
AS DESIGNATED IN D00079
INTERVAL: 8324.00 - 8730.00 Feet
KEY WELL: 00/06-25-050-10W5/00
LOG TYPE: BOREHOLE COMPENSATED SONIC

Agreement Number: 005 0589060332
5-12-048: 15S

PETROLEUM AND NATURAL GAS
TO THE BASE OF THE NISKU FM
AS DESIGNATED IN D00079
INTERVAL: 8324.00 - 8730.00 Feet
KEY WELL: 00/06-25-050-10W5/00
LOG TYPE: BOREHOLE COMPENSATED SONIC

This is Exhibit "G" referred to in the Affidavit of
Trina Holland
sworn before me this 15th day of November, 2017.

A handwritten signature in black ink, appearing to read 'Lan T.X. Nguyen', is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

LAN T.X. NGUYEN
Student-at-Law



RRO/Royalty Operations Branch
 7th Floor, North Petroleum Plaza
 9945 – 108 Street
 Edmonton, Alberta T5K 2G6
 Canada
 Telephone: 780-643-1902
 Fax: 780-427-3334
www.alberta.ca

October 23, 2017

File No: Questfire Energy Corp.
 A5TC G94 160939

Senior Financial Officer
 Questfire Energy Corp.
 Suite 1100, 350 7 AVE SW
 Calgary, AB
 T2P 3N9

Gas Royalty Arrears: Leaseholder Recourse Letter

Despite our requests to have Questfire Energy Corp. Gas Royalty account G94 160939 brought to a current status; to date the account remains in arrears.

This letter is to remind you that should a royalty client be unable or unwilling to pay outstanding royalties, the Crown is entitled to pursue any recourse available to the Crown to clear these arrears. This recourse includes pursuing payment from all current leaseholders.

We make reference to the following sections of the *Mines and Minerals Act*, R.S.A. 2000, c. M-17 ("MMA"), and the *Natural Gas Royalty Regulation, 2009*, A.R. 221/2008 (NGRR 2009):

- NGRR 2009 – S. 29(2): Interest is payable to the Crown on a royalty under an agreement from the due date to the actual date of payment.
- NGRR 2009 – S. 29(4) (c): Rate of interest is the regular prime rate plus 1%.
- NGRR 2009 – S. 2(a): Establishes that lessees are ultimately liable for paying royalty to the Crown.
- MMA – S. 45: The Minister may cancel an agreement if there is a breach of any condition in the agreement.

As of today's date, with the interest calculated up to October 31, 2017, there is an outstanding balance due of **\$473,891.42** in Questfire Energy Corp. Gas Royalty account G94 160939 account.

Payment of this amount, including accrued interest, is required **in full** by October 27, 2017. Please ensure the G94 160939 account number is reflected on your payment remittance payable to Government of Alberta. Failure to receive payment by this date may result in the Crown proceeding as follows:

Issuance of default notices to the designated representative of each of the affected leases, containing lease and well information, together with royalty and interest amounts for that lease.

Please disregard this notice if your payment has been made in full.

If you have any questions, please contact me at 780-643-1902, or by email gasroyaltyaccounts.energy@gov.ab.ca

Sincerely,



Jessica Dodds
Operational Analyst
Royalty Accounting

Cc: Amcan Properties, A Division of Amoco Canada Resources Ltd.
Arc Resources Ltd.
Bellatrix Exploration Ltd.
Bonterra Energy Corp
Canadian Natural Resources Limited
Canadian Oil & Gas International Inc,
Candor Investments Ltd.
Canol Resources Ltd.
Canstone Energy Ltd.
Cenovus Energy Ltd.
Certus Oil and Gas Inc.

Cleo Energy Corp.
Conocophillips Canada Resources Corp.
CQ Energy Canada Resources Partnership
Devon Canada
Devon Canada Corporation
Dewpoint Resources Ltd.
Direct Energy Marketing Limited
Ember Resources Inc.
Enerplus Corporation
Entrada Resources Inc.
ERA America Resource Corporation
Freehold Royalties Ltd.
Gain Energy Ltd.
Glencoe Resources Ltd.
Husky Oil Operations Limited
HXC Corporation
Imperial Oil Resources Limited
Inception Exploration Ltd.
Inplay Oil Corp.
Journey Energy Inc.
Lexin Resources Ltd.
Lynx Energy ULC
Montana Exploration Corp.
Mutiny Oil & Gas Ltd.
Nal Resources Limited
Obsidian Energy Ltd.
Oliver Exploration Inc
Paramount Resources (ACL) Ltd.
Pengrowth Energy Corporation
Petrus Resources Corp.
Phoenix Canada Oil Company Limited
Pine Cliff Energy Ltd.
Regent Resources Ltd.
Repsol Oil & Gas Canada Inc.
Richlyn Energy Ltd.
Ridgeback Resources Inc.
Sabre Energy Ltd.
Sequoia Resources Corp
Signalta Resources Limited
Signet Resources Limited
Sinopec Daylight Energy Ltd.
Tamarack Acquisition Corp
Taqa North Ltd.
Velvet Energy Ltd.
West Lake Energy Corp.
Westbrick Energy Ltd.
XTO Energy Canada ULC

This is Exhibit "H" referred to in the Affidavit of
Trina Holland
sworn before me this 15th day of November, 2017.

A handwritten signature in cursive script, appearing to read 'Lan T.X. Nguyen', is written above a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

LAN T.X. NGUYEN
Student-at-Law

November 8, 2017

Via Courier

Questfire Energy Corp.
Suite 1100, 350 – 7th Avenue SW
Calgary, Alberta T2P 4H2

Attention: Chief Financial Officer

Dear Sir:

Re: Credit Agreement, dated June 27, 2017, as the same has been amended, supplemented, restated and replaced from time to time (the “Credit Agreement”) among Questfire Energy Corp. (the “Borrower”), Alberta Treasury Branches, as lead arranger, sole bookrunner and agent (the “Agent”) and the financial institutions signatory thereto (the “Lenders”) in respect of the CDN \$23,000,000 extendible revolving term credit facility, CDN \$7,191,181.15 supplemental facility and CDN \$5,000,000.00 operating facility

ATB is the Agent in connection with the secured credit facilities (collectively, the “**Credit Facilities**”) granted by the Lenders to the Borrower pursuant to the Credit Agreement, as subsequently amended, restated, and supplemented pursuant to the following agreements: (i) first amending agreement, dated June 25, 2015; (ii) second amending agreement, dated December 31, 2015; (iii) third amending agreement, dated May 30, 2016; (iv) fourth amending agreement, dated June 30, 2016; (v) fifth amending agreement, dated August 15, 2016; (vi) sixth amending agreement, dated September 28, 2016; (vii) seventh amending agreement, dated November 15, 2016; (viii) eighth amending agreement, dated November 30, 2016; (ix) ninth amending agreement, dated December 15, 2016; (x) tenth amending agreement, dated February 28, 2017; (xi) eleventh amending agreement, dated April 15, 2017; (xii) twelfth amending agreement, dated May 30, 2017; (xiii) thirteenth amending agreement, dated June 9, 2017; (xiv) fourteenth amending agreement, dated July 31, 2017; (xv) fifteenth amending agreement, dated September 15, 2017; (xvi) sixteenth amending agreement, dated October 17, 2017; (xvii) seventeenth amending agreement, dated October 17, 2017; and, (xviii) eighteenth amending agreement, dated October 30, 2017 (collectively referred to as the “**Credit Agreement**”).

Capitalized terms used herein not otherwise defined shall have the meaning ascribed to thereto in the Credit Agreement and the security documents referenced below, as the context may require.

Reference is also made to the following security agreements:

1. \$150,000,000 Demand Debenture and Negative Pledge, dated June 27, 2014, granted by the Borrower to and in favour of the Agent, for and on behalf of the Agent and the Lenders, as supplemented pursuant to the First Supplemental Debenture, dated July 6, 2016, as subsequently further supplemented, amended, restated, or replaced from time to time; and,

ATB Corporate
Financial Services®

600, 585 8th Ave SW, Calgary, AB T2P 1G1

2. Specific Assignment of Rights Under Joint Venture Agreement, dated June 27, 2014, granted by the Borrower to and in favour of the Agent concerning the Lookout Butte and Medicine Hat Facilities Joint Venture Agreement, dated March 26, 2014, between the Borrower and Stream Asset Financial Questfire LP, as may be subsequently amended, supplemented, or restated.

(collectively referred to as, the "**Security Agreements**")

As of November 8, 2017, the Borrower is indebted to the Lenders, pursuant to the Credit Agreement, in the amount of \$34,072,700.03 (the "**Borrowings**"). Particulars of the Borrowings are set out in the enclosed schedule.

Pursuant to the terms of the Credit Agreement, the Credit Facilities matured on November 3, 2017. The Borrowings are due and owing. The Borrower committed an Event of Default under the Credit Agreement by failing to repay the Borrowings on Maturity (the "**Maturity Default**"). As a result of the Maturity Default, the Agent hereby demands repayment of the all Borrowings plus all interest, standby fees, costs, and expenses, including legal and professional fees, which have accrued and continue to accrue in accordance with the terms and conditions of the Credit Agreement and the Security Agreements. Please contact us on the date repayment is to be made and we shall provide the then outstanding balance.

If full payment, as set forth above, is not made within ten (10) days from the date hereof, the Agent will take whatever steps it deems necessary or appropriate to secure payment of all amounts outstanding.

The Agent, on behalf of the Lenders, has terminated the Commitment in accordance with Article 10.2 (a) of the Credit Agreement with the result that the Agent and Lenders have: (i) determined to cease to make or continue any Borrowings; and (ii) declared the Total Commitment and the right of the Borrower to apply for further Accommodations to be terminated.

We enclose a Notice of Intention to Enforce Security in accordance with Section 244(1) of the *Bankruptcy and Insolvency Act*, together with a form for the Borrower to consent to early enforcement of the securities held. The Agent and Lenders reserve the right to make immediate application to the Court of Queen's Bench for the appointment of an interim receiver or for the appointment of a receiver and manager prior to the expiration of the prescribed 10 day notice period if the Agent and Lenders determine that the collateral subject to Security Agreements is in jeopardy.

Yours truly,

Alberta Treasury Branches, as Agent



Chris Borowski
Director, Loan Syndications

Enclosures

FORM 86
Notice of Intention to Enforce Security
(Rule 124)

TO: Questfire Energy Corp. (the "Debtor"), an insolvent person

TAKE NOTICE THAT:

1. Alberta Treasury Branches ("**ATB**") as Agent for the Lenders, a secured creditor, intends to enforce its security on the Debtor's property, being all of the Debtor's present and after acquired personal property, assets, and undertakings.
2. The security that is to be enforced is in the form of, *inter alia*:
 - (a) \$150,000,000 Demand Debenture and Negative Pledge, dated June 27, 2014, granted by the Borrower to and in favour of the Agent, for and on behalf of the Agent and the Lenders, as supplemented pursuant to the First Supplemental Debenture, dated July 6, 2016, as subsequently further supplemented, amended, restated, or replaced from time to time; and,
 - (b) Specific Assignment of Rights Under Joint Venture Agreement, dated June 27, 2014, granted by the Debtor to and in favour of ATB concerning the Lookout Butte and Medicine Hat Facilities Joint Venture Agreement, dated March 26, 2014, between the Debtor and Stream Asset Financial Questfire LP, as may be subsequently amended, supplemented, or restated.

(collectively, the "**Security**")
3. The total amount of indebtedness secured by the Security, as of November 8, 2017, is Cdn. \$34,072,700.03 plus any and all accruing interest, costs, expenses, and fees including, without limitation, solicitor and its own client costs on a full indemnity basis.
4. The secured creditor will not have the right to enforce the Security until the expiry of the 10-day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 8th day of November, 2017.

ALBERTA TREASURY BRANCHES

Per: _____

Chris Borowski
 Director, Loan Syndications

CONSENT TO EARLY ENFORCEMENT

The undersigned, Questfire Energy Corp., being the Debtor referenced in the Notice of Intention to Enforce Security to which this consent is annexed, does hereby consent, in accordance with Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), to the early enforcement by Alberta Treasury Branches, the secured creditor, of all securities held notwithstanding the fact that the requisite 10-day period, as prescribed by Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), has not yet elapsed.

DATED at Calgary, Alberta, this ____ day of November, 2017.

QUESTFIRE ENERGY CORP.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Questfire Energy Corp.**Outstandings as at November 8, 2017 (up to and including November 7, 2017)****Note: all amounts are in CAD**

<u>Operating Facility</u>	Prime Loan Principal	\$4,551,917.01
	Prime Loan Interest	\$7,912.82
	Prime Loan Default Interest (200 bps - eff Nov 4, 2017 up to and including Nov 7, 2017 - 4 days)	\$997.68
	Outstanding Letter of Credit	\$200,000.00
	LC Fees (Oct 1 to Nov 7, 2017 inclusive)	\$1,249.32
	LC Fees Default pricing (200 bps - eff Nov 4, 2017 up to and including Nov 7, 2017 - 4 days)	\$43.84
	Standby Fees (Oct 1 to Nov 3, 2017 inclusive)	\$1,098.62
	Overdraft in deposit account	\$48,224.18
	TOTAL Operating Facility	\$4,811,443.47
<u>Syndicated Facility</u>	Prime Loan Principal	\$23,000,000.00
	Prime Loan Interest	\$41,336.99
	Prime Loan Default Interest (200 bps - eff Nov 4, 2017 up to and including Nov 7, 2017 - 4 days)	\$5,041.10
	TOTAL Syndicated Facility	\$23,046,378.09
<u>Supplemental Facility</u>	Prime Loan Principal	\$7,191,181.15
	Prime Loan Interest	\$16,076.72
	Prime Loan Default Interest (200 bps - eff Nov 4, 2017 up to and including Nov 7, 2017 - 4 days)	\$1,576.15
	TOTAL Supplemental Facility	\$7,208,834.02
TOTAL OF ALL FACILITIES		\$35,066,655.58
Less: Cash Collateral held with the Agent		(\$1,300,000.00)
Add: Fees - Legal counsel to the Agent as of November 7, 2017		\$148,442.45
Add: Fees - Financial advisor engaged by counsel to the Agent as of November 7, 2017		\$157,602.00
NET ALL FACILITIES		\$34,072,700.03

This is Exhibit "I" referred to in the Affidavit of
Trina Holland
sworn before me this 15th day of November, 2017.

A handwritten signature in black ink, appearing to read 'Lan T.X. Nguyen', is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

LAN T.X. NGUYEN
Student-at-Law

COURT FILE NUMBER: 1701-
 COURT: QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE: CALGARY
 PLAINTIFF: ALBERTA TREASURY BRANCHES
 DEFENDANT: QUESTFIRE ENERGY CORP.
 DOCUMENT: **CONSENT TO ACT AS RECEIVER**

Clerk's Stamp

ADDRESS FOR
 SERVICE AND
 CONTACT
 INFORMATION OF
 PARTY FILING THIS
 DOCUMENT:

McCARTHY TÉTRAULT LLP
 Barristers & Solicitors
 Sean F. Collins / Walker MacLeod / Pantelis Kyriakakis
 4000, 421 – 7th Avenue SW
 Calgary, Alberta T2P 4K9
 Phone: 403-260-3531 / 3710 / 3536
 Fax: 403-260-3501
 Email: scollins@mccarthy.ca / wmacleod@mccarthy.ca /
pkkyriakakis@mccarthy.ca

CONSENT TO ACT AS RECEIVER

TAKE NOTICE THAT PricewaterhouseCoopers Inc., LIT, hereby consents to act as receiver and manager, without security, of all of Questfire Energy Corp.'s current and future assets, undertakings, and properties, of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, in these proceedings, if so appointed by this Honourable Court.

DATED at Calgary, Alberta this 10th day of November, 2017.

PRICEWATERHOUSECOOPERS INC. LIT

Per: 

Jonathan Heimche, LIT
 Senior Vice President