Form 49
[Rule 13.19]

COURT FILE NUMBER	1601- 05495
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	NATIONAL BANK OF CANADA
RESPONDENT	MOSAIC ENERGY LTD.
DOCUMENT	**AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Counsel for the Applicants McCarthy Tétrault LLP Barristers & Solicitors 4000, 421 – 7th Avenue S.W. Calgary, Alberta T2P 4K9

Name:	Sean F. Collins / Walker W. MacLeod
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File No.:	065094-480586

AFFIDAVIT #1 OF MURRAY D'ANGELO

Sworn on April 25, 2016.

I, Murray D'Angelo, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am Vice President, Western Canada, Special Loans with the National Bank of Canada ("**NBC**"), the administrative agent and one of the lenders respecting certain credit facilities that are at issue in this Action. I have been directly involved with the Mosaic Energy Ltd. ("**Mosaic Energy**") account since approximately January 2016. I have also reviewed NBC's books and records maintained in the ordinary course of business and in the possession of NBC with respect to Mosaic Energy. As such, I have personal knowledge of the matters to which I depose herein, except where my evidence is stated to be based on information and belief, in which case I believe the same to be true.

2. I am authorized to swear this Affidavit on behalf of NBC in its capacity as administrative agent (the "**Administrative Agent**") for and on behalf of the syndicate of Lenders (as defined below in this my Affidavit).

3. I swear this Affidavit in support of NBC's application, in its capacity as Administrative Agent for an order appointing Ernst & Young Inc. ("**EY**") as receiver and manager (in such capacity, the "**Receiver**") of the current and future assets, undertakings and properties of Mosaic Energy of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.

The Credit Agreement

4. Mosaic Energy is a corporation incorporated pursuant to the laws of Alberta. Attached hereto and marked as **Exhibit "A"** is a true copy of the Alberta Corporate Registration System search for Mosaic Energy dated April 11, 2016.

5. Pursuant to a Credit Agreement dated June 20, 2013, as amended by Credit Agreement Amendment No. 1 dated November 22, 2013, Credit Agreement Amendment No. 2 dated June 17, 2014, Credit Agreement Amendment No. 3 dated June 12, 2015, and Credit Agreement Amendment No. 4 dated August 24, 2015 (as amended, the "**Original Credit Agreement**"), NBC, Canadian Imperial Bank of Commerce, Wells Fargo Bank, N.A., and Alberta Treasury Branches (collectively, the "**Lenders**") agreed to make available to Mosaic Energy a revolving credit facility in the principal amount of $135,000,000 established by the Lenders in favour of Mosaic Energy (the "**Original Production Facility**").

6. The Lenders also agreed, pursuant to the Original Credit Agreement, to appoint NBC as administrative agent on behalf of all of the Lenders (in such capacity, the "**Administrative Agent**").

7. Pursuant to the Original Credit Agreement, NBC also agreed to make available to Mosaic Energy a revolving credit facility in the principal amount of $15,000,000 established by NBC in favour of Mosaic Energy (the "**Original Operating Facility**").

8. Pursuant to an Amended and Restated Credit Agreement dated January 22, 2016 (the "**Credit Agreement**"), Mosaic Energy, the Lenders, and the Administrative Agent agreed to amend and restate the Original Credit Agreement on the terms and conditions set forth in the Credit Agreement. Attached hereto and marked as **Exhibit "B"** is a true copy of the Credit Agreement.

9. Pursuant to the Credit Agreement, the Lenders confirmed that NBC, in its capacity as Administrative Agent, would continue to act on their behalf with regard to the matters contemplated by the Credit Agreement.

10. The Credit Agreement provides, among other things, that:

(a) The Lenders agreed to make available to Mosaic Energy, in a single drawdown on the effective date of the Credit Agreement, a non-revolving term credit facility in the principal amount of $40,000,000 established by the Lenders in favour of Mosaic Energy (the "**Term Facility**") (Section 2.5);

(b) Any drawdowns made to Mosaic Energy in respect of the Original Production Facility, other than the drawdown of $40,000,000 that was converted to a drawdown under the Term Facility pursuant to Section 2.5, are deemed to be outstanding as drawdowns in respect of the revolving credit facility in the principal amount of $95,000,000 established the Lenders in favour of Mosaic Energy (the "**Production Facility**") (Section 2.3(a)(ii)); and

(c) Any advances made to Mosaic Energy in respect of the Original Operating Facility are deemed to be outstanding as advances in respect of the revolving credit facility in the principal amount of $15,000,000 established by NBC in favour of Mosaic Energy (the "**Operating Facility**") (Section 2.3(a)(i)),

(collectively, the "**Credit Facilities**").

11. Section 11.1(f) of the Credit Agreement required Mosaic Energy to deliver to the Administrative Agent, on or before March 1, 2016, one or more uncommitted term sheets or letters providing for the receipt by Mosaic Energy of aggregate net proceeds of at least $40,000,000 to be used by Mosaic Energy to repay all outstanding principal under the Term Facility by March 31, 2016.

12. Section 2.5 of the Credit Agreement required Mosaic Energy to repay to the Administrative Agent on behalf of the Lenders all outstanding obligations in respect of the Term Facility by March 31, 2016.

The Security

13. In order to secure, among other things, all obligations owing to the Lenders by Mosaic Energy, whether present or future, Mosaic Energy granted the Administrative Agent on its own

behalf and on behalf of the Lenders, a security interest in, among other things, all present and after-acquired real and personal property of Mosaic Energy, under and pursuant to the following security agreements:

(a) Debenture dated June 20, 2013 (the "**Debenture**");

(b) Pledge Agreement dated June 20, 2013; and

(c) General Assignment of Book Debts dated June 20, 2013,

(collectively, the "**Security**").

14. Attached hereto and marked as **Exhibits "C"**, **"D"**, and **"E"** are true copies of the Debenture, the Pledge Agreement dated June 20, 2013, and the General Assignment of Book Debts dated June 20, 2013, respectively.

15. Pursuant to Section 12.11 of the Credit Agreement, Mosaic Energy acknowledged, confirmed, and agreed, among other things, that all security granted by it in favour of the Administrative Agent for and on behalf of itself and the Lenders pursuant to the Security continues in full force and effect and secures payment and performance by Mosaic Energy of all of Mosaic Energy's obligations under the Credit Agreement.

16. Section 16 of the Debenture provides, among other things, that NBC may appoint a receiver of all property and assets of Mosaic Energy.

17. Section 18.7(e) of the Credit Agreement provides, among other things, that Mosaic Energy is liable to and shall indemnify each of the Lenders and the Administrative Agent for reasonable fees, charges and disbursements of legal counsel on a solicitor and own client basis, including those arising from any litigation or other proceedings, relating to or arising from the administration or enforcement of, among other things, the Credit Facilities, the Credit Agreement, and the Security.

18. NBC registered its security interest against Mosaic Energy in the Alberta personal property registry ("**PPR**") on May 23, 2013 with registrations 13052317907 and 13052318227. Attached hereto and marked as **Exhibit "F"** is a true copy of the PPR search results dated April 25, 2016.

<u>Default and Demand</u>

19. Mosaic Energy failed to deliver the uncommitted term sheets or letters of interest as required by Section 11.1(f) of the Credit Agreement (the "**Term Sheet Default**"). On March 7, 2016, NBC notified Mosaic Energy that, pursuant to Section 13.1(d) of the Credit Agreement, the Term Sheet Default would constitute an event of default if it remained unrectified for a period of 30 days from March 7, 2016. Attached hereto and marked as **Exhibit "G"** is a true copy of NBC's letter to Mosaic Energy dated March 7, 2016.

20. Mosaic Energy failed to rectify the Term Sheet Default within 30 days from March 7, 2016 with the result that the Term Sheet Default has matured into an event of default pursuant to Section 13.1(d) of the Credit Agreement (the "**Term Sheet Event of Default**").

21. Moreover, Mosaic Energy has failed to repay to the Administrative Agent on behalf of the Lenders all outstanding obligations in respect of the Term Facility by March 31, 2016, which failure constitutes an event of default under section 13.1(a) of the Credit Agreement (the "**Payment Event of Default**"). The Administrative Agent delivered to Mosaic Energy a letter dated April 4, 2016 advising of the Payment Event of Default (the "**Default Letter**"). The Default Letter confirmed that the right of Mosaic Energy to obtain advances under the Credit Agreement was terminated. The Lenders reserved the right to continue to make advances to Mosaic Energy in their sole discretion. The Lenders also reserved the right to terminate any further advances under the Credit Agreement. Attached hereto and marked as **Exhibit "H"** is a true copy of the Default Letter.

22. Accordingly, pursuant to the terms of the Credit Agreement and the Security, Mosaic Energy has committed defaults, including, but not limited to, the Term Sheet Event of Default and the Payment Event of Default.

23. As at April 15, 2016, the amount due and owing by Mosaic Energy to the Lenders under and pursuant to the Credit Agreement was $141,937,546, exclusive of accruing interests, costs and legal fees on solicitor and own client full indemnity basis.

24. On April 15, 2016, NBC demanded payment of all sums due and owing by Mosaic Energy pursuant to the Credit Agreement and served on Mosaic Energy a Notice of Intention to Enforce Security in accordance with Section 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the

"**BIA**"). Attached hereto and marked as **Exhibits "I"** and **"J"** are true copies of NBC's demand letter of April 15, 2016 and accompanying Notice of Intention to Enforce Security.

25. Mosaic Energy has not repaid its indebtedness to the Lenders. On April 25, 2016, Mosaic Energy provided its consent to early enforcement of the Security. Attached hereto and marked as **Exhibit "K"** is a true copy of the Consent to Early Enforcement of Security executed on behalf of Mosaic Energy.

Current Circumstances Surrounding Mosaic Energy

26. EY has been engaged by counsel to the Administrative Agent, with the consent of Mosaic Energy, as financial advisor. Attached hereto and marked as **Exhibit "L"** is a true copy of the cash flow forecast. The cash flow forecast discloses that Mosaic Energy's monthly operating expenditures to be $4.697 million, $5.894 million, and $5.682 million for the months of April, May, and June, 2016.

27. I am advised by Neil Narfason, the partner in charge of the Mosaic Energy engagement with EY, that Mosaic Energy had, as at February 29, 2016, approximately $27.2 million of accounts payable and, of that amount, approximately $10 million had been outstanding for greater that 120 days.

28. The Administrative Agent has become aware of builders' liens having been registered against Mosaic Energy's petroleum and natural gas interests as follows:

(a) Enhanced Petroleum Services Partnership in the amount of $482,952; and

(b) Redcore Enterprises Ltd. in the amount of $903,352.

29. Mosaic Energy is party to a Gas Handling Agreement (the "**Gas Handling Agreement**") with Pembina Gas Services Limited Partnership ("**Pembina**"). Under the Gas Handling Agreement, Pembina processes gas produced by Mosaic Energy. On April 14, 2016, Pembina demanded that Mosaic Energy provide it with performance assurance in the amount of $7.1 million. Pembina indicated to Mosaic Energy that in default of performance assurance being provided, Pembina would pursue the remedies available to it under the Gas Handling Agreement. Attached hereto and marked as **Exhibit "M"** is a true copy of the Pembina default letter.

30. The Lenders have agreed to advance further funds of up to $10 million to a court-appointed receiver under and pursuant to receiver's certificates secured by a first charge against Mosaic Energy's property, assets and undertaking therefor.

31. The Administrative Agent therefore is applying on an urgent basis for the appointment of EY as receiver and manager. I believe that it is just and convenient that a receiver and manager be appointed because, among other reasons, (a) Mosaic Energy has agreed in the loan and security documentation that the Administrative Agent is entitled to seek the appointment of a receiver and manager following default by Mosaic Energy of its obligations arising under and pursuant to the Credit Agreement; (b) Mosaic Energy has consented to the early enforcement of the Security; and (c) the security held by the Administrative Agent on behalf of the Lenders is in jeopardy given Mosaic Energy's illiquid circumstances. The appointment of a receiver and manager is necessary to allow the Receiver and Manager to preserve the Mosaic Energy estate and to take steps to liquidate Mosaic Energy in a fashion that will yield the best return under the circumstances for the benefit of Mosaic Energy's stakeholders.

32. I am advised by Neil Narfason, a representative of EY, that EY is a trustee within the meaning of subsection 2(1) of the BIA.

33. I make this affidavit in support of the Administrative Agent's application for an order appointing EY as Receiver in respect of Mosaic Energy and various related relief, and for no improper purpose.

SWORN BEFORE ME at Calgary, Alberta, this 25th day of April, 2016.	)	
A Commissioner for Oaths in and for Alberta **Matthew S. Bell** Student-at-Law	)	**MURRAY D'ANGELO**

065094/480586
MT DOCS 15461625

Government of Alberta ■ Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2016/04/11
Time of Search: 11:34 AM
Search provided by: MCCARTHY TETRAULT LLP

Service Request Number: 24960609
Customer Reference Number: 065094-480586/wj

Corporate Access Number: 2017148939
Legal Entity Name: MOSAIC ENERGY LTD.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Method of Registration: Amalgamation
Registration Date: 2013/01/01 YYYY/MM/DD

THIS IS EXHIBIT " A "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April , A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA

Matthew S. Bell
Student-at-Law

Registered Office:
Street: 855 - 2 STREET SW, SUITE 3500
City: CALGARY
Province: ALBERTA
Postal Code: T2P 4J8

Records Address:
Street: 606 - 4 STREET SW, SUITE 900
City: CALGARY
Province: ALBERTA
Postal Code: T2P 1T1

Directors:

Last Name: AMBEDIAN
First Name: DAVID
Street/Box Number: 606 - 4 STREET SW, SUITE 900
City: CALGARY

Province: ALBERTA
Postal Code: T2P 1T1

Last Name: DUNN
First Name: CAMERON
Street/Box Number: 125 E. JOHN CARPENTER FREEWAY, SUITE 600
City: IRVING
Province: TEXAS
Postal Code: 75062

Last Name: FAGAN
First Name: STEPHEN
Middle Name: J.
Street/Box Number: 606 – 4 STREET SW, SUITE 900
City: CALGARY
Province: ALBERTA
Postal Code: T2P 1T1

Last Name: GLICK
First Name: CRAIG
Street/Box Number: 125 E. JOHN CARPENTER FREEWAY, SUITE 600
City: IRVING
Province: TEXAS
Postal Code: 75062

Last Name: HAYES
First Name: DAVID
Middle Name: W.
Street/Box Number: 125 E. JOHN CARPENTER FREEWAY, SUITE 600
City: IRVING
Province: TEXAS
Postal Code: 75062

Last Name: MARQUARDT
First Name: R.
Middle Name: GEORGE
Street/Box Number: 606 – 4 STREET SW, SUITE 900
City: CALGARY
Province: ALBERTA
Postal Code: T2P 1T1

Last Name: MINNEHAN
First Name: BRIAN
Street/Box Number: 125 E. JOHN CARPENTER FREEWAY, SUITE 600
City: IRVING
Province: TEXAS
Postal Code: 75062

Voting Shareholders:

Last Name: 31713 INVESTMENT HOLDINGS LLC
Street: 25 EAST 78 STREET
City: NEW YORK
Province: NEW YORK
Postal Code: 10075
Percent Of Voting Shares: 5.4

Last Name: MOSAIC CO-INVESTORS S.A.R.L.
Street: 125 E. JOHN CARPENTER FREEWAY, SUITE 600
City: IRVING
Province: TEXAS
Postal Code: 75062
Percent Of Voting Shares: 15.02

Last Name: NGP IX HOLDINGS I, S.A.R.L.
Street: 125 E. JOHN CARPENTER FREEWAY, SUITE 600
City: IRVING
Province: TEXAS
Postal Code: 75062
Percent Of Voting Shares: 37.1

Last Name: NGP QUATRO S.A.R.L.
Street: 125 E. JOHN CARPENTER FREEWAY, SUITE 600
City: IRVING
Province: TEXAS
Postal Code: 75062
Percent Of Voting Shares: 28.09

Last Name: SABERTOOTH RESOURCES S.A.R.L.
Street: 65, BOULEVARD GRANDE DUCHESS CHARLOTTE
City: LUXEMBOURG

Postal Code:	L-1331
Country:	LUXEMBOURG
Percent Of Voting Shares:	6.48

Details From Current Articles:

<u>The information in this legal entity table supersedes equivalent electronic attachments</u>

Share Structure:	THE ATTACHED SCHEDULE OF SHARE CAPITAL IS INCORPORATED INTO AND FORMS PART OF THIS FORM.
Share Transfers Restrictions:	THE ANNEXED SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.
Min Number Of Directors:	3
Max Number Of Directors:	9
Business Restricted To:	NONE.
Business Restricted From:	NONE.
Other Provisions:	THE ANNEXED SCHEDULE OF OTHER PROVISIONS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

Other Information:

Amalgamation Predecessors:

Corporate Access Number	Legal Entity Name
2011415235	1141523 ALBERTA LTD.
2017105707	MOSAIC ENERGY LTD.

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2015	2015/03/02

Outstanding Returns:

Annual returns are outstanding for the 2016 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2013/01/01	Amalgamate Alberta Corporation
2014/11/24	Change Address
2015/03/02	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2015/03/04	Change Director / Shareholder

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Statutory Declaration	10000707103491110	2013/01/01
Share Structure	ELECTRONIC	2013/01/01
Restrictions on Share Transfers	ELECTRONIC	2013/01/01
Other Rules or Provisions	ELECTRONIC	2013/01/01

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.

EXECUTION VERSION

AMENDED AND RESTATED CREDIT AGREEMENT

THIS IS EXHIBIT " B "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April, A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA

Matthew S. Bell
Student-at-Law

AMONG

MOSAIC ENERGY LTD.
(as Borrower)

- and -

NATIONAL BANK OF CANADA, and those other financial institutions named on Schedule A annexed hereto, and such other financial institutions as may become parties hereto
(as Lenders)

- and –

NATIONAL BANK OF CANADA
(as Administrative Agent)

- and –

NATIONAL BANK FINANCIAL INC.
(as Lead Arranger and Sole Bookrunner)

DATED AS OF: January 22, 2016

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THIS AMENDED AND RESTATED CREDIT AGREEMENT is made as of January 22, 2016

AMONG:

MOSAIC ENERGY LTD., a corporation incorporated under the laws of Alberta

- and -

NATIONAL BANK OF CANADA, and those other financial institutions named on Schedule A annexed hereto, and such other financial institutions as may become parties hereto, as Lenders

- and -

NATIONAL BANK OF CANADA, a Canadian chartered bank, as administrative agent of the Lenders herein

RECITALS:

A. The Borrower, the Lenders and the Administrative Agent are parties to a credit agreement dated as of June 20, 2013, as amended by Credit Agreement Amendment No. 1 dated as of November 22, 2013, Credit Agreement Amendment No. 2 dated as of June 17, 2014, Credit Agreement Amendment No. 3 dated as of June 12, 2015 and Credit Agreement Amendment No. 4 dated August 24, 2015 (as amended, the "**Original Credit Agreement**") pursuant to which the Lenders made certain credit facilities (such loan facilities under the Original Credit Agreement hereafter referred to as the "**Original Credit Facilities**") available to the Borrower on the terms and subject to the conditions set forth in the Original Credit Agreement.

B. The Borrower, the Lenders and the Administrative Agent have agreed to amend and restate the Original Credit Agreement on the terms and subject to the conditions set forth in this Agreement.

C. The Lenders wish the Agent to continue to act on their behalf with regard to the matters contemplated by this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

"**Acceptance**" or "**Bankers' Acceptance**" or "**BA**" means, (i) in respect of a Lender which is a bank, a bill of exchange drawn by the Borrower on such Lender which is accepted by the Lender, (ii) in respect of a Lender which is not a bank, a promissory note or other evidence of indebtedness bearing no interest and made payable by the Borrower to the Lender, or (iii) a depository bill under the DBNA;

"**Accounting Change**" has the meaning set out in Section 1.4;

"**Accounting Change Notice**" has the meaning set out in Section 1.4;

"**Additional Compensation**" has the meaning set out in Section 5.1;

"**Administrative Agent**" means NBC and any successor Administrative Agent appointed pursuant to Section 15.11;

"**Administrative Agent's Branch of Account**" means the branch located at 301-6th Avenue S.W., Calgary, Alberta, T2P 4M9 or any other branch of the Administrative Agent in Canada as may be designated by the Administrative Agent from time to time;

"**Advance**" means an advance of funds made by the Lenders or by any one or more of them to the Borrower pursuant to this Agreement, but does not include any Conversion or Rollover;

"**Affiliate**" means any Person which, directly or indirectly, controls, is controlled by or is under common control with another Person; and, for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" or "under common control with") means the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of shares or by contract or otherwise;

"**Agreeing Lenders**" has the meaning set out in Section 2.18(d);

"**Agreement**" means this Amended and Restated Credit Agreement, as amended, modified, supplemented or restated from time to time in accordance with the provisions hereof;

"**AML Legislation**" has the meaning set out in Section 20.1;

"**Applicable Margin**" means, as regards to any Borrowing or the fees payable in accordance with Article 7, the margin/fee per annum set forth below in the column under the then Debt/Cashflow Ratio applicable to the type of Borrowing or fee:

APPLICABLE MARGIN								
Debt/Cashflow Ratio	**≤1.00**	**>1.00 ≤1.50**	**>1.50 ≤2.00**	**>2.00 ≤2.50**	**>2.50 ≤3.00**	**>3.00 ≤3.50**	**>3.50 ≤4.00**	**>4.00**
Canadian Prime Rate Loan	0.75%	1.00%	1.25%	1.50%	1.75%	2.50%	3.00%	3.50%
BA	2.00%	2.25%	2.50%	2.75%	3.00%	3.50%	4.00%	4.50%
LC/LG (financial)	1.75%	2.00%	2.25%	2.50%	2.75%	3.25%	3.75%	4.25%
LC/LG (performance)	1.17%	1.33%	1.50%	1.67%	1.83%	2.17%	2.50%	2.83%
Standby Fees	0.5000%	0.5625%	0.6250%	0.6875%	0.7500%	0.8750%	1.0000%	1.1250%

provided that:

(a) the Applicable Margin shall be determined from the quarterly unaudited consolidated financial statements for the first three fiscal quarters of each fiscal year and the annual audited financial statements for the last fiscal quarter of the same fiscal year delivered by the Borrower pursuant to this Agreement (the "**Margin Statements**");

(b) the Applicable Margin as determined from the Margin Statements shall be effective as and from the first day of the fourth month following the end of each fiscal quarter (the "**Margin Date**") to the next Margin Date ("**Margin Period**"), and without limiting the generality of the foregoing, any change in the Applicable Margin shall apply to any outstanding Loans, Acceptances and Documentary Instruments as of the effective date of such change as described above;

(c) in the event the Borrower fails to deliver Margin Statements to the Lenders as required by this Agreement then the Debt/Cashflow Ratio for the Margin Period for which they were not delivered shall be deemed to be >4.00:1 for the period up to the date that the Margin Statements are delivered to the Lenders;

(d) in respect of the Term Facility, (i) from the Effective Date until February 28, 2016, 3.50% per annum shall be added to each of the above Applicable Margins, and (ii) from and after February 29, 2016, 4.25% per annum shall be added to each of the above Applicable Margins;

(e) upon the occurrence of an Event of Default and for so long as such Event of Default is continuing, to the extent permitted by law, 2% per annum shall be added to each of the above Applicable Margins other than Standby Fees, and without limiting the generality of the foregoing, such addition to the Applicable Margin shall apply to any outstanding Loans, Acceptances and Documentary Instruments as of the date of the occurrence of the Event of Default and shall apply to each outstanding Loan, Acceptance and Documentary Instrument on the basis of the number of days remaining in the term to maturity thereof;

(f) during the Term Out Period of any Non-Agreeing Lender, 0.50% per annum shall be added to each of the above Applicable Margins, and without limiting the generality of the foregoing, such addition to the Applicable Margin shall apply to such outstanding Loans, Acceptances and Documentary Instruments as of the date of the commencement of the Term Out Period and shall apply to each outstanding Loan, Acceptance and Documentary Instrument on the basis of the number of days remaining in the term to maturity thereof; and

(g) for the period from the date hereof to the next Margin Date, the Applicable Margin shall be deemed to be the Applicable Margin under the column entitled ">4.00:1";

"**BA Discount Rate**" means:

(a) in relation to a Bankers' Acceptance accepted by a Schedule I Lender, the CDOR Rate;

(b) in relation to a Bankers' Acceptance accepted by a Schedule II Lender or Schedule III Lender, the lesser of:

(i) the discount rate at which such Schedule II or Schedule III Lender is offering on the applicable day for the purchase of Bankers' Acceptances accepted by it in a comparable amount and having a comparable issue and maturity dates to those being proposed to be issued by the Borrower; and

(ii) the CDOR Rate plus 0.10% per annum;

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

(c) in relation to a BA Equivalent Advance made by a Non-Acceptance Lender, the CDOR Rate plus 0.10% per annum;

"**BA Equivalent Advance**" means, in relation to a Drawdown of, Conversion into or Rollover of Bankers' Acceptances, an advance in Canadian Dollars made by a Non-Acceptance Lender as part of such Borrowing;

"**Banking Day**" means a day on which banks are open for business in Calgary, Alberta, Montreal, Quebec, Toronto, Ontario and New York, New York, but does not, in any event, include a Saturday or Sunday;

"**Borrower**" means Mosaic Energy Ltd. and its successors;

"**Borrower Assets**" means, collectively, all of the real and personal property, assets, undertakings, title, interests, rights and benefits owned by the Borrower;

"**Borrower Request**" has the meaning set out in Section 2.18(a);

"**Borrower Security**" means the security provided or to be provided by the Borrower in accordance with Article 12;

"**Borrowing Base**" means the Canadian dollar limit for the purposes of providing loan coverage under the Revolving Facilities, established from time to time by the Lenders in accordance with the terms hereof;

"**Borrowing Base Certificate**" means a certificate in the form of Schedule H; "**Borrowing Base Notice**" has the meaning set out in Section 2.16;

"**Borrowing Base Shortfall**" has the meaning set out in Section 2.17;

"**Borrowings**" means Loans, Bankers' Acceptances, BA Equivalent Advances and Documentary Instruments outstanding under this Agreement and, if the context requires, means at any given time during the term of this Agreement, the principal amount outstanding under this Agreement by way of Loans together with the uncancelled and undrawn face amount of outstanding Bankers' Acceptances, BA Equivalent Advances and Documentary Instruments;

"**Canadian Dollars**" and "**Cdn. $**" means the lawful money of Canada;

"**Canadian Dollar Account**" means the Canadian Dollar account established on behalf of the Borrower by the Administrative Agent at the branch of the Administrative Agent's Branch of Account;

"**Canadian Prime Rate Loan**" means an Advance of, Drawdown of or Conversion into a Loan denominated in Canadian Dollars made by the Lenders to the Borrower and bearing interest at the Prime Rate plus the Applicable Margin;

"**Capital Lease**" means, with respect to any Person, any lease or other arrangement relating to real or personal property which should, in accordance with GAAP, be accounted for as a capital lease on a balance sheet of such Person, provided that any present or future lease, entered into in the ordinary course of business on prevailing commercial terms or in respect of P&NG Leases, that would have been treated as an operating lease under GAAP as in effect on December 31, 2012 shall be deemed to be an operating lease for the purposes of this Agreement;

"**Cash Flow**" means, at any time, the cash flow of the Borrower on a consolidated basis for the most recent fiscal quarter as determined from its quarterly or annual financial statements for that fiscal quarter multiplied by four, which for certainty means an annualized aggregate amount expressed in Canadian Dollars of its (i) net income (but excluding from the determination of net earnings, non-cash income, unrealized mark to market gains under any Financial Instruments, amounts paid under the Pembina Capital Lease and any extraordinary or nonrecurring earnings, gains and losses), (ii) depletion, depreciation, accretion and amortization, (iii) future income taxes, and (iv) other charges to operations and not requiring a current cash payment but excluding non-cash income, provided that for the purposes of this definition if a Loan Party makes a Material Acquisition (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 a Loan Party makes a Material Disposition (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, provided further that prior to making any adjustment to Cash Flow for such Material Acquisitions or Material Dispositions, the Borrower must have first delivered to the Lenders all such relevant information in such detail as reasonably required by the Lenders (including supporting financial statements) relating to the adjustment to Cash Flow certified by a Responsible Officer, and the Majority Lenders, acting reasonably, must have approved same;

"**CDOR Rate**" means, on any date which Bankers' Acceptances are to be issued pursuant hereto, the per annum rate of interest which is the rate determined as being the arithmetic average of the annual yield rates applicable to Canadian Dollar bankers' acceptances having identical issue and comparable maturity dates as the Bankers' Acceptances proposed to be issued by the Borrower displayed and identified as such on the display referred to as the "CDOR Page" (or any display substituted therefor) of Reuter Monitor Money Rates Service as at approximately 10:00 a.m. (Toronto and Montreal time) on such day, or if such day is not a Banking Day, then on the immediately preceding Banking Day (as adjusted by the Administrative Agent in good faith after 10:00 a.m. (Toronto and Montreal time) to reflect any error in a posted rate or in the posted average annual rate); provided, however, if such a rate does not appear on such CDOR Page, then the CDOR Rate, on any day, shall be the discount rate quoted by the Administrative Agent (determined as of 10:00 a.m. (Toronto and Montreal time) on such day) which would be applicable in respect of an issue of bankers' acceptances in a comparable amount and with comparable maturity dates to the Bankers' Acceptances proposed to be issued by the Borrower on such day, or if such day is not a Banking Day, then on the immediately preceding Banking Day; provided that if the CDOR Rate is determined to be less than zero, the CDOR Rate shall be deemed to be zero;

"**Change of Control**" means the occurrence of any of the following events:

(i) any Person or Persons (other than the existing shareholders as of the date hereof) acting jointly or in concert (within the meaning of the *Securities Act* (Alberta)), shall beneficially, directly or indirectly, hold or exercise control or direction over and/or has the right to acquire or control or direction over (whether such right is exercisable immediately or only after the passage of time) more than 25% of the issued and outstanding Voting Shares of the Borrower; or

(ii) the Borrower ceases to own, control or direct 100% of the Voting Shares of a Material Subsidiary other than pursuant to Section 11.1(h)(i) or pursuant to a Permitted Disposition under subclause (e) of the definition of Permitted Disposition or by way of a sale of all of the shares of a Material Subsidiary if it is a Permitted Disposition under subclause (d) of the definition of Permitted Disposition;

"**CICA**" means the Canadian Institute of Chartered Accountants;

"**Commitment**" means the commitment by each Lender under each of the Operating Facility, the Production Facility and the Term Facility, as applicable, to make Borrowings available to the Borrower in Canadian Dollars in the amounts set forth opposite its name in Schedule A, or if the context so requires, each Lender's Commitment, or the aggregate thereof, as set forth in Schedule A under "Credit Facilities Commitments", subject to any reduction or increase in accordance with the provisions hereof;

"**Commodity Agreement**" means any agreement for the making or taking of delivery of any commodity (including, without limitation, Petroleum Substances but excluding agreements for the sale of Petroleum Substances in the ordinary course of business which are terminable on less than 31 days' notice without penalty or costs), any commodity swap agreement, floor, cap or collar agreement or commodity future or option or other similar agreements or arrangements, or any combination thereof, entered into by a Loan Party, the purpose and effect of which is to mitigate or eliminate such Loan Party's exposure to fluctuations in commodity prices, including such agreements relating to physical transactions;

"**Compliance Certificate**" means a certificate of the Borrower signed on its behalf by a Responsible Officer, substantially in the form of Schedule B, to be given to the Administrative Agent and the Lenders by the Borrower pursuant hereto;

"**Conversion**" means a conversion or deemed conversion of a Borrowing under one of the Credit Facilities into another type of Borrowing pursuant to the provisions hereof, provided that, subject to Section 2.9 and to Article 3 with respect to Bankers' Acceptances, the conversion of a Borrowing denominated in one currency to a Borrowing denominated in another currency shall be effected by repayment of the Borrowing or portion thereof being converted in the currency in which it was denominated and re-advance to the Borrower of the Borrowing into which such conversion was made;

"**Conversion Date**" means the date specified by the Borrower as being the date on which the Borrower has elected to convert, or this Agreement requires the conversion of, one type of Borrowing into another type of Borrowing and which shall be a Banking Day;

"**Conversion Notice**" means a notice substantially in the form of Schedule C to be given to the Administrative Agent by the Borrower pursuant hereto;

"**Credit Facilities**" means collectively the Operating Facility, the Production Facility and the Term Facility made available to the Borrower by the Lenders in accordance with the provisions hereof, subject to any reduction or increase in accordance with the provisions hereof;

"**Currency Hedging Agreement**" means any currency swap agreement, cross-currency agreement, forward agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by any Loan Party, the purpose and effect of which is to mitigate or eliminate such Loan Party's exposure to fluctuations in currency exchange rates;

"**Current Assets**" means, as at any date of determination, the current assets of the Borrower on a consolidated basis with only Material Subsidiaries for such date as determined in accordance with GAAP but excluding the impact of any mark to market unrealized gains in respect of Financial Instruments recorded in accordance with GAAP;

"**Current Liabilities**" means, as at any date of determination, the current liabilities of the Borrower on a consolidated basis with only Material Subsidiaries for such date as determined in accordance with GAAP, but excluding: (i) any Borrowings under the Credit Facilities other than those that arise or become due pursuant to Sections 2.1(b), 2.17, 8.1 or Section 13.2; and (ii) the impact of any mark to market unrealized losses in respect of Financial Instruments recorded in accordance with GAAP;

"**Current Ratio**" means the ratio of (i) Current Assets plus any undrawn availability under the Credit Facilities to (ii) Current Liabilities;

"**DBNA**" means the *Depository Bills and Notes Act* (Canada) as may be amended or replaced from time to time;

"**Debt**" means, as at any date of determination, all obligations, liabilities and indebtedness of the Borrower which would, in accordance with GAAP, be classified upon a consolidated (with Material Subsidiaries only) balance sheet of the Borrower for such date as indebtedness and, whether or not so classified, shall include (without duplication):

(a) indebtedness of the Loan Parties for borrowed money;

(b) obligations of the Loan Parties arising pursuant to bankers' acceptances (including payment and reimbursement obligations in respect thereof);

(c) obligations of the Loan Parties arising pursuant to letters of credit and letters of guarantee to the extent they support obligations which would otherwise constitute Debt within the meaning of this definition or indemnities issued in connection therewith;

(d) obligations of the Loan Parties under guarantees, indemnities (other than endorsement of negotiable instruments for deposit in the ordinary course of business), assurances, legally binding comfort letters or other contingent obligations relating to the indebtedness for borrowed money of any other Person or the obligations of any other Person which would otherwise constitute Debt within the meaning of this definition and all other obligations incurred for the purpose of or having the effect of providing financial assistance to another Person in respect of indebtedness or such other obligations;

(e) in respect of any Capital Lease entered into by a Loan Party as lessee, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the lease payments of the lessee, including all rent and payments to be made by the lessee in connection with the return of the leased property, during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended);

(f) all obligations of the Loan Parties representing the deferred purchase price of any property (excluding any payments made under a true operating lease), and all obligations of the Borrower and Material Subsidiaries created or arising under any conditional sales agreement or other title retention agreement;

(g) all losses actually incurred under any Financial Instruments that are due and owing;

(h) the redemption amounts of any equity of the Borrower and Material Subsidiaries (each a "**Redeeming Party**") where the holder of such equity is not a Loan Party and has the option to require the redemption of such equity for cash or property, other than equity of any of the Redeeming Parties, and payment of the redemption amounts;

(i) any Distributions (other than to the Borrower or a Material Subsidiary) declared but not yet paid;

(j) Working Capital Deficit, provided that if Current Assets exceed Current Liabilities the Debt of the Borrower shall be reduced by such excess amount; and

(k) without duplication of any of the matters referenced above, obligations of the Loan Parties under Sale/Lease-Backs;

provided that amounts paid under the Pembina Capital Lease shall not constitute "Debt" for purposes of the Debt/Cashflow Ratio.

"**Debt/Cashflow Ratio**" means at any time the ratio of Debt to Cash Flow;

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

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

(a) that has failed to fund any payment or its portion of any Borrowing required to be made by it hereunder or to purchase any participation required to be purchased by it hereunder and under the other Documents;

(b) that has notified the Borrower, the Administrative Agent or any Lender (verbally or in writing) that it does not intend to or is unable to comply with any of its funding obligations under this Agreement or has made a public statement to that effect or to the effect that it does not intend to or is unable to fund advances generally under credit arrangements to which it is a party;

(c) that has failed, within three Banking Days after request by the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Borrowings;

(d) that has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three Banking Days of the date when due, unless the subject of a good faith dispute; or

(e) in respect of which a Lender Insolvency Event or a Lender Distress Event has occurred in respect of such Lender or its Lender Parent;

"**Discount**" means, with respect to any Acceptance, the amount determined by multiplying the face value of the Acceptance by the Discount Rate, where Discount Rate is calculated (rounded up or down to the fifth decimal place) as follows:

$$1 - \left[\frac{1}{1 + \left(\text{BA Discount Rate} \times \frac{\text{no. of days in the period of Acceptance}}{365}\right)} \right]$$

"**Discount Proceeds**" means the net cash proceeds to the Borrower from the sale of a Bankers' Acceptance pursuant hereto at the BA Discount Rate, before deduction or payment of the fees to be paid to the Lenders under Section 7.3, determined by multiplying the face amount of the Acceptance by the Price, where the Price is calculated (rounded up or down to the fifth decimal place) as follows:

$$\frac{1}{1 + \left(\text{BA Discount Rate} \times \frac{\text{no. of days in the period of Acceptance}}{365}\right)}$$

"**Distribution**" means:

(a) the declaration, payment or setting aside for payment of any dividend or other distribution on or in respect of any equity of the Borrower or a Material Subsidiary;

(b) the redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any equity of the Borrower or a Material Subsidiary or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for equity of the Borrower or a Material Subsidiary, including, without limitation, options, warrants, conversion or exchange privileges and similar rights;

(c) the making of any loan or advance or any provision of credit to any equityholder of the Borrower;

(d) the payment of any principal, interest, fees or other amounts on or in respect of:

(i) any loans, advances or other debt; or

(ii) any securities issued by the Borrower or a Material Subsidiary which is in accordance with GAAP, are classified as part of equity but the terms of which entitle the holder thereof to receive payments of money,

owing at any time by the Borrower or a Material Subsidiary to any equityholder of the Borrower or a Material Subsidiary, to Affiliates of the Borrower or a Material Subsidiary or to equityholders of Affiliates of the Borrower or a Material Subsidiary;

"**Documentary Instruments**" means collectively, Letters of Guarantee and Letters of Credit and "**Documentary Instrument**" means a Letter of Guarantee or a Letter of Credit;

"**Documents**" means this Agreement, the Security and all certificates, notices, instruments and other documents delivered or to be delivered to the Administrative Agent or the Lenders, or both, in relation to the Credit Facilities and MasterCard Facility pursuant hereto or thereto and, when used in relation to any Person, the term

"**Documents**" shall mean and refer to the Documents executed and delivered by such Person;

"**Drafts**" means drafts, bills of exchange, receipts, acceptances, demands and other requests for payment drawn or issued under a Documentary Instrument;

"**Drawdown**" means:

(a) with respect to the Production Facility:

  (i) an Advance of Canadian Prime Rate Loans; or

  (ii) the issue of Bankers' Acceptances (or the making of a BA Equivalent Advance in lieu thereof), but does not include any Conversion or Rollover;

(b) with respect to the Operating Facility:

  (i) an Advance of Canadian Prime Rate Loans; or

  (ii) the issue of Documentary Instruments; but does not include any Conversion or Rollover; and

(c) with respect to the Term Facility:

  (i) an Advance of Canadian Prime Rate Loans; or

  (ii) the issue of Bankers' Acceptances (or the making of a BA Equivalent Advance in lieu thereof), but does not include any Conversion or Rollover;

"**Drawdown Date**" means the date on which a Drawdown is made by the Borrower pursuant to the provisions hereof and which shall be a Banking Day;

"**Drawdown Notice**" means a notice substantially in the form of Schedule D to be given to the Administrative Agent by the Borrower pursuant hereto;

"**Effective Date**" means the day on which the conditions precedent set forth in Section 6.1 have been satisfied or waived.

"**Eligible Assignee**" means any Person other than a natural person, the Borrower or any Affiliate of the Borrower;

"**Engineering Report**" means a report on the reserves of Petroleum Substances attributable to the Borrower Assets and Subsidiary Assets (in form and substance satisfactory to the Administrative Agent, acting reasonably) prepared either by the internal petroleum engineers of the Borrower ("**internal report**") or, if required by the terms of this Agreement or by the Majority Lenders, by an Independent Engineer ("**external report**"), and such external report shall, as of the date of such report, include the following and such internal report shall, as of the date of such report, include, if and to the extent requested by the Majority Lenders, acting reasonably, some or all of the following: anticipated rates of production, shrinkage and reinjection of Petroleum Substances; Crown, freehold and overriding royalties and freehold mineral taxes with respect to Petroleum Substances produced from or attributable to such Borrower Assets and Subsidiary Assets; production, revenue, value-added, wellhead or severance taxes, imposts or levies with respect to Petroleum Substances produced from or attributable to such Borrower Assets and Subsidiary Assets; operating costs; gathering, transporting, processing, marketing and storage fees payable with respect to Petroleum Substances produced from or attributable to such Borrower Assets and Subsidiary Assets; capital expenditures expected to be necessary to achieve anticipated rates of production; and net cash flow with respect to such Borrower Assets and Subsidiary Assets;

"**Environmental Certificate**" means a certificate of the Borrower signed on its behalf by a Responsible Officer, substantially in the form of Schedule I, to be given to the Administrative Agent and the Lenders by the Borrower pursuant hereto;

"**Environmental Claims**" means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, inspections, inquiries or proceedings relating in any way to any Environmental Laws or to any permit issued under any such Environmental Laws including without limitation:

(a) any claim by a Governmental Authority for enforcement, clean-up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws; and

(b) any claim by a Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from or relating to Hazardous Materials, including any Release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;

"**Environmental Laws**" means all applicable federal, provincial, regional, municipal or local laws, including those at common law or in equity, with respect to the environment or environmental or occupational health and safety matters contained in statutes, regulations, rules, ordinances, orders judgments, approvals, notices, permits or policies, guidelines or directives having the force of law;

"**Event of Default**" has the meaning set out in Section 13.1, and where in this Agreement an Event of Default is stated to be continuing or in existence, it shall mean an Event of Default that has not been waived by the requisite Lenders;

"**Existing Financial Instrument**" means each Financial Instrument which constitutes Permitted Hedging entered into by the Borrower with a Lender or Hedging Affiliate prior to the Effective Date, and which remains outstanding on the Effective Date, the particulars of which are set out in Schedule K;

"**Existing LC**" means each Letter of Credit, if any, issued by the Operating Lender at the request of the Borrower pursuant to the Original Credit Agreement and which remains outstanding on the Effective Date, the particulars of which are set out in Schedule L.

"**Existing Security Documents**" means, collectively, (i) the debenture in the principal amount of $275,000,000 dated June 20, 2013 made by the Borrower in favour of the Administrative Agent for and on behalf of itself, the Lenders and the Hedging Affiliates, (ii) the debenture pledge agreement dated June 20, 2013 made by the Borrower in favour of the Administrative Agent for and on behalf of itself, the Lenders and the Hedging Affiliates, and (iii) the general assignment of book debts dated June 20, 2013 made by the Borrower in favour of the Administrative Agent for and on behalf of itself, the Lenders and the Hedging Affiliates;

"**Financial Instrument**" means any Interest Hedging Agreement, Currency Hedging Agreement or Commodity Agreement;

"**Financial Instrument Demand for Payment**" means a demand or notice made pursuant to a Financial Instrument demanding payment of a Financial Instrument Obligation and shall include, without limitation, any notice under any agreement evidencing a Financial Instrument which, when delivered, would require an early termination thereof and a payment by a Loan Party in settlement of obligations thereunder as a result of such early termination;

"**Financial Instrument Obligations**" means all indebtedness, liabilities and obligations (including without limitation contingent obligations and liabilities) of the Loan Parties arising under any Financial Instrument entered into by such Loan Party, including without limitation, Existing Financial Instruments;

"**GAAP**" has the meaning set out in Section 1.4(a);

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

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

"**Hedging Affiliate**" means an Affiliate of a Lender which: (i) enters into or assumes a Financial Instrument with a Loan Party after the date of this Agreement and before the Lender ceases to be a Lender; or (ii) has entered into or assumed an Existing Financial Instrument;

"**Hedging Obligations**" means, subject to Section 12.9(a), the Financial Instrument Obligations to a Lender or any Hedging Affiliate pursuant to: (i) one or more Financial Instruments entered into after the date of this Agreement, but only to the extent such Financial Instruments constituted Permitted Hedging on the date they were entered into; and (ii) Existing Financial Instruments;

"**IFRS**" means International Financial Reporting Standards including International Accounting Standards and Interpretations together with their accompanying documents which are set by the International Accounting Standards Board, the independent standard-setting body of the International Accounting Standards Committee Foundation and the International Financial Reporting Interpretations Committee, the interpretative body of the International Accounting Standards Committee Foundation but only to the extent the same are adopted by the CICA as GAAP in Canada and then subject to such modifications thereto as are agreed by CICA;

"**Independent Engineer**" means any firm of independent petroleum engineers approved by the Majority Lenders, acting reasonably;

"**Information**" has the meaning set out in Section 17.3(b);

"**Insurance**" means insurance of such types, in such amounts and with such deductibles as are customary in the case of businesses of established reputation engaged in the same or similar businesses to the Borrower and in any event as are acceptable to the Majority Lenders, acting reasonably;

"**Intercorporate Indebtedness**" means indebtedness as between: (i) the Borrower and a Material Subsidiary; or (ii) a Material Subsidiary and another Material Subsidiary;

"**Interest Hedging Agreement**" means any interest swap agreement, forward rate agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by a Loan Party, the purpose and effect of which is to mitigate or eliminate such Loan Party's exposure to fluctuations in interest rates (but, for certainty, shall exclude conventional floating rate debt);

"**Interest Payment Date**" means the first Banking Day of each calendar month provided that the Interest Payment Date shall be: (a) the end of the then-current Revolving Period in case of Borrowings made by a Lender during the Revolving Period; (b) the Term Out Maturity Date in the case of Conversions or Rollovers of Borrowings during the Term Out Period; or (c) the date on which the Credit Facilities are fully cancelled or permanently reduced in full in the case of all Borrowings then outstanding under the Credit Facilities;

"**Interest Period**" means:

(a) with respect to each Canadian Prime Rate Loan, the period commencing on the applicable Drawdown Date or Conversion Date, as the case may be, and terminating on the date selected by the Borrower hereunder for the Conversion of such Loan into another type of Borrowing, if any, or for the repayment of such Loan;

(b) with respect to each Acceptance, the period selected by the Borrower hereunder and being one, two or three months in duration, subject to market availability, commencing on the Drawdown Date, Rollover Date or Conversion Date of such Borrowing; and

(c) with respect to each Letter of Credit or Letter of Guarantee, the period commencing on the date of issuance of such Letter of Credit or Letter of Guarantee and terminating on the last day the Letter of Credit or Letter of Guarantee is outstanding,

provided that in any case: (i) other than Documentary Instruments, the last day of each Interest Period shall be also the first day of the next Interest Period whether with respect to the same or another Borrowing; (ii) the last day of each Interest Period shall be a

Banking Day and if the last day of an Interest Period selected by the Borrower is not a Banking Day, the Borrower shall be deemed to have selected an Interest Period the last day of which is the Banking Day next following the last day of the Interest Period selected unless such next following Banking Day falls in the next calendar month in which event the Borrower shall be deemed to have selected an Interest Period the last day of which is the Banking Day next preceding the last day of the Interest Period selected by the Borrower; (iii) any Interest Period which begins on the last Banking Day for the relevant currency in a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Banking Day for the relevant currency of a calendar month; and (iv) no Interest Period shall be selected which would end after the applicable Lender's Term Out Maturity Date;

"**Lender Distress Event**" means, in respect of a given Lender, such Lender or its Lender Parent is subject to a forced liquidation, merger, sale or other change of control supported in whole or in part by guarantees or other support (including, without limitation, the nationalization or assumption of ownership or operating control by any Governmental Authority) or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Lender or Lender Parent or their respective assets to be, insolvent, bankrupt or deficient in meeting any capital adequacy or liquidity standard of any such Governmental Authority;

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

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger with a financial institution not materially weaker than it at such time);

(b) becomes insolvent, is deemed insolvent by applicable law or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) (i) institutes, or has instituted against it by a regulator, supervisor or any similar Governmental Authority with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, (A) a proceeding pursuant to which such Governmental Authority takes control of such Lender's or Lender Parent's assets, (B) a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors' rights, or (C) a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar Governmental Authority; or (ii) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a Person or entity not described in clause (i) above and either (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;

(e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial portion of all of its assets;

(g) has a secured party take possession of all or a substantial portion of all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or a substantial portion of all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case, within 15 days thereafter;

(h) causes, or is subject to, any event which, under the applicable law of any jurisdiction, has an analogous effect to any of the events specified in subparagraphs (a) to (g) above, inclusive; or

(i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing;

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

"**Lenders**" means the Operating Lender, the Production Lenders and the Term Lenders as named in Schedule A, and such other financial institutions as may in the future become parties hereto as lenders;

"**Lenders' Counsel**" means the firm of McCarthy Tétrault LLP or such other legal counsel as the Lenders may from time to time designate;

"**Lender's Proportion**" or "**Lenders' Proportions**" means, with respect to each Lender, its proportion of the total Commitment for each of the Operating Facility, Production Facility, Term Facility and Credit Facilities, as applicable, as set out in each case opposite its name in Schedule A, as may be adjusted from time to time pursuant to this Agreement, including, without limitation, as a result of a reduction of a Commitment or a repayment made pursuant to this Agreement or an assignment made pursuant to Section 17.1;

"**Letter of Credit**" or "**LC**" means a letter of credit in form satisfactory to and issued by the Operating Lender in Canadian Dollars and U.S. Dollars;

"**Letter of Guarantee**" or "**LG**" means a letter of guarantee in form satisfactory to and issued by the Operating Lender in Canadian Dollars and U.S. Dollars;

"**Loan**" means a Canadian Prime Rate Loan outstanding hereunder;

"**Loan Party**" means the Borrower or a Material Subsidiary;

"**Majority Lenders**" means: (a) during the time there are two or less Lenders, all such Lenders; and (b) during the time there are more than two Lenders, any group of Lenders whose Commitments for the Credit Facilities amount in the aggregate to no less than 66 2/3% of the Commitments of all Lenders provided that if such Commitments are cancelled or otherwise terminated, then Lenders whose share of Outstanding Principal is not less than 66 2/3% of the Outstanding Principal of all Lenders;

"**Majority Revolving Lenders**" means: (a) during the time there are two or less Revolving Lenders, all such Revolving Lenders; and (b) during the time there are more than two Revolving Lenders, any group of Revolving Lenders whose Commitments for the Revolving Facilities amount in the aggregate to no less than 66 2/3% of the Commitments of all Revolving Lenders for the Revolving Facilities provided that if such Commitments are cancelled or otherwise terminated, then Revolving Lenders whose share of Outstanding Principal under the Revolving Facilities is not less than 66 2/3% of the Outstanding Principal of all Revolving Lenders under the Revolving Facilities;

"**MasterCard Documents**" means NBC's standard form documents required to utilize the MasterCard Facility from time to time;

"**MasterCard Facility**" means the MasterCard business expense card facility in the amount established by NBC from time to time in favour of the Borrower in accordance with the provisions hereof and the MasterCard Documents;

"**Material Acquisition**" means an acquisition by a Loan Party of shares or assets which increases the consolidated (with the Material Subsidiaries only) net assets (excluding current assets) of the Borrower, as shown on the most current consolidated (with the Material Subsidiaries only) financial statements of the Borrower, by more than $10,000,000;

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

(a) the business, financial condition, operations or assets of the Loan Parties on a consolidated basis and taken as a whole;

(b) the ability of the Loan Parties to pay or perform the Obligations or the ability of the Borrower or any Material Subsidiary to pay or perform any of its other material obligations or contingent obligations under this Agreement or the Security;

(c) the validity or enforceability of this Agreement or any Security;

(d) the rights and remedies of the Lenders and the Administrative Agent under the Documents; or

(e) the priority ranking of any Security Interests granted by the Security or the rights or remedies intended or purported to be granted to the Administrative Agent, the Lenders and Hedging Affiliates under or pursuant to this Agreement or the Security;

"**Material Disposition**" means a Permitted Disposition by a Loan Party of shares or assets which decreases the consolidated (with the Material Subsidiaries only) net assets (excluding current assets) of the Borrower, as shown on the most current consolidated (with the Material Subsidiaries only) financial statements of the Borrower, by more than $10,000,000;

"**Material Subsidiary**" means any direct or indirect wholly-owned Subsidiary of the Borrower (a) that executes and delivers Subsidiary Security to the Administrative Agent for the benefit of the Lenders and Hedging Affiliates pursuant to a request of the Administrative Agent below, (b) the total assets of which (determined in accordance with GAAP) exceeds 5.0% of the Borrower's assets determined on a consolidated basis, (c) the total revenue of which (excluding intercompany accounts), on a consolidated basis, exceeds 5.0% of the total revenue of the Borrower on a consolidated basis, or (d) whose Subsidiary Assets have been included by the Lenders in the determination of the Borrowing Base, and the Person referred to subclauses (a) to (d) above has, at the request of the Administrative Agent, executed and delivered Subsidiary Security to the Administrative Agent pursuant to Section 12.10 over all of its assets that ranks as a first charge over such assets for the benefit of the Lenders and Hedging Affiliates;

"**NBC**" means National Bank of Canada;

"**Non-Acceptance Lender**" means any Lender which does not or cannot in the ordinary course of business accept bills of exchange under the *Bills of Exchange Act* (Canada) or depository bills under the DBNA, which would constitute bankers' acceptances for the remaining Lenders, and "Non-Acceptance Lenders" is the collective reference to such Lenders;

"**Non-Agreeing Lenders**" has the meaning set out in Section 2.18(a);

"**Obligations**" means, at any time and from time to time, all of the obligations, indebtedness and liabilities (other than the Hedging Obligations) present or future, absolute or contingent, matured or not, of the Borrower to the Lenders or the Administrative Agent under, pursuant or relating to the Documents or the Credit Facilities or the MasterCard Facility and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including, without limitation, all principal, interest, fees, legal and other costs, charges and expenses, and other amounts payable by the Borrower under this Agreement;

"**Officer's Certificate**" means a certificate or notice (other than a Compliance Certificate) signed by a Responsible Officer (including, in the case of a partnership a certificate or notice signed by such an officer of a general partner of such limited partnership or, in the case of general partnership, a partner with authority to bind the partnership); provided, however, that Drawdown Notices, Conversion Notices, Rollover Notices and Repayment Notices shall be executed on behalf of the Borrower by any one of the foregoing persons or such other Persons as may from time to time be designated by written notice from the Borrower to the Administrative Agent;

"**Operating Facility**" means the revolving credit facility in the principal amount of Canadian Dollars specified from time to time in Schedule A, established by the Operating Lender in favour of the Borrower in accordance with the provisions hereof, subject to any reduction or increase in accordance with the provisions hereof;

"**Operating Lender**" means NBC and its successors and permitted assigns;

"**Original Credit Agreement**" has the meaning assigned to such term in Recital A.

"**Original Credit Facilities**" has the meaning assigned to such term in Recital A.

"**Original Operating Facility**" means the Operating Facility provided for in the Original Credit Agreement.

"**Original Production Facility**" means the Production Facility provided for in the Original Credit Agreement.

"**Outstanding Principal**" means, at any time, the aggregate, without duplication, of (i) the principal amount of all outstanding Canadian Prime Rate Loans, (ii) the amounts payable at maturity of all outstanding Bankers' Acceptances and BA Equivalent Advances, (iii) the uncancelled and undrawn face amount under all outstanding Letters of Credit, and (iv) the amount guaranteed under all outstanding Letters of Guarantee;

"**P&NG Leases**" means, collectively, any and all documents of title including, without limitation, leases, reservations, permits, licences, unit agreements, assignments, trust declarations, participation, exploration, farm-out, farm-in, royalty, purchase or other agreements by virtue of which a Loan Party is entitled to explore for, drill for, recover, take or win Petroleum Substances of any kind whatsoever from or with respect to P&NG Rights owned by a Loan Party, or to share in the production or proceeds of production or any part thereof or proceeds of royalty, production, profits or other interests out of, referable to or payable in respect of Petroleum Substances of any kind whatsoever from or with respect to P&NG Rights owned by a Loan Party, and the rights of a Loan Party thereunder;

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

(a) rights to explore for, drill for and produce, take, save or market Petroleum Substances;

(b) rights to a share of the production of Petroleum Substances;

(c) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances;

(d) rights to acquire any of the rights described in paragraphs (a) through (c) of this definition;

(e) interests in any 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 including, without limitation, 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 P&NG Leases and in any of the foregoing together with freehold, leasehold or other interests;

"**Pembina Capital Lease**" means the Pembina Resthaven Gas Handling Agreement dated November 6, 2014 between the Borrower and Pembina Gas Services Limited Partnership, without any amendment, modification, substitution or deviation from the terms thereof in effect as of the date hereof which could reasonably be expected to have a Material Adverse Effect;

"**Permitted Contest**" means action taken by a Loan Party in good faith by appropriate proceedings diligently pursued to contest a Tax, claim, statutory lien or Security Interest, provided that:

(a) the Tax, claim, statutory lien or Security Interest is not an Event of Default;

(b) such Loan Party has established reasonable reserves therefor in accordance with GAAP;

(c) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect; and

(d) proceeding with such contest will not create a risk of sale, forfeiture or loss of, or interference with the use or operation of, a material property or asset of such Loan Party;

"**Permitted Disposition**" means, in respect of any Loan Party any of the following:

(a) a sale or disposition by such Person of P&NG Rights (and related tangibles) resulting from any pooling, unit or farmout agreement entered into in the ordinary course of business and in accordance with sound industry practice when, in the reasonable judgment of such Person, it is necessary to do so in order to facilitate the orderly exploration, development or operation of such P&NG Rights, provided that if such pooling, unitization or farmout is in respect of assets used in determining the Borrowing Base, the economic interest of a Loan Party resulting from such pooling, unitization or farmout shall not be materially less than the Borrowing Base value of such assets pooled, unitized or farmed out;

(b) a sale or disposition by such Person in the ordinary course of business and in accordance with sound industry practice of tangible personal property that is obsolete, no longer useful for its intended purpose or being replaced in the ordinary course of business;

(c) a sale or disposition by such Person of current production from P&NG Rights made in the ordinary course of business;

(d) a sale or disposition which is arm's length at fair market value;

(e) a sale or disposition, as between one Loan Party to another Loan Party;

(f) exchanges, farmouts or other dispositions of property made in the ordinary course of business which do not comprise or relate to the assets used in determining the Borrowing Base; and

(g) any other disposition which all of the Lenders agree in writing,

provided that: (i) any such sales or dispositions are (except in the case of (e) above) arms-length and at fair market value; (ii) no Borrowing Base Shortfall, Default or Event of Default has occurred and is continuing; (iii) any such sales or dispositions would not result in a Borrowing Base Shortfall, a Default or Event of Default; and (iv) for (d) above, the fair market value of the assets and properties so sold or disposed of (excluding undeveloped P&NG Rights), when taken in the aggregate in respect of all such sales and dispositions by the 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;

"**Permitted Encumbrance**" means as at any particular time any of the following encumbrances on the property or any part of the property of a Loan Party:

(a) Security Interests for taxes, assessments or governmental charges not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(b) Security Interests arising in connection with worker's compensation, unemployment insurance, pension and employment laws not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(c) public and statutory liens and similar liens arising by operation of law not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(d) Security Interests under or pursuant to any judgment rendered, or claim filed, against a Loan Party, which a Loan Party shall be contesting at the time by a Permitted Contest;

(e) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law against a Loan Party or which relate to obligations not due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(f) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil and other pipelines, gas and water mains, electric light and power and telecommunication, telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons or other minor defects, encumbrances and restrictions which individually or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of a Loan Party;

(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 utility or municipality or other authority in connection with the operations of a Loan Party, all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of the asset concerned or materially impair its use in the operation of the business of the Loan Party;

(h) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;

(i) Security Interests in favour of the Lenders or the Administrative Agent on behalf of the Lenders securing the Obligations;

(j) Security Interests in favour of the Lenders or Hedging Affiliates securing Hedging Obligations;

(k) the Security;

(l) Security Interests incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the exploration, development or operation of P&NG Rights, related production or processing facilities in which such Person has an interest or the transmission of Petroleum Substances as security in favour of any other Person conducting the exploration, development, operation or transmission of the property to which such liens relate, for a Loan Party's portion of the costs and expenses of such exploration, development, operation or transmission, provided that such costs or expenses are not due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(m) Security Interests for penalties arising under non-participation or independent operations provisions of operating or similar agreements in respect of a Loan Party's P&NG Rights, provided that such liens do not materially detract from the value of any material part of the property of a Loan Party;

(n) Security Interests with respect to Purchase Money Obligations and Capital Leases; provided that: (i) the Security Interests for the Purchase Money Obligations and Capital Leases are limited to the property or assets purchased, leased or acquired and such assets and property do not comprise part of the assets used in determining the Borrowing Base; (ii) such assets are acquired or valued for lease at fair market value; and (iii) the aggregate at any time of the obligations under all Purchase Money Obligations and Capital Leases shall not exceed 5% of the then current Borrowing Base;

(o) any right of first refusal in favour of any Person granted in the ordinary course of business with respect to all of any of the P&NG Rights of a Loan Party;

(p) any Security Interest or agreement entered into in the ordinary course of business relating to pooling or a plan of unitization affecting the property of a Loan Party, or any part thereof, that is a Permitted Disposition;

(q) the right reserved or vested in any municipality or governmental or other public authority by the terms of any P&NG Leases in which a Loan Party has any interest or by any statutory provision to terminate any P&NG Leases in which a Loan Party has any interest, or to require annual or other periodic payments as a condition of the continuance thereof;

(r) obligations of a Loan Party to deliver Petroleum Substances to buyers thereof in the ordinary course of business;

(s) royalties, net profits and other interests and obligations arising in accordance with standard industry practice and in the ordinary course of business, under P&NG Leases in which a Loan Party has any interest;

(t) inchoate liens or any rights of distress reserved in or exercisable under any real property lease or sublease to which a 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 the Loan Party is then in compliance in all material respects with such terms;

(u) Security Interests granted by a Loan Party to another Loan Party if the same have been subordinated to the Security Interests of the Administrative Agent;

(v) any other Security Interest (including in respect of Purchase Money Obligations and Capital Leases) which are not otherwise Permitted Encumbrances; provided that the aggregate principal amount of Debt and other obligations secured thereby does not exceed $2,500,000; and

(w) all such other claims and encumbrances as are specifically disclosed by notice in writing from the Borrower to the Administrative Agent to the extent that the Administrative Agent, by specific notice in writing to the Borrower, consents to such claims and encumbrances as Permitted Encumbrances;

"**Permitted Hedging**" means with respect to the Loan Parties:

(a) Interest Hedging Agreements which, at the time they are entered into (i) have a term not exceeding 24 months, and (ii) do not, when taken together with all other Interest Hedging Agreements then in place, exceed 60% of the then current Borrowing Base;

(b) Currency Hedging Agreements which, at the time they are entered into (i) have a term not exceeding 24 months, and (ii) do not, when taken together with all other Interest Currency Hedging Agreements then in place, exceed 60% of the aggregate revenue received by the Loan Parties in U.S. Dollars during the three calendar months immediately preceding the time of entering into a Currency Hedging Agreement; and

(c) Commodity Agreements (i) which have a term not exceeding 42 months, and (ii) where the aggregate amounts of the commodities affected under all outstanding Commodity Agreements (excluding cash paid puts), including the Commodity Agreement being entered into, (calculated on a daily basis) at any time during the term of such agreements, do not exceed (A) 75% of the average daily production of petroleum and natural gas liquids nor 75% of the average daily production of natural gas, net of royalties, forecasted to be produced by the Loan Parties in the first year after each Commodity Agreement is entered into, as set out in the then most recent forecasts approved by the board of directors of the Borrower and provided to the Lenders, (B) for each Commodity Agreement having a term greater than 12 months, 60% of the average daily production of petroleum and natural gas liquids nor 60% of the average daily production of natural gas, net of royalties, forecasted to be produced by the Loan Parties during the second year after the Commodity Agreement is entered into, as set out in the then most recent forecasts approved by the board of directors of the Borrower and provided to the Lenders, (C) for each Commodity Agreement having a term greater than 24 months, 50% of the average daily production of petroleum and natural gas liquids nor 50% of the average daily production of natural gas, net of royalties, forecasted to be produced by the Loan Parties during the third year after the Commodity Agreement is entered into, as set out in the then most recent forecasts approved by the board of directors of the Borrower and provided to the Lenders, and (D) for each Commodity Agreement having a term greater than 36 months but less than 42 months, 40% of the average daily production of petroleum and natural gas liquids nor 40% of the average daily production of natural gas, net of royalties, forecasted to be produced by the Loan Parties during the fourth year after the Commodity Agreement is entered into, as set out in the then most recent forecasts approved by the board of directors of the Borrower and provided to the Lenders,

provided that any such Financial Instrument was not entered into for speculative purposes;

"**Permitted Indebtedness**" means, with respect to each Loan Party, individually and on a consolidated basis, only:

(a) the indebtedness of the Loan Parties under the Documents;

(b) Financial Instrument Obligations so long as they are in respect of Permitted Hedging;

(c) Intercorporate Indebtedness;

(d) indebtedness secured by Permitted Encumbrances subject, if applicable, to the maximum amounts set out in the definition of Permitted Encumbrances;

(e) indebtedness of the Loan Parties under the Pembina Capital Lease; and

(f) all other unsecured indebtedness (other than indebtedness for borrowed money) incurred by the Borrower and Material Subsidiaries in the ordinary course of business, without breach of the Agreement and without creating a Default or Event of Default and provided the same is not past due and payable unless the Loan Party is in good faith contesting the same without otherwise creating a Default or Event of Default provided however for the purposes of this definition, normal course trade payables outstanding for no more than 90 days from the date of invoice shall be considered Permitted Indebtedness; and

(g) such other indebtedness to which the Majority Lenders have consented;

"**Permitted Investments**" means any one or more of the following investments, provided that such investments at the time of purchase have a remaining term to maturity of 90 days or less:

(a) direct obligations issued or unconditionally guaranteed by the Government of Canada or issued by any agency or instrumentality thereof and backed by the full faith and credit of the Government of Canada;

(b) demand deposits at, or certificates of deposit, time deposits or banker's acceptances issued by, any chartered bank or any other domestic or foreign financial institution with a combined capital surplus of at least Cdn. $1,000,000,000 and whose long term unsecured and unguaranteed debt is rated at least A+ by Standard & Poor's or at least A 1 by Moody's Investors Service;

(c) direct obligations of any province of Canada, of any agency or instrumentality of any province of Canada whose long term credit rating is at least A by Standard & Poor's or at least A2 by Moody's Investors Service;

(d) commercial paper rated at the time of the purchase thereof is at least A-1+ by Standard & Poor's or at least P-1 or the equivalent by Moody's Investors Service; and

(e) other investment grade instruments consented to by the Majority Lenders;

"**Person**" means and includes an individual, a partnership, a corporation, a joint stock company, a trust, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof;

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

"**Prime Rate**" means the rate of interest per annum in effect from time to time that is equal to the greater of:

(a) the rate of interest publicly announced by the Administrative Agent from time to time as being its reference rate then in effect for determining interest rates for commercial loans in Canadian Dollars made by the Administrative Agent in Canada; and

(b) the average annual rate as determined by the Administrative Agent as being the average of the "BA 1 month" CDOR Rate applicable to bankers' acceptances in Canadian Dollars displayed and identified as such on the "Reuters Screen CDOR Page" (as defined in the International Swap and Derivatives Association, Inc. definitions, as modified and amended from time to time) plus 1.00%; provided that if such rates do not appear on the Reuters Screen CDOR Page as contemplated, then the CDOR Rate on any day shall be calculated as the arithmetic average of the 30-day discount rates applicable to bankers' acceptances in Dollars quoted by three major Canadian Schedule I chartered banks chosen by the Administrative Agent as of approximately 10:00 a.m. on such day, or if such day is not a Banking Day, then on the immediately preceding Banking Day;

"**Production Facility**" means the revolving credit facility in the principal amount specified from time to time in Schedule A, established by the Production Lenders in favour of the Borrower in accordance with the provisions hereof, subject to any reduction or increase in accordance with the provisions hereof;

"**Production Lenders**" means those Lenders who have made a Commitment under the Production Facility as set out in Schedule A and such other financial institutions as may in the future become parties hereto as Production Lenders;

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

"**Release**" means any release, spill, emission, leak, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the environment of Hazardous Materials including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or sub-surface strata;

"**Relevant Amount**" has the meaning set out in Section 1.4;

"**Repayment Notice**" means a notice of repayment under the Production Facility substantially in the form of Schedule E;

"**Required Lenders**" has the meaning set out in Section 2.18(a);

"**Revolving Facilities**" means collectively the Operating Facility and the Production Facility;

"**Revolving Lender**" means, at any time, each Operating Lender and Production Lender that is not then a Non-Agreeing Lender;

"**Revolving Period**" means the period expiring on June 16, 2016 and shall mean any extended 364-day Revolving Period thereafter agreed to by the Required Lenders pursuant to Section 2.18;

"**Responsible Officer**" means the president, chief executive officer, chief operating officer, chief financial officer or vice president-finance of the Borrower;

"**Rollover**" means:

(a) with respect to Bankers' Acceptances, the issuance of new Bankers' Acceptances or the making of new BA Equivalent Advances (subject to the provisions hereof) in respect of all or any portion of Bankers' Acceptances (or BA Equivalent Advances made in lieu thereof) maturing at the end of the Interest Period applicable thereto, all in accordance with Article 3 hereof; and

(b) with respect to Letters of Credit or Letters of Guarantee, the extension or replacement of an existing Letter of Credit or Letter of Guarantee, provided the beneficiary thereof (including any successors or permitted assigns thereof) remains the same, the maximum amount available to be drawn thereunder is not increased, the currency in which the same is denominated remains the same and the terms upon which the same may be drawn remain the same;

in each case, under the same credit facility under which the maturing Borrowing was made;

"**Rollover Date**" means the date of commencement of a new Interest Period applicable to a Borrowing and which shall be a Banking Day;

"**Rollover Notice**" means a notice substantially in the form of Schedule F to be given to the Administrative Agent by the Borrower pursuant hereto;

"**Sale/Lease-Back**" means any arrangement with any Person providing for the leasing of property by a Loan Party which property has been or is to be sold or transferred to such Person by a Loan Party;

"**Schedule I Lender**" means a Lender which is a Canadian chartered bank listed on Schedule I to the *Bank Act* (Canada);

"**Schedule II Lender**" means a Lender which is a Canadian chartered bank listed on Schedule II to the *Bank Act* (Canada);

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

"**Security**" means collectively, all security and documents granted or required pursuant to Article 12, including without limitation, the Borrower Security and the Subsidiary Security and any replacement security;

"**Security Interest**" means mortgages, charges, pledges, liens, hypothecs, assignments by way of security, conditional sales or other title retentions, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event, (a) rights of set-off created for the purpose of securing (directly or indirectly) any indebtedness, (b) the rights of lessors under Capital Leases and any other lease financing, and (c) absolute assignments of accounts receivable;

"**Standby Fees**" means those fees set out in Section 7.4;

"**Subsidiary**" means:

(a) any corporation of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues) is at the time directly, indirectly or beneficially owned or controlled by the Borrower, or one or more of its Subsidiaries, or any combination thereof;

(b) any partnership of which, at the time, the Borrower or one or more of its Subsidiaries, or any combination thereof:

(i) directly, indirectly or beneficially own or control at least 50% of the income, capital, beneficial or ownership interest (however designated) thereof; and

(ii) is a general partner, in the case of limited partnerships, or is a partner or has authority to bind the partnership, in all other cases; or

(c) any other Person of which at least a majority of the income, capital, beneficial or ownership interests (however designated) are at the time directly, indirectly or beneficially owned or controlled by the Borrower or one or more of its Subsidiaries, or any combination thereof;

(d) any other Person whose financial data is included in the consolidated financial statements of the Borrower;

"**Subsidiary Assets**" means collectively, all of the real and personal property, assets, undertakings, title, interests, rights, benefits owned by the Material Subsidiaries;

"**Subsidiary Security**" means the Security to be provided by all Material Subsidiaries in accordance with Article 12;

"**Taxes**" means all taxes, levies, imposts, stamp taxes, duties, fees, deductions, withholdings, charges, compulsory loans or restrictions or conditions resulting in a charge which are imposed, levied, collected, withheld or assessed by any country or political subdivision or taxing authority thereof now or at any time in the future, together with interest thereon and penalties, charges or other amounts with respect thereto, if any (but excluding any taxes, franchise taxes, levies, imposts or charges imposed, levied or assessed in respect of or applied on the overall net income or capital of the Administrative Agent or a Lender under the laws of any applicable jurisdiction), and "**Tax**" and "**Taxation**" shall be construed accordingly;

"**Term Facility**" means the non-revolving term credit facility in the principal amount specified from time to time in Schedule A, established by the Term Lenders in favour of the Borrower in accordance with the provisions hereof, subject to any reduction or increase in accordance with the provisions hereof;

"**Term Facility Maturity Date**" means March 31, 2016;

"**Term Lenders**" means those Lenders who have made a Commitment under the Term Facility as set out in Schedule A and such other financial institutions as may in the future become parties hereto as Term Lenders;

"**Term Out Period**" means, for each Revolving Lender, the period commencing on the end of the then-current Revolving Period and ending on the Term Out Maturity Date;

"**Term Out Maturity Date**" means, in respect of each Revolving Lender, the date which is 365 days after the end of the then-current Revolving Period (or if such Term Out Maturity Date is not a Banking Day, the immediately preceding Banking Day);

"**U.S. Dollar**" and the symbol "**U.S. $**" mean lawful money of the United States of America in same day immediately available funds and, if such funds are not available, the form of money of the United States of America that is customarily used in the settlement of international banking transactions on the day payment is due;

"**Voting Shares**" means:

(a) in respect of a corporation or limited liability company, shares of any class or equity ownership interests of such entity:

(i) carrying voting rights in all circumstances; or

(ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing;

provided that subparagraph (ii) above shall not include voting rights created solely by statute, such as those rights created pursuant to Section 183(4) of the *Business Corporations Act* (Alberta) as in effect on the date hereof;

(b) in respect to a trust, trust units of the trust:

(i) carrying voting rights in all circumstances; or

(ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing;

(c) in respect to a partnership, the partnership interests or partnership units:

(i) carrying voting rights in all circumstances; or

(ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing.

"**Working Capital Deficit**" means any amount by which Current Liabilities exceeds Current Assets.

1.2 Headings, Articles and Sections

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

1.3 Number; persons; including

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa and words and terms denoting inclusiveness (such as "include" or "includes" or "including" or "including without limitation"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.4 Accounting Principles

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

(b) If there occurs a material change in GAAP required by the promulgation of any rule, regulation, pronouncement or opinion by CICA, and in all events including changes resulting from the implementation of IFRS to the extent required by the Canadian Accounting Standards Board, and such change would require disclosure under GAAP in the financial statements and would cause an amount required to be determined hereunder ("**Relevant Amount**") to be materially different than the amount that would be determined without giving effect to such change, the Borrower shall notify the Lenders of such change ("**Accounting Change**"). Such notice ("**Accounting Change Notice**") shall describe the nature of the Accounting Change, its effect on the current and immediately prior fiscal quarter's and fiscal year's financial statements in accordance with GAAP and state whether the Borrower desires to revise the method of calculating the Relevant Amount (including the revision of any of the defined terms used in the determination of such Relevant Amount) in order that amounts determined after giving effect to such Accounting Change and the revised method of calculating such Relevant Amount will approximate the amount that would be determined without giving effect to such Accounting Change and without giving effect to the revised method of calculating such Relevant Amount. The Accounting Change Notice shall be delivered to the Administrative Agent within 45 days after the end of the fiscal quarter in which the Accounting Change is implemented or, if such Accounting Change is implemented in respect of an entire fiscal year, within 90 days after the end of such period. Promptly after receipt from the Borrower of an Accounting Change Notice, the Administrative Agent shall deliver to each Lender a copy of such notice.

If, pursuant to the Accounting Change Notice, the Borrower does not indicate that it desires to revise the method of calculating the Relevant Amount, the Lenders may, within 30 days after their receipt of the Accounting Change Notice or the receipt of any financial statement or report pursuant to Section 11.1(c), notify the Administrative Agent that they wish to revise the method of calculating the Relevant Amount in the manner described above. If the Majority Lenders so notify the Administrative Agent, the Administrative Agent shall promptly notify the Borrower.

If either the Borrower or the Majority Lenders so indicate that they wish to revise the method of calculating the Relevant Amount, the Borrower, the Administrative Agent and the Majority Lenders shall in good faith attempt to agree on a revised method of calculating the Relevant Amount, with the intent of having the respective positions of the Lenders and the Borrower after such Accounting Change conform as nearly as possible to their respective positions immediately prior to such Accounting Change; provided that, until any such revised method has been agreed upon, the Relevant Amount shall be calculated as if no such Accounting Change had occurred. For greater certainty, if no notice of a desire to revise the method of calculating the Relevant Amount in respect of an Accounting Change is given by either the Borrower or the Majority Lenders within the applicable time period described above, the method of calculating the Relevant Amount shall not be revised in response to such Accounting Change and all amounts to be determined pursuant to the Relevant Amount shall be determined after giving effect to such Accounting Change.

If a Compliance Certificate is delivered in respect of a fiscal quarter or fiscal year in which an Accounting Change is implemented without giving effect to any revised method of calculating any Relevant Amount, and subsequently, as provided above, the method of calculating any Relevant Amount is revised in response to such Accounting Change, or such Relevant Amount is to be determined without giving effect to such Accounting Change, the Borrower shall deliver a revised Compliance Certificate. Any Event of Default which arises as a result of the Accounting Change and which is cured by this Section 1.4 shall be deemed not have occurred.

1.5 References to Agreements and Enactments

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

1.6 Time

Except where otherwise indicated in this Agreement, any reference in the Agreement to a time shall mean local time in Calgary, Alberta.

1.7 Governing Law

This Agreement shall be governed by and construed in accordance with laws of the Province of Alberta and the laws of Canada applicable therein without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of the Loan Parties may be found. The parties hereto attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta. In addition, the Administrative Agent and Lenders may commence and prosecute legal proceedings against the Loan Parties pursuant to or in relation to the Documents in the courts of Alberta or such other jurisdiction or jurisdictions as the Lenders may, in their sole and absolute discretion, deem advisable, and the Borrower and the Material Subsidiaries attorn to the jurisdiction of the court or courts so selected by the Lenders.

1.8 Currency; Conversion To or From U.S. Dollars

Whenever an amount of money is referred to herein, such amount shall, unless otherwise expressly stated, be in Canadian Dollars. Where a Canadian Dollar amount has to be converted or expressed in U.S. Dollars (or vice-versa) the calculation shall be made on the relevant date at the Bank of Canada noon rate on the Banking Day immediately preceding the day of calculation for U.S. Dollars against Canadian Dollars (or vice-versa) on such date.

1.9 Counterparts

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

1.10 Conflict

In the event of a conflict among the terms of this Agreement and any other Document (such that the terms of such documents cannot co-exist) then the terms of this Agreement shall prevail. Without limiting the generality of the foregoing, if there is a right or remedy of the Lenders set out in any one Document which is not set out or provided for in another Document, such additional right or remedy shall not constitute a conflict or inconsistency.

1.11 Schedules

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

Schedule A	Lenders and Commitments
Schedule B	Compliance Certificate
Schedule C	Conversion Notice
Schedule D	Drawdown Notice
Schedule E	Repayment Notice

ARTICLE 2
THE CREDIT FACILITIES

2.1 Obligation of Lenders and Commitment

(a) Subject to the terms and conditions hereof: (i) each Production Lender, individually, and not jointly and severally, shall make available to the Borrower such Lender's Proportion of the Production Facility; (ii) the Operating Lender shall make available to the Borrower the Operating Facility, (iii) each Term Lender, individually, and not jointly and severally, shall make available to the Borrower such Lender's Proportion of the Term Facility; and (iv) NBC shall make available to the Borrower the MasterCard Facility.

(b) At no time shall the Outstanding Principal under the Production Facility exceed the total of the Commitment for the Production Facility as specified in Schedule A hereto, as may be reduced in accordance with the provisions of this Agreement. Subject to Section 2.17, upon any breach of this subclause (b), the Borrower shall immediately repay the excess amount to the Production Lenders to remedy the breach.

(c) At no time shall the Outstanding Principal under the Operating Facility exceed the Commitment for the Operating Facility as specified in Schedule A hereto, as may be reduced in accordance with the provisions of this Agreement. Subject to Section 2.17, upon any breach of this subclause (c), the Borrower shall immediately repay the excess amount to the Operating Lender to remedy the breach.

(d) At no time shall the Outstanding Principal under the Term Facility exceed the Commitment for the Term Facility as specified in Schedule A hereto, as may be reduced in accordance with the provisions of this Agreement. Upon any breach of this subclause (d), the Borrower shall immediately repay the excess amount to the Term Lenders to remedy the breach.

(e) At no time, but subject to Section 2.17, shall the total of the Outstanding Principal under the Revolving Facilities exceed the Borrowing Base. Subject to Section 2.17, upon any breach of this subclause (e), the Borrower shall immediately repay the excess amount to the Revolving Lenders to remedy the breach.

2.2 Purpose

The Credit Facilities are being made available to the Borrower for general corporate and operating purposes and capital requirements of the Borrower.

2.3 Advances and Obligations under Original Credit Agreement

(a) Concurrently with this Agreement becoming effective on the Effective Date:

(i) Advances made to the Borrower in respect of the Original Operating Facility shall be deemed to be outstanding as Advances in respect of the Operating Facility under this Agreement; and

(ii) Drawdowns made by the Borrower in respect of the Original Production Facility, other than Drawdowns which are converted to Drawdowns under the Term Facility pursuant to Section 2.5, shall be deemed to be outstanding as Drawdowns in respect of the Production Facility under this Agreement.

(b) Concurrently with this Agreement becoming effective on the Effective Date, each Existing LC which remains outstanding and which was previously issued by the Operating Lender at the request and for the account of the Borrower under the Original Credit Agreement shall be deemed to be outstanding as a Letter of Credit issued at the request of the Borrower by the Operating Lender hereunder until such time as a replacement Letter of Credit is issued under this Agreement.

(c) Concurrently with this Agreement becoming effective on the Effective Date, each Existing Financial Instrument which remains outstanding and which was previously entered into by the Borrower with a Lender or Hedging Affiliate shall be deemed to be continuing as Permitted Hedging between the Borrower and such Lender or Hedging Affiliate hereunder.

(d) The Borrower, the Agent and the Lenders acknowledge and agree that on the Effective Date, the Outstanding Principal under the Production Facility may not be outstanding in accordance with each Lender's Proportion of the Production Facility, and the Lenders hereby agree to take all steps and actions and to execute and deliver all agreements and other documents as may be required by the Agent or any of the Lenders (including the assignment of interests in, or the purchase of participations in, existing Advances) to give effect to the revised Commitment for the Production Facility.

2.4 Availments under Revolving Facilities

(a) During the Revolving Period of the Operating Lender, the Borrower may, within the limits provided herein, borrow from, repay to and reborrow from the Operating Lender in Canadian Dollars by way of Advances under the Operating Facility of Canadian Prime Rate Loans and by way of Drawdowns of Documentary Instruments in Canadian Dollars and U.S. Dollars.

(b) During the Revolving Period of each Production Lender, the Borrower may, within the limits provided herein, borrow from, repay to and reborrow from each Production Lender in Canadian Dollars by way of Drawdowns, Conversions and Rollovers under the Production Facility of Canadian Prime Rate Loans and, subject to availability, Acceptances and BA Equivalent Advances. Subject to market availability, Acceptances and BA Equivalent Advances shall be for periods of one, two or three months in duration.

(c) During the Term Out Period of a Revolving Lender, the Borrower may not re-borrow any amounts that are repaid to such Revolving Lender but may make Conversions and Rollovers.

2.5 Term Facility

(a) Subject to the provisions of this Agreement, the Term Lenders agree to make the Term Facility available to the Borrower in one single Drawdown on the Effective Date. On the Effective Date, Bankers' Acceptances in the principal amount of $40,000,000 shall be converted from Drawdowns under the Original Production Facility to Drawdowns under the Term Facility and the Applicable Margin in respect of such Bankers' Acceptances shall be adjusted as appropriate. Such conversion shall constitute the initial Drawdown under the Term Facility. The obligation of each Term Lender to make Advances to the Borrower under the Term Facility shall be several and shall not exceed its Lender's Proportion of the Term Facility. The Term Facility shall be non-revolving and fully drawn upon the conversion provided for herein. Upon such conversion, an equivalent portion of the Commitment for the Original Production Facility shall be permanently cancelled.

(b) At the option of the Borrower, the Term Facility may be utilized by way of Drawdowns, Conversions and Rollovers of Canadian Prime Rate Loans and, subject to availability, Acceptances and BA Equivalent Advances. Subject to market availability, Acceptances and BA Equivalent Advances shall be for periods of one, two or three months in duration.

(c) The Borrower shall repay to the Agent on behalf of the Lenders all outstanding Obligations in respect of the Term Facility by way of (i) one payment of all Outstanding Principal under the Term Facility due and payable on the Term Facility Maturity Date (such payment not to be made from Drawdowns under the Operating Facility or the Production Facility), and (ii) payments of accrued interest, due and payable monthly in arrears on each Interest Payment Date from and after the Effective Date; in each case until the Term Facility Maturity Date, on which date the balance of all outstanding Obligations in respect of the Term Facility shall become due and payable. The Borrower shall ensure that all Bankers' Acceptances issued under the Term Facility shall mature on or prior to the Term Facility Maturity Date.

(d) The Borrower shall use:

(i) 100% of the net proceeds of any equity or debt offering of the Loan Parties (including any proceeds resulting from increases to the Commitment for the Operating Facility or the Commitment for the Production Facility while any Obligations under the Term Facility remain outstanding); and

(ii) 100% of any net proceeds greater than $1,000,000 individually or in the aggregate from any sale of assets, monetization of a Financial Instrument, other monetization of assets or receipt of insurance proceeds by the Loan Parties, to forthwith repay outstanding Obligations, and permanently cancel corresponding Commitment, under the Term Facility.

2.6 MasterCard Facility

The Borrower may utilize the MasterCard Facility in accordance with the MasterCard Documents.

2.7 Minimum Drawdowns, Conversions and Rollovers

Each Drawdown, Conversion and Rollover under the Production Facility and the Term Facility of the following types of Borrowings shall be in the following amounts indicated:

(a) Canadian Prime Rate Loans in a minimum aggregate amount of Cdn. $1,000,000 and Drawdowns in excess thereof in integral multiples of Cdn. $100,000; and

(b) Acceptances and BA Equivalent Advances in a minimum aggregate amount of Cdn. $1,000,000 and Drawdowns in excess thereof in integral multiples of Cdn. $100,000.

Drawdowns under the Operating Facility of Letters of Credit and Letters of Guarantee may be in any amount, subject to the limitation in Section 4.1.

2.8 Utilization of Credit Facilities

(a) Subject to the provisions hereof, the Borrower may obtain Advances of Canadian Prime Rate Loans and repay and re-borrow (but no re-borrowing allowed during the Term Out Period of the Operating Lender) such Loans under the Operating Facility at any time and from time to time in the following manner:

(i) the Borrower authorizes the Operating Lender, daily or otherwise as and when determined by the Operating Lender from time to time, to ascertain the balance in respect to the Canadian Dollar Account and:

A. if such balance is positive, the Operating Lender will apply such balance, rounded to the nearest Cdn. $100,000, as a repayment of the Operating Facility, and the Operating Lender will debit the Canadian Dollar Account with the amount of such repayment; and

B. if such balance is negative, the Operating Lender will make an Advance of a Canadian Prime Rate Loan under the Operating Facility in the amount, rounded to the nearest Cdn. $100,000 as is required to place the Canadian Dollar Account in a positive balance, and the Operating Lender will credit the Canadian Dollar Account with the amount of such Advance;

provided that at no time shall the Outstanding Principal under the Operating Facility exceed the Commitment for the Operating Facility; and

(ii) payments of principal, interest, fees and other amounts to be made by the Borrower to the Operating Lender pursuant to this Agreement shall be made to the Operating Lender in the currency in which the Borrowing is outstanding.

(b) Subject to the provisions hereof, the Borrower may request the issuance of, or the Rollover of, a Letter of Credit or Letter of Guarantee under the Operating Facility by delivering a Drawdown Notice or Rollover Notice, as the case may be (executed in accordance with the definition of Officer's Certificate), to the Operating Lender not later than 10:00 a.m. (Calgary time) three Banking Days prior to the proposed Drawdown Date or Rollover Date, as the case may be.

(c) Subject to the provisions hereof, the Borrower may make a Drawdown, Conversion or Rollover under the Production Facility or the Term Facility by delivering a Drawdown Notice, Conversion Notice or Rollover Notice, as the case may be (executed in accordance with the definition of Officer's Certificate), with respect to a specified type of Borrowing to the Administrative Agent not later than:

(i) 10:00 a.m. (Calgary time) two Banking Days prior to the proposed Drawdown Date, Conversion Date or Rollover Date, as the case may be, for the Drawdown of, Conversion into or Rollover of Bankers' Acceptances; and

(ii) 10:00 a.m. (Calgary time) one Banking Day prior to the proposed Drawdown Date or Conversion Date, as the case may be, for Drawdowns of or Conversions into Canadian Prime Rate Loans.

2.9 Conversion Option

Subject to the provisions of this Agreement, the Borrower may convert the whole or any part of any type of Borrowings under the Production Facility or the Term Facility into any other type of Borrowing under the Production Facility or the Term Facility by giving the Administrative Agent a Conversion Notice in accordance herewith; provided that:

(a) Conversions of Bankers' Acceptances may only be made on the last day of the Interest Period applicable thereto;

(b) the Borrower may not convert a portion only or the whole of an outstanding Borrowing unless both the unconverted portion and converted portion of such Borrowing are equal to or exceed the minimum amounts required for Drawdowns of Borrowings of the same type as that portion; and

(c) a Conversion shall not result in an increase in Outstanding Principal; increases in Outstanding Principal may only be effected by Drawdowns.

2.10 Rollovers and Conversions

Any amount converted shall be a Borrowing of the type converted to upon such Conversion taking place, and any amount rolled over shall continue to be the same type of Borrowing under the Operating Facility, Production Facility or the Term Facility, as applicable, as before the Rollover, but such Conversion or Rollover (to the extent of the amount converted or rolled over) shall not of itself constitute a repayment or a fresh utilization of any part of the amount available under the relevant credit facility.

2.11 Administrative Agent's Obligations Under the Production Facility and the Term Facility with Respect to Canadian Prime Rate Loans

Upon receipt of a Drawdown Notice, Rollover Notice or Conversion Notice with respect to a Canadian Prime Rate Loan under the Production Facility or the Term Facility, the Administrative Agent shall forthwith notify the Production Lenders or the Term Lenders, as applicable, of the requested type of Loan, the proposed Drawdown Date, Rollover Date or Conversion Date, each Lender's Proportion of such Loan and, if applicable, the account of the Administrative Agent to which each Lender's Proportion is to be credited.

2.12 Lenders' and Administrative Agent's Obligations Under the Production Facility and the Term Facility with Respect to Canadian Prime Rate Loans

Each Lender shall, for same day value on the Drawdown Date specified by the Borrower in a Drawdown Notice with respect to a Canadian Prime Rate Loan under the Production Facility or the Term Facility, credit the Administrative Agent's account specified in the Administrative Agent's notice given under Section 2.11 with such Lender's Proportion of each such requested Loan and for same day value on the same date the Administrative Agent shall pay to the Borrower the full amount of the amounts so credited in accordance with any payment instructions set forth in the applicable Drawdown Notice.

2.13 Irrevocability

A Drawdown Notice, Rollover Notice, Conversion Notice or Repayment Notice given by the Borrower hereunder shall be irrevocable and, subject to any options the Lenders may have hereunder in regard thereto and the Borrower's rights hereunder in regard thereto, shall oblige the Borrower to take the action contemplated on the date specified therein.

2.14 Non-Contribution of a Lender

Unless previously notified in writing by a Lender to the Administrative Agent no less than two Banking Days before a Borrowing (one Banking Day for Canadian Prime Rate Loans) under one of the Credit Facilities is to be effected that such Lender does not intend to make available to the Administrative Agent its Lender's Proportion of such Borrowing, the Administrative Agent may assume that such Lender will be making its Lender's Proportion of such Borrowing available to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower an amount corresponding to such Lender's Proportion of such Borrowing provided that failure by a Lender to give such notice to the Administrative Agent does not relieve such Lender from making available its Lender's Proportion of such Borrowing. If such Lender fails to make its Lender's Proportion of the relevant Borrowing available to the Administrative Agent on the relevant date, the Administrative Agent shall be entitled to recover on demand the amount of such Lender's Proportion of the Borrowing from such Lender or, failing recovery from such Lender, from the Borrower on one day's notice (without prejudice to the rights the Borrower may have against such Lender). Interest payable to the Administrative Agent for its own account shall accrue on the amount of such Lender's Proportion of such Borrowing during the period prior to recovery at a rate per annum equal to (i) in the case of amounts paid by a Lender within three Banking Days of the date such amount was payable to the Administrative Agent, the rate customarily applicable to interbank payments, and (ii) in the case of amounts paid by a Lender more than three Banking Days after the date such amount was payable to the Administrative Agent or paid by the Borrower at any time, the rate applicable to a Canadian Prime Rate Loan under the Credit Facilities. No Lender shall be responsible for the failure of any other Lender to make a Borrowing or provide funds.

2.15 Hedging with Lenders

(a) If a Lender or its Hedging Affiliate makes a Financial Instrument available to a Loan Party and such Lender or Hedging Affiliate is advised by such Loan Party pursuant to Section 2.15(b) and believes, acting reasonably, without any actual notice or knowledge to the contrary, that such Financial Instrument is Permitted Hedging, then the Hedging Obligations associated with such Financial Instrument shall be secured by the Security pari passu with the Obligations, regardless of whether the Loan Party has breached Section 11.1(h)(vi) (but, for certainty, without in any manner lessening or relieving the Loan Party from its obligation to comply therewith).

(b) At the time of entering into each Financial Instrument with a Lender or its Hedging Affiliate, a Loan Party shall be deemed to represent and warrant to the Lender and its Hedging Affiliate that such Financial Instrument is Permitted Hedging. The Compliance Certificate shall contain in reasonable detail all relevant information with respect to all Financial Instruments of the Borrower and Material Subsidiaries, and upon request of the Administrative Agent, acting reasonably, at any other time, the Borrower shall provide such information to the Administrative Agent.

(c) Without further action or execution of documents the Borrower shall be jointly and severally liable with the Material Subsidiaries for all Hedging Obligations arising out of any Financial Instruments entered into by any of the Material Subsidiaries.

2.16 Borrowing Base

In respect of the Borrowing Base, the following provisions shall apply:

(a) On or before April 30 in each year, the Borrower shall deliver to the Administrative Agent, for delivery to each Revolving Lender, an Engineering Report as to its and any Material Subsidiaries' reserves as of the immediately preceding December 31 prepared by an Independent Engineer together with a Borrowing Base Certificate. On or before September 30 in each year, the Borrower shall deliver to the Administrative Agent, for delivery to each Revolving Lender, an Engineering Report as to its and any Material Subsidiaries' reserves as of the immediately preceding June 30 prepared by internal petroleum engineers of the Borrower or, if required by the Majority Revolving Lenders, by an Independent Engineer, together with a Borrowing Base Certificate.

(b) Within 60 days of the receipt of an Engineering Report and Borrowing Base Certificate pursuant to Section 2.16(a) and all other information reasonably requested by the Revolving Lenders, and in conformity with the terms of this Section 2.16, the Revolving Lenders shall determine the Borrowing Base and shall deliver to the Borrower a written notice, in substantially the form set out in Schedule G hereto, specifying such determination (a "**Borrowing Base Notice**"). All determinations of the Borrowing Base under this Section 2.16 shall be made by the Revolving Lenders in their sole discretion in accordance with their normal and customary petroleum and natural gas lending criteria and practices in effect at the time of determination for loans to borrowers in the Canadian petroleum and natural gas industry. The determined Borrowing Base shall be effective and shall be the Borrowing Base under this Agreement immediately upon receipt by the Borrower of the Borrowing Base Notice and shall continue until a subsequent determination of the Borrowing Base. Under no circumstances shall the Borrowing Base determined by the Revolving Lenders exceed the lesser of (i) the total Commitments for the Revolving Facilities, and (ii) the Borrowing Base requested in the Borrowing Base Certificate.

(c) Any increase or decrease in the Borrowing Base or maintenance of the Borrowing Base at the same amount shall require the consent of all of the Revolving Lenders in their sole discretion and in any event shall not, unless otherwise agreed to by all of the Revolving Lenders in their sole discretion, result in any change to the total Commitments for the Operating Facility and Production Facility.

(c.1) If all of the Revolving Lenders cannot agree on the amount of the Borrowing Base by the required time set out in Section 2.16(b), then the Borrowing Base shall be deemed to have been determined by the Revolving Lenders as the lowest Borrowing Base amount proposed by a Revolving Lender or Revolving Lenders (each acting in good faith) (such Revolving Lender, a "**Lowest Borrowing Base Lender**") to the Administrative Agent and other Revolving Lenders by written notice, and the Administrative Agent shall promptly deliver a Borrowing Base Notice to the Borrower (with a copy thereof to each Revolving Lender) specifying such Borrowing Base.

(c.2) If the Borrowing Base has been determined pursuant to Section 2.16(c.1), then the Borrower shall have the right, prior to the end of the then-current Revolving Period (or within 60 days of receipt of the Borrowing Base Notice if the Borrowing Base was determined at a time other than in and around the end of a Revolving Period), to have the Lowest Borrowing Base Lender assign the Borrowings owing to the Lowest Borrowing Base Lender under the Revolving Facilities and the Commitments of the Lowest Borrowing Base Lender for the Revolving Facilities to the other Revolving Lenders or to other financial institutions acceptable to the Administrative Agent (acting reasonably) or fully pay out any Lowest Borrowing Base Lender pursuant to the provisions of Section 2.18(d) as if the Lowest Borrowing Base Lender were a Non-Agreeing Lender and the provisions of Section 2.18(d) shall apply thereto, *mutatis mutandis*.

(d) Unless otherwise agreed by the Revolving Lenders, if the Borrowing Base is reduced or increased, the Borrowing Base allocated to the Production Facility shall be reduced or increased by the full amount of the Borrowing Base reduction or increase, and the Borrowing Base allocated to the Operating Facility shall remain as per Schedule A. Unless otherwise agreed by the Revolving Lenders, for each reduction of the Borrowing Base, the total Commitment of each of the Revolving Lenders under the Revolving Facilities shall be reduced pro rata in the same proportion that the amount of the reduction in the Borrowing Base bears to the amount of the Borrowing Base in effect immediately prior to such redetermination with the apportionment of the total Commitment of the Operating Lender who is also a Production Lender as between the Operating Facility and Production Facility being adjusted accordingly based upon the allocation of the Borrowing Base to the Operating Facility.

(e) At the request of the Majority Revolving Lenders, the Borrowing Base shall be re-determined in accordance with the provisions of this Section 2.16: (i) in the event there has been a change resulting in a Material Adverse Effect as determined by the Majority Revolving Lenders in their sole discretion acting reasonably; (ii) in the event Loan Parties dispose of assets (excluding undeveloped P&NG Rights) which, when taken in the aggregate in respect of all such sales and dispositions by the Loan Parties since the last determination or redetermination of the Borrowing Base, are equal to or exceed 5% of the amount of the Borrowing Base most recently determined or redetermined; and (iii) when a Loan Party has monetized or settled a fixed price Commodity Agreement used in the determination of the Borrowing Base.

(f) Once in any calendar year, the Borrower may, upon written notice to the Administrative Agent, request that the Administrative Agent re-determine the Borrowing Base in accordance with the provisions of this Section 2.16.

(g) At any time that Obligations are outstanding under the Term Facility, once each calendar year, the Majority Lenders may, upon written notice to the Administrative Agent, request an additional re-determination of the Borrowing Base in accordance with the provisions of this Section 2.16.

(h) For re-determinations of the Borrowing Base in accordance with subclauses (e), (f) and (g) above, the Borrower shall provide the Administrative Agent with a Borrowing Base Certificate, Engineering Report and such additional information as the Revolving Lenders may reasonably require in order to make such determinations. The Revolving Lenders shall forthwith thereafter redetermine the Borrowing Base in accordance with the provisions of this Section 2.16.

(i) The Borrowing Base is $110,000,000.

2.17 Borrowing Base Shortfall

If at any time any re-determination of the Borrowing Base results in the total of the Outstanding Principal under the Revolving Facilities exceeding the Borrowing Base (such difference being the "**Borrowing Base Shortfall**") then, until such Borrowing Base Shortfall has been eliminated in accordance with this Section 2.17: (i) no Drawdowns or Advances (other than Conversions and Rollovers) shall be available under the Revolving Facilities without the prior unanimous approval of the Revolving Lenders; and (ii) no assets of the Borrower and the Material Subsidiaries (excluding, for certainty, severed production sold in the ordinary course of business) may be disposed of without the prior unanimous approval of all Lenders other than dispositions for cash at fair market value or more where the proceeds from such dispositions are used to repay the Borrowing Base Shortfall. Subject to an Event of Default occurring requiring payment earlier, such Borrowing Base Shortfall shall be fully repaid within 60 days of the occurrence of such Borrowing Base Shortfall ("**Shortfall Period**"); provided, however, that the

Borrower shall be entitled to request, within the Shortfall Period, an increase in the Borrowing Base by adding additional petroleum and natural gas reserves to the Borrowing Base such that the existing Borrowing Base Shortfall shall no longer exist. Any request to increase the Borrowing Base pursuant to this Section shall be in writing and shall be accompanied by the delivery of proposed Security over additional assets of the Borrower and the Material Subsidiaries and such other information as the Revolving Lenders may request. The Revolving Lenders shall determine in their sole discretion whether they are satisfied that the proposed Security and additional assets are adequate to allow the requested increase in the Borrowing Base and shall advise the Administrative Agent of such determination as soon as possible. If the request of the Borrower to increase the Borrowing Base is rejected by the Revolving Lenders, the Borrower shall repay such Borrowing Base Shortfall within the Shortfall Period in accordance with this Section 2.17. If the Borrower fails to comply with the foregoing within the Shortfall Period, such failure shall be an Event of Default for the purposes of this Agreement as provided for in Section 13.1(k).

2.18 Extension of Revolving Period

(a) Provided that there is no Default or Event of Default in existence, the Borrower may request ("**Borrower Request**") that the Revolving Period of each Revolving Lender be extended for additional 364-day periods by written notice to the Administrative Agent no earlier than 90 days and no later than 45 days prior to the end of the then-current Revolving Period. With any such request, the Borrower shall provide to the Revolving Lenders all information the Revolving Lenders may reasonably request, including a Borrowing Base Certificate. Any extension of the Revolving Period shall require approval of Revolving Lenders whose Commitments for the Revolving Facilities are in aggregate in excess of 66 2/3% of the Commitments of all Revolving Lenders for the Revolving Facilities ("**Required Lenders**"). No later than 30 days after such Borrower Request, the Administrative Agent shall provide a written notice to the Borrower confirming either: (i) the Required Lenders will extend the then-current Revolving Period for an additional 364-day period and the names of any Revolving Lenders which did not agree to the extension ("**Non-Agreeing Lenders**"); or (ii) the Required Lenders will not extend the then-current Revolving Period.

(b) If the Borrower does not make the Borrower Request during the required period described above, or if the Borrower makes such Borrower Request and such Borrower Request is not agreed to by the Required Lenders, then the Revolving Period is not extended, all Revolving Lenders shall be deemed Non-Agreeing Lenders and the Term Out Period for each Non-Agreeing Lender shall commence at the end of the then-current Revolving Period. The Commitment of each Non-Agreeing Lender for the Revolving Facilities shall reduce to the Outstanding Principal of each Non-Agreeing Lender under the Revolving Facilities as of the date of the commencement of the Term Out Period. During the Term Out Period, the Borrower may not re-borrow any amounts that may be repaid to the Non-Agreeing Lenders (but may make Conversions and Rollovers) and each payment of Outstanding Principal under the Revolving Facilities made to a Non-Agreeing Lender during the Term Out Period shall be a permanent reduction of such Non-Agreeing Lender's Commitment for the Revolving Facilities in the amount of such payment. On the Term Out Maturity Date of a Non-Agreeing Lender, all Obligations under the Revolving Facilities to such Non-Agreeing Lender shall become due and payable, the Borrower shall pay and satisfy all such Obligations in full to such Non-Agreeing Lender and the Commitment of such Non-Agreeing Lender for the Revolving Facilities shall be terminated.

(c) If all of the Revolving Lenders agree to extend the then-current Revolving Period, then the Revolving Period shall then be extended for an additional 364-day period in respect of the Commitments of each Revolving Lender for the Revolving Facilities.

(d) If less than all of the Revolving Lenders, but the Required Lenders, agree to extend the then-current Revolving Period ("**Agreeing Lenders**"), then: (a) prior to the end of the then-current Revolving Period, the Borrower may replace, in accordance with the terms of this Agreement, or, if no Default or Event of Default is then in existence, repay, such Non-Agreeing Lenders; and (b) the Revolving Period shall then be extended for an additional 364-day period in respect of the Commitments of each Agreeing Lender for the Revolving Facilities, including any replacement Revolving Lenders.

(e) If, prior to the end of the then-current Revolving Period, all of the Non-Agreeing Lenders have not been replaced with a new Revolving Lender or repaid, then the Term Out Period for the Non-Agreeing Lenders shall commence at the end of the then-current Revolving Period of such Non-Agreeing Lender. Each Non-Agreeing Lender's Commitment for the Revolving Facilities shall reduce to the Outstanding Principal of each Non-Agreeing Lender under the Revolving Facilities as of the date of the commencement of its Term Out Period. During the Term Out Period, the Borrower may not re-borrow any amounts that may be repaid to the Non-Agreeing Lenders (but may make Conversions and Rollovers) and each payment of Outstanding Principal made to a Non-Agreeing Lender under the Revolving Facilities during the Term Out Period shall be a permanent reduction of such Non-Agreeing Lender's Commitment for the Revolving Facilities in the amount of such payment. On the Term Out Maturity Date of a Non-Agreeing Lender, all Obligations to such Non-Agreeing Lender under the Revolving Facilities shall become due and payable, the Borrower shall pay and satisfy all such Obligations in full and the Commitment of such Non-Agreeing Lender for the Revolving Facilities shall be terminated.

(f) If the Operating Lender becomes a Non-Agreeing Lender, then the Borrower may repay or term out the Operating Facility or replace the Operating Lender, in accordance with the above provisions, independent of repaying or terming out such Lender's share of the Production Facility or replacing such Lender as a Production Lender.

(g) The Borrower agrees that consideration of any request for an extension of the Revolving Period constitutes an independent credit decision which each Revolving Lender retains the absolute and unfettered discretion to make, and that no commitment in this regard is given by any Revolving Lender and that any extension of the Revolving Period may be on such terms and conditions in addition to those set out herein as the Revolving Lenders may stipulate and the Borrower may agree to.

2.19 Financial Advisor

The Administrative Agent may, at the direction of the Majority Lenders in their sole discretion, at any time, at the cost of the Borrower, appoint a financial advisor to monitor the financial position of the Borrower and report to the Administrative Agent and the Lenders on such terms as are acceptable to the Majority Lenders in their sole discretion.

ARTICLE 3
BANKERS' ACCEPTANCES

3.1 Bankers' Acceptances

The Borrower may give the Administrative Agent notice that Bankers' Acceptances will be required under the Production Facility or the Term Facility pursuant to a Drawdown, Rollover or Conversion. The following provisions in this Article 3 apply to Bankers' Acceptances and BA Equivalent Advances made by the Production Lenders under the Production Facility and by the Term Lenders under the Term Facility.

3.2 Form and Execution of Bankers' Acceptances

The following provisions shall apply to each Bankers' Acceptance hereunder:

(a) the face amount at maturity of each draft drawn by the Borrower to be accepted as a Bankers' Acceptance shall be in integral multiples of $100,000;

(b) the term to maturity of each draft drawn by the Borrower to be accepted as a Bankers' Acceptance shall, subject to market availability as determined by the Administrative Agent, be one, two or three months in duration, as selected by the Borrower in the relevant Drawdown, Rollover or Conversion Notice, and each Bankers' Acceptance shall be payable and mature on the last day of the Interest Period selected by the Borrower for such Bankers' Acceptance provided that the Bankers' Acceptances shall not have a maturity exceeding the Term Out Maturity Date of the applicable Lender; and

(c) each draft drawn by the Borrower and presented for acceptance by a Lender shall be drawn on the standard form of such Lender in effect at the time.

3.3 Power of Attorney; Provision of Bankers' Acceptances to Lenders

(a) The Borrower hereby irrevocably appoints each Lender, acting by any authorized signatory of the Lender in question, the attorney of the Borrower:

(i) to make the necessary arrangements for the negotiation of Bankers' Acceptances;

(ii) to sign for and on behalf and in the name of the Borrower as drawer, drafts in such Lender's standard form which are depository bills as defined in the DBNA, payable to a "**clearing house**" (as defined in the DBNA) including, without limitation, The Canadian Depository For Securities Limited or its nominee, CDS & Co. (the "**clearing house**");

(iii) for drafts which are not depository bills, to sign for and on behalf and in the name of the Borrower as drawer and to endorse on its behalf, Bankers' Acceptances drawn on the Lender payable to the order of the undersigned or payable to the order of such Lender;

(iv) to fill in the amount, date and maturity date of such Bankers' Acceptances; and

(v) to deposit and/or deliver such Bankers' Acceptances which have been accepted by such Lender;

provided that such acts in each case are to be undertaken by the Lender in question strictly in accordance with instructions given to such Lender by the Borrower as provided in this Section. For certainty, signatures of any authorized signatory of a Lender may be mechanically reproduced by facsimile on Bankers' Acceptances in accordance herewith and such facsimile signatures shall be binding and effective as if they had been manually executed by such authorized signatory of such Lender.

Instructions from the Borrower to a Lender relating to the execution, completion, endorsement, deposit and/or delivery by that Lender on behalf of the Borrower of Bankers' Acceptances which the Borrower wishes to submit to the Lender for acceptance by the Lender shall be communicated by the Borrower in writing to the Administrative Agent by delivery to the Administrative Agent of Drawdown Notices, Conversion Notices and Rollover Notices, as the case may be, in accordance with this Agreement which, in turn, shall be communicated by the Administrative Agent, on behalf of the Borrower, to the Lender.

The communication in writing by the Borrower, or on behalf of the Borrower by the Administrative Agent, to the Lender of the instructions set out in the Drawdown Notices, Conversion Notices and Rollover Notices referred to above shall constitute (a) the authorization and instruction of the Borrower to the Lender to sign for and on behalf and in the name of the Borrower as drawer of the requested Bankers' Acceptances and to complete and/or endorse Bankers' Acceptances in accordance with such information as set out above and (b) the request of the Borrower to the Lender to accept such Bankers' Acceptances and deposit the same with the clearing house or deliver the same, as the case may be, in each case in accordance with this Agreement and such instructions. The Borrower acknowledges that a Lender shall not be obligated to accept any such Bankers' Acceptances except in accordance with the provisions of this Agreement.

A Lender shall be and it is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to that Lender as provided herein if the Lender reasonably believes such instructions to be genuine. If a Lender accepts Bankers' Acceptances pursuant to any such instructions, that Lender shall confirm particulars of such instructions and advise the Administrative Agent that it has complied therewith by notice in writing addressed to the Administrative Agent and served personally or sent by telecopier in accordance with the provisions hereof. A Lender's actions in compliance with such instructions, confirmed and advised to the Administrative

Agent by such notice, shall be conclusively deemed to have been in accordance with the instructions of the Borrower.

(b) The power of attorney referred to in the subclause above may be revoked by the Borrower with respect to any particular Lender at any time upon not less than five Banking Days' prior written notice served upon the Lender in question and the Administrative Agent, provided that no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any Bankers' Acceptance executed, completed, endorsed, deposited and/or delivered in accordance herewith prior to the time at which such revocation becomes effective.

(c) By 10:00 a.m. (Calgary time) on the applicable Drawdown Date, Conversion Date or Rollover Date, the Borrower shall be deemed to have authorized each such Lender to sign on behalf of the Borrower, complete and accept, drafts drawn by the Borrower on such Lender in a principal amount at maturity equal to such Lender's share of the Bankers' Acceptances specified by the Borrower in the relevant Drawdown Notice, Conversion Notice or Rollover Notice, as the case may be, as notified to the Lenders by the Administrative Agent.

3.4 Mechanics of Issuance

(a) Upon receipt by the Administrative Agent of a Drawdown Notice, Conversion Notice or Rollover Notice from the Borrower requesting the issuance of Bankers' Acceptances, the Administrative Agent shall promptly notify the Lenders thereof and advise each Lender of the aggregate face amount of Bankers' Acceptances to be accepted and purchased by such Lender, the date of issue and the Interest Period for such Borrowing; the apportionment among the Lenders of the face amounts of Bankers' Acceptances to be accepted by each Lender shall be determined by the Administrative Agent by reference and in proportion to the respective Commitments of each Lender, provided that, when such apportionment cannot be evenly made, the Administrative Agent shall round allocations amongst such Lenders consistent with the Administrative Agent's normal money market practices.

(b) On each Drawdown Date, Rollover Date or Conversion Date involving the issuance of Bankers' Acceptances:

(i) before 9:00 a.m. (Calgary time) on such date, the Administrative Agent shall determine the CDOR Rate and shall obtain quotations from each Schedule II Lender or Schedule III Lender of the BA Discount Rate then applicable to bankers' acceptances accepted by such Schedule II Lender or Schedule III Lender in respect of an issue of bankers' acceptances in a comparable amount and with comparable maturity to the Bankers' Acceptances proposed to be issued on such date;

(ii) on or about 9:00 a.m. (Calgary time) on such date, the Administrative Agent shall determine the BA Discount Rate applicable to each Lender and shall advise each Lender of the BA Discount Rate applicable to it;

(iii) each Lender shall complete and accept, in accordance with the Drawdown Notice, Conversion Notice or Rollover Notice delivered by the Borrower and advised by the Administrative Agent in connection with such issue, its share of the Bankers' Acceptances to be issued on such date; and

(iv) in the case of a Drawdown, each Lender shall, for same day value on the Drawdown Date, remit the Discount Proceeds or advance the BA Equivalent Advance, as the case may be, payable by such Lender (net of the acceptance fee payable to such Lender pursuant to Section 7.3) to the Administrative Agent for the account of the Borrower; the Administrative Agent shall make such funds available to the Borrower for same day value on such date.

(c) Each Lender may at any time and from time to time hold, sell, rediscount or otherwise dispose of any or all Bankers' Acceptances accepted and purchased by it,

3.5 Rollover, Conversion or Payment on Maturity

In anticipation of the maturity of Bankers' Acceptances, the Borrower shall, subject to and in accordance with the requirements hereof, do one or a combination of the following with respect to the aggregate face amount at maturity of all such Bankers' Acceptances:

(a) (i) deliver to the Administrative Agent a Rollover Notice that the Borrower intends to draw and present for acceptance on the maturity date new Bankers' Acceptances (issued under the same credit facility as the maturing Bankers' Acceptances) in an aggregate face amount up to the aggregate amount of the maturing Bankers' Acceptances; and (ii) on the maturity date pay to the Administrative Agent for the account of the Lenders an additional amount equal to the difference between the aggregate face amount of the maturing Bankers' Acceptances and the Discount Proceeds of such new Bankers' Acceptances;

(b) (i) deliver to the Administrative Agent a Conversion Notice requesting a Conversion of the maturing Bankers' Acceptances to a Canadian Prime Rate Loan under the same credit facility as the maturing Bankers' Acceptances; and (ii) on the maturity date pay to the Administrative Agent for the account of the Lenders an amount equal to the difference, if any, between the aggregate face amount of the maturing Bankers' Acceptances and the amount of the Canadian Prime Rate Loans into which Conversion is requested; or

(c) (i) deliver to the Administrative Agent a Repayment Notice giving notice of the repayment of the maturing Bankers' Acceptances; and (ii) on the maturity date of the maturing Bankers' Acceptances, pay to the Administrative Agent for the account of the Lenders an amount equal to the aggregate face amount of such Bankers' Acceptances.

If the Borrower fails to so notify the Administrative Agent or make such payments on maturity, the Administrative Agent shall effect a Conversion into a Canadian Prime Rate Loan under the applicable credit facility of the entire amount of such maturing Bankers' Acceptances as if a Conversion Notice had been given by the Borrower to the Administrative Agent to that effect.

3.6 Restriction on Rollovers and Conversions

Subject to the other provisions hereof, Conversions and Rollovers of Bankers' Acceptances may only occur on the maturity date thereof.

3.7 Rollovers

In order to satisfy the continuing liability of the Borrower to a Lender for the face amount of maturing Bankers' Acceptances accepted by such Lender, the Lender shall receive and retain for its own account the Discount Proceeds of new Bankers' Acceptances issued on a Rollover, and the Borrower shall on the maturity date of a Bankers' Acceptance being rolled over pay to the Administrative Agent for the account of the applicable Lender an amount equal to the difference between the face amount of the maturing Bankers' Acceptance and the Discount Proceeds from the new Bankers' Acceptance, together with the acceptance fees to which the Lender is entitled pursuant to Section 7.3.

3.8 Conversion into Bankers' Acceptances

In respect of Conversions into Bankers' Acceptances, in order to satisfy the continuing liability of the Borrower to the Lenders for the amount of the converted Canadian Prime Rate Loan, each Lender shall receive and retain for its own account the Discount Proceeds of the Bankers' Acceptance issued upon such Conversion, and the Borrower shall on the Conversion Date pay to the Administrative Agent for the account of the applicable Lenders an amount equal to the difference between the principal amount of the converted Borrowing and the aggregate Discount Proceeds from the Bankers' Acceptances issued on such Conversion, together with the acceptance fees to which the applicable Lenders are entitled pursuant to Section 7.3.

3.9 Conversion from Bankers' Acceptances

In order to satisfy the continuing liability of the Borrower to the Lenders for an amount equal to the aggregate face amount of the maturing Bankers' Acceptances converted to another type of Borrowing, the Administrative Agent shall record the obligation of the Borrower to the Lenders as a Borrowing of the type into which such continuing liability has been converted.

3.10 BA Equivalent Advances

Notwithstanding the foregoing provisions of this Article, a Non-Acceptance Lender shall, in lieu of accepting Bankers' Acceptances, make a BA Equivalent Advance. BA Equivalent Advances shall be effected or maintained as Borrowings by a Non-Acceptance Lender in an amount equal to its nominal pro rata share of the face amount of such Bankers' Acceptance and not equal to the Discount Proceeds. Any BA Equivalent Advance shall be made on the relevant Drawdown Date, Rollover Date or Conversion Date as the case may be and shall remain outstanding for the term of the relevant Bankers' Acceptances. Concurrent with the making of a BA Equivalent Advance, a Non-Acceptance Lender shall be entitled to deduct therefrom an amount equal to the acceptance fee which, but for this Section, such Lender would otherwise be entitled to receive as part of such Borrowing and the applicable Discount. Subject to Section 3.5, upon the maturity date for such Bankers' Acceptances, the Borrower shall pay to each Non-Acceptance Lender the amount of its BA Equivalent Advance.

All references herein to "Borrowings", "Acceptances", "BAs" and "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 Drawdown, Conversion or Rollover of Bankers' Acceptances.

3.11 Failure to Accept Bankers' Acceptances

If at any time a Lender ceases to accept Bankers' Acceptances in the ordinary course of its business, such Lender shall be deemed to be a Non-Acceptance Lender and shall make BA Equivalent Advances in lieu of accepting Bankers' Acceptances under this Agreement.

ARTICLE 4
LETTERS OF CREDIT AND LETTERS OF GUARANTEE

4.1 Availability

Subject to the provisions hereof, the Operating Lender shall issue Letters of Credit or Letters of Guarantee under the Operating Facility in accordance with the Drawdown Notices of the Borrower; provided that the aggregate Outstanding Principal represented by all outstanding Letters of Credit and Letters of Guarantee shall not exceed Cdn. $10,000,000 without the prior written consent of the Operating Lender. The issuance of Letters of Credit or Letters of Guarantee shall constitute Drawdowns hereunder and shall reduce the availability of the Operating Facility by the aggregate Outstanding Principal of such Letters of Credit and Letters of Guarantee.

4.2 Currency and Form

Letters of Credit and Letters of Guarantee issued pursuant hereto shall be denominated in Canadian Dollars or U.S. Dollars and amounts payable thereunder shall be paid in the currency in which the Letter of Credit or Letter of Guarantee is denominated. Letters of Credit and Letters of Guarantee shall be in a form satisfactory to the Operating Lender and shall have a term not in excess of one year or the Term Out Maturity Date of the Operating Lender.

4.3 No Conversion

Except as provided in Section 4.4, the Borrower may not effect a Conversion of a Letter of Credit or Letter of Guarantee.

4.4 Reimbursement or Conversion on Presentation; Operating Lender Indemnity

(a) On presentation of a Letter of Credit or Letter of Guarantee and payment thereunder by the Operating Lender, the Borrower shall forthwith pay to and reimburse the Operating Lender for all amounts paid by the Operating Lender pursuant to such Letter of Credit or Letter of Guarantee; failing such payment, the Borrower shall be deemed to have effected a Conversion of such Letter of Credit or Letter of Guarantee into a Canadian Prime Rate Loan to the extent of the payment of the Operating Lender thereunder, provided that if the payment by the Operating Lender under such Letter of Credit or Letter of Guarantee is in U.S. Dollars, there shall first be a conversion of such amount into Canadian Dollars.

(b) If the Operating Lender makes payment under any Letter of Credit or Letter of Guarantee and the Borrower does not fully reimburse the Operating Lender on or before the date of payment, then Section 4.4(a) shall apply to deem a Canadian

Prime Rate Loan under the Operating Facility, to be outstanding to the Borrower under this Agreement in the manner therein set out.

4.5 Additional Provisions

(a) Indemnity

The Borrower shall indemnify and save harmless the Operating Lender and the Administrative Agent against all claims, losses, costs, expenses or damages to the Operating Lender and the Administrative Agent arising out of or in connection with any Letter of Credit or Letter of Guarantee, the issuance thereof, any payment thereunder or any action taken by the Operating Lender or the Administrative Agent or any other Person in connection therewith, including, without limitation, all costs relating to any legal process or proceeding instituted by any Person restraining or seeking to restrain the Operating Lender from accepting or paying any Draft or any amount under any such Letter of Credit or Letter of Guarantee, except as a result of the gross negligence or wilful misconduct of the Operating Lender or the Administrative Agent. The Borrower also agrees that the Operating Lender and the Administrative Agent shall have no liability to the Borrower for any reason in respect of or in connection with any Letter of Credit or Letter of Guarantee, the issuance thereof, any payment thereunder or any other action taken by the Operating Lender or the Administrative Agent or any other Person in connection therewith, except as a result of the Administrative Agent's or Operating Lender's gross negligence or wilful misconduct.

(b) No Obligation to Inquire

The Borrower hereby acknowledges and confirms to the Operating Lender that the Operating Lender shall not be obliged to make any inquiry or investigation as to the right of any beneficiary to make any claim or Draft or request any payment under a Letter of Credit or Letter of Guarantee and payment by the Operating Lender pursuant to a Letter of Credit or Letter of Guarantee shall not be withheld by the Operating Lender by reason of any matters in dispute between the beneficiary thereof and the Borrower. The sole obligation of the Operating Lender with respect to Letters of Credit or Letters of Guarantee is to cause to be paid a Draft drawn or purporting to be drawn in accordance with the terms of the applicable Letter of Credit or Letter of Guarantee and for such purpose the Operating Lender is only obliged to determine that the Draft purports to comply with the terms and conditions of the relevant Letter of Credit or Letter of Guarantee.

The Operating Lender shall not have any responsibility or liability for or any duty to inquire into the form, sufficiency (other than to the extent provided in the preceding paragraph), authorization, execution, signature, endorsement, correctness (other than to the extent provided in the preceding paragraph), genuineness or legal effect of any Draft, certificate or other document presented to it pursuant to a Letter of Credit or Letter of Guarantee and the Borrower unconditionally assumes all risks with respect to the same except as a result of the gross negligence or wilful misconduct of the Operating Lender. The Borrower agrees that it assumes all risks of the acts or omissions of the beneficiary of any

Letter of Credit or Letter of Guarantee with respect to the use by such beneficiary of the relevant Letter of Credit or Letter of Guarantee.

(c) Obligations Unconditional

The obligations of the Borrower hereunder with respect to all Letters of Credit and Letters of Guarantee shall be absolute, unconditional and irrevocable and shall not be reduced by any event, circumstance or occurrence including, without limitation, any lack of validity or enforceability of a Letter of Credit or Letter of Guarantee, or any Draft paid or acted upon by the Operating Lender or any of its correspondents being fraudulent, forged, invalid or insufficient in any respect, or any defences or claims which the Borrower may have against any beneficiary or transferee of any Letter of Credit or Letter of Guarantee except as a result of the gross negligence or wilful misconduct of the Operating Lender. The obligations of the Borrower hereunder shall remain in full force and effect and shall apply to any alteration to or extension of the expiration date of any Letter of Credit or Letter of Guarantee requested by the Borrower in accordance with this Agreement, or any Letter of Credit or Letter of Guarantee issued to replace, extend or alter any Letter of Credit or Letter of Guarantee requested by the Borrower in accordance with this Agreement.

(d) Operating Lender Actions

Any action, inaction or omission taken or suffered by the Operating Lender or by any of the Operating Lender's correspondents under or in connection with a Letter of Credit, Letter of Guarantee or any Draft made thereunder, if in good faith and in conformity with foreign or domestic laws, regulation or customs applicable thereto shall be binding upon the Borrower and shall not place the Operating Lender or any of its correspondents under any resulting liability to the Borrower except as a result of the gross negligence or wilful misconduct of the Operating Lender. Without limiting the generality of the foregoing, the Operating Lender and its correspondents may receive, accept or pay as complying with the terms of a Letter of Credit, Letter of Guarantee or any Draft thereunder, otherwise in order which may be signed by, or issued to, the administrator or any executor of, or the trustee in bankruptcy of, or the receiver for any property of, or any Person or entity acting as a representative or in the place of, such beneficiary or its successors and assigns. The Borrower covenants that it will not take any steps, issue any instructions to the Operating Lender or any of its correspondents or institute any proceedings intended to derogate from the right or ability of the Operating Lender or its correspondents to honour and pay any Letter of Credit, Letter of Guarantee or any Drafts.

(e) Payment of Contingent Liabilities

The Borrower shall pay to the Operating Lender an amount equal to the maximum amount available to be drawn under any unexpired Letter of Credit or Letter of Guarantee which becomes the subject of any order, judgment, injunction or other such determination (an "**Order**"), or any petition, proceeding or other application for any Order by the Borrower or any other party, restricting payment by the Operating Lender under and in accordance with such Letter of Credit or Letter of Guarantee or extending the Operating Lender's liability under such Letter of Credit or Letter of Guarantee beyond the expiration date stated therein; payment in respect of each such Letter of Credit or Letter of Guarantee shall be due forthwith upon demand in the currency in which such Letter of Credit or Letter of Guarantee is denominated.

Any amount paid to the Operating Lender pursuant to the preceding paragraph shall be held by the Operating Lender in non-interest bearing cash collateral accounts as continuing security for the Obligations and shall, prior to the occurrence of an Event of Default, be applied by the Operating Lender against the Obligations for, or (at the option of the Operating Lender) be applied in payment of, such Letter of Credit or Letter of Guarantee if payment is required thereunder; after the occurrence of an Event of Default, the Operating Lender may apply such amounts against any Obligations as it sees fit.

The Operating Lender shall release to the Borrower any amount remaining in the cash collateral accounts after applying the amounts necessary to discharge the Obligations relating to such Letter of Credit or Letter of Guarantee, upon the later of:

(i) the date on which any final and non-appealable order, judgment or other determination has been rendered or issued either terminating any applicable Order or permanently enjoining the Lender from paying under such Letter of Credit or Letter of Guarantee;

(ii) the earlier of:

A. the date on which either the original counterpart of such Letter of Credit and Letter of Guarantee is returned to the Operating Lender for cancellation or the Operating Lender is released by the beneficiary thereof from any other obligation in respect of such Letter of Credit and Letter of Guarantee; and

B. the expiry of such Letter of Credit and Letter of Guarantee; and

(iii) if an Event of Default has occurred, the payment and satisfaction of all Obligations and the cancellation or termination of the Credit Facilities.

ARTICLE 5
CHANGE IN CIRCUMSTANCES

5.1 Change in Law

(a) If the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof or compliance by a Lender with any request or direction (whether or not having the force of law) of any such authority or entity hereafter:

(i) subjects such Lender to, or cause the withdrawal or termination of a previously granted exemption with respect to, any Taxes (other than

Taxes on such Lender's overall income), or changes the basis of taxation of payments due to such Lender, or increases any existing Taxes (other than Taxes on such Lender's overall income) on payments of principal, interest or other amounts payable by the Borrower to such Lender under this Agreement;

(ii) imposes, modifies or deems applicable any reserve, liquidity, special deposit, regulatory or similar requirement against assets or liabilities held by, or deposits in or for the account of, or loans by such Lender, or any acquisition of funds for loans or commitments to fund loans or obligations in respect of undrawn, committed lines of credit or in respect of Bankers' Acceptances accepted by such Lender;

(iii) imposes on such Lender or requires there to be maintained by such Lender any capital adequacy or additional capital requirements (including, without limitation, a requirement which affects such Lender's allocation of capital resources to its obligations) in respect of any Borrowing or obligation of such Lender hereunder, or any other condition with respect to this Agreement; or

(iv) directly or indirectly affects the cost to such Lender of making available, funding or maintaining any Borrowing or otherwise imposes on such Lender any other condition or requirement affecting this Agreement or any Borrowing or any obligation of such Lender hereunder,

and the result of (i), (ii), (iii) or (iv) above, in the sole determination of such Lender acting reasonably and in good faith, is:

A. to increase the cost to such Lender of performing its obligations hereunder with respect to any Borrowing;

B. to reduce any amount received or receivable by such Lender hereunder or its effective return hereunder or on its capital in respect of any Borrowing or any credit facility; or

C. to cause such Lender to make any payment with respect to or to forego any return on or calculated by reference to, any amount received or receivable by such Lender hereunder with respect to any Borrowing or any credit facility,

such Lender shall determine that amount of money which shall compensate the Lender for such increase in cost, payments to be made or reduction in income or return or interest foregone provided, however, that in no event shall such increase in cost, payment to be made or reduction in income or return or interest foregone include taxes (as opposed to any costs relating to taxes) (herein referred to as "**Additional Compensation**"). Upon a Lender having determined that it is entitled to Additional Compensation in accordance with the provisions of this Section, the Lender shall promptly so notify the Borrower and the Administrative Agent. The relevant Lender shall provide the Borrower and the Administrative Agent with a photocopy of the relevant law, rule, guideline, regulation, treaty or official directive (or, if it is impracticable to provide a photocopy, a written summary of the same) and a certificate of a duly authorized officer of such Lender setting forth the Additional Compensation and the basis of calculation therefor, which shall be conclusive evidence of such Additional Compensation in the absence of manifest error. The Borrower shall pay to such Lender within 45 Banking Days of the giving of such notice such Lender's Additional Compensation. Each of the Lenders shall be entitled to be paid such Additional Compensation from time to time to the extent that the provisions of this Section are then applicable notwithstanding that any Lender has previously been paid any Additional Compensation.

(b) Each Lender agrees that it will not claim Additional Compensation from the Borrower under Section 5.1(a) if it is not generally claiming similar compensation from its other customers in similar circumstances or in respect of any period greater than 90 days prior to the delivery of notice in respect thereof by such Lender, unless, in the latter case, the adoption, change or other event or circumstance giving rise to the claim for Additional Compensation is retroactive or is retroactive in effect.

5.2 Prepayment of Portion

In addition to the other rights and options of the Borrower hereunder and notwithstanding any contrary provisions hereof, if a Lender gives the notice provided for in Section 5.1 with respect to any Borrowing (an "**Affected Loan**"), the Borrower may, within two Banking Days deliver a Repayment Notice to such Lender and the Administrative Agent (which notice shall be irrevocable) giving notice of its intention to prepay in full without penalty such Lender's Proportion of the Affected Loan outstanding together with accrued and unpaid interest on the principal amount so prepaid up to the date of such prepayment, such Additional Compensation as may be applicable to the date of such payment and all costs, losses and expenses incurred by such Lender by reason of the liquidation or re-deployment of deposits or other funds or for any other reason whatsoever resulting from the repayment of such Affected Loan or any part thereof on other than the last day of the applicable Interest Period, and upon such payment being made that Lender's obligations to make such Affected Loans to the Borrower under this Agreement shall terminate.

5.3 Illegality

If a Lender determines, in good faith, that the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof or compliance by a Lender with any request or direction (whether or not having the force of law) of any such authority or entity, now or hereafter makes it unlawful or impossible for any Lender to make, fund or maintain a Borrowing under any of the Credit Facilities or to give effect to its obligations in respect of such a Borrowing, such Lender may, by written notice thereof to the Borrower and to the Administrative Agent declare its obligations under this Agreement in respect of such Borrowing to be terminated whereupon the same shall forthwith terminate, and the Borrower shall, within the time required by such law (or at the end of such longer period as such Lender at its discretion has agreed), either effect a Conversion of such Borrowing in accordance with the provisions hereof (if such Conversion would resolve the unlawfulness or impossibility) or prepay the principal of such Borrowing together with accrued interest, such Additional Compensation as may be applicable with respect to such Borrowing to the date of such payment and all costs, losses and expenses incurred by the Lenders by reason of the liquidation or re-deployment of deposits or other funds or for any other reason whatsoever resulting from the repayment of such Borrowing or any part thereof on other than the last day of the applicable Interest Period. If any such change shall only affect a portion of such Lender's obligations under this Agreement which is, in the opinion of such Lender and the Administrative Agent, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of the Administrative Agent, the other Lenders or the Borrower hereunder, such Lender shall only declare its obligations under that portion so terminated.

ARTICLE 6
CONDITIONS PRECEDENT TO BORROWINGS

6.1 Conditions Precedent

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

(a) the Administrative Agent has received, in form and substance satisfactory to it:

(i) all Documents duly authorized, executed and delivered;

(ii) a legal opinion from the Borrower's counsel, in form and substance satisfactory to the Administrative Agent and its counsel, acting reasonably; and

(iii) evidence satisfactory to the Administrative Agent and Lenders' Counsel that the Borrower has valid title to the Borrower Assets and that no prior charges, liens, encumbrances, or claims exist against such interests which would rank prior to the Security Interest of the Lenders save and except for Permitted Encumbrances;

(b) no Default or Event of Default which is continuing shall exist;

(c) all fees payable to the Lenders shall have been paid;

(d) in the opinion of the Lenders, there has been no change in the financial condition of the Borrower or change to the Borrower's Assets that has or may result in a Material Adverse Effect; and

(e) the Lenders having completed to their satisfaction all operational, legal and financial due diligence, including but not limited to engineering reviews, environmental reviews, audit of historical financial information, terms of all material contracts and hedging arrangements.

6.2 Conditions Precedent to All Drawdowns

Prior to any Drawdown or Advance or any utilization of the MasterCard Facility, the following shall have been complied with but (c) shall not be required for any Advance under the Operating

Facility under Section 2.8(a) or in respect of the MasterCard Facility, all in form and substance satisfactory to the Administrative Agent:

(a) the Security shall remain duly perfected and registered;

(b) there is no Default or Event of Default which is continuing or Borrowing Base Shortfall and such Drawdown or Advance shall not cause a Borrowing Base Shortfall, Default or Event of Default and all representations and warranties of the Borrower set out in Section 10.1 are true and correct as of the date of the Drawdown or Advance;

(c) the Borrower shall have delivered a Drawdown Notice to the Administrative Agent; and

(d) the Borrower shall have previously made payment of all required fees to the Lenders and Administrative Agent.

6.3 Waiver

The conditions set forth in this Article are inserted for the sole benefit of the Lenders and the Administrative Agent and may be waived by the Lenders or the Administrative Agent, in whole or in part (with or without terms or conditions) without prejudicing the right of the Lenders or Administrative Agent at any time to assert such waived conditions in respect of any subsequent Drawdown.

ARTICLE 7
FEES AND INTEREST

7.1 Interest on Canadian Prime Rate Loans

The Borrower shall pay interest on each Canadian Prime Rate Loan owing by it during each Interest Period applicable thereto in Canadian Dollars at a rate per annum equal to the Prime Rate in effect from time to time during such Interest Period plus the Applicable Margin. Each determination by the Administrative Agent of the Prime Rate applicable from time to time during an Interest Period shall, in the absence of manifest error, be prima facie evidence thereof. Such interest shall accrue daily and shall be payable in arrears on each Interest Payment Date for such Loan for the period from and including the Drawdown Date or the preceding Conversion Date or Interest Payment Date, as the case may be, for such Loan to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the Canadian Prime Rate Loan outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be. Changes in the Prime Rate shall cause an immediate adjustment of the interest rate applicable to such Loans without the necessity of any notice to the Borrower.

7.2 Nominal Rates; No Deemed Reinvestment

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

7.3 Acceptance Fees

Upon the acceptance by a Lender of an Acceptance, the Borrower shall pay to the Administrative Agent for the account of such Lender an acceptance fee in Canadian Dollars at a rate per annum equal to the Applicable Margin in effect on the acceptance thereof calculated on the principal amount at maturity of such Acceptance and on the basis of the number of days in the term of the Acceptance (including the date of such Acceptance but excluding its maturity date) divided by 365 days. Such acceptance fee may be deducted from the proceeds of the issue of any such Acceptance.

7.4 Standby Fees

The Borrower shall pay to the Administrative Agent for the account of the Lenders a standby fee in Canadian Dollars in respect of each of the Credit Facilities calculated at the rate per annum equal to the Applicable Margin in effect from time to time by which the amount of the Outstanding Principal under each of the Credit Facilities for each day in the period of determination is less than the total of the Commitments of the Lenders for each such credit facility (whether partially or wholly available) for each such day. Such standby fees shall be calculated on a daily basis and on the basis of a 365 or 366 day year, as the case may be. Fees determined in accordance with this Section shall accrue daily from and after the date hereof but excluding the date of payment, and shall be payable by the Borrower monthly in arrears on the first Banking Day of each month and on cancellation in full of the Credit Facilities.

7.5 Administrative Agent's Fees

The Borrower shall pay to the Administrative Agent, for its own account, on execution of this Agreement and on the last day of the Revolving Period in each subsequent year until the Credit Facilities have been fully cancelled and all obligations hereunder have been paid in full, a non-refundable annual agency fee as set out in a fee letter agreement.

7.6 Renewal Fee

The Borrower shall pay to the Administrative Agent, for the account of the Revolving Lenders who extend the Revolving Period, until the Revolving Facilities have been fully cancelled and all Obligations thereunder have been paid in full, a non-refundable annual renewal fee as set out in a fee letter agreement. Such fee shall be paid in each calendar year on or about the annual review date on a date specified by the Administrative Agent (but no later than the last day of the Revolving Period in each year) when the Revolving Facilities are renewed by the Revolving Lenders upon terms acceptable to the Revolving Lenders.

7.7 LC's and LG's

The Borrower shall pay to the Administrative Agent for the account of the Operating Lender an issuance fee in advance on the date each Letter of Credit or Letter of Guarantee is issued and on each Rollover Date, calculated at a rate per annum equal to the Applicable Margin in effect on the date of issuance of each Letter of Credit or Letter of Guarantee on the amount of each such Letter of Credit or Letter of Guarantee for the number of days which such Letter of Credit or Letter of Guarantee will be outstanding in the year of 365 days or 366 days, as the case may be, in which the Letter of Credit or Letter of Guarantee is issued. In addition, with respect to all Letters of Credit or Letters of Guarantee, the Borrower shall from time to time pay to the Administrative Agent for the account of the Operating Lender its usual and customary fees (at the then prevailing rates) for the amendment, delivery and administration of such Letters of Credit or Letters of Guarantee.

7.8 Calculation of Rates

(a) Except as otherwise expressly stated, any reference in this Agreement to an annual rate shall be calculated daily on the basis of a 365-day year or 366-day year, as the case may be.

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

7.9 Interest on Arrears

To the extent permitted by law, any amount which is not paid by the Borrower when due, whether principal, interest, fees, costs, accessories or otherwise, shall bear interest at the Prime Rate plus the Applicable Margin applicable to a Canadian Prime Rate Loan plus 2% per annum; interest on arrears to be compounded monthly and payable on demand.

7.10 Maximum Rate Permitted by Law

Notwithstanding any other term in this Agreement and the other Documents to the contrary, it is the intention of the Administrative Agent, each Lender, the Borrower and any other party hereto to conform strictly to any applicable usury laws. Accordingly, if any party hereto contracts for, charges, or receives any consideration which constitutes interest in excess of the Maximum Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such receiving party's option be applied to the outstanding principal amount of the loans or other obligations hereunder by such receiving party or be refunded to the Person who made such payment. For purposes of this Section "**Maximum Rate**" means the maximum non-usurious interest rate under applicable law (determined under such laws after giving effect to any items which are required by such laws to be construed as interest in making such determination, including without limitation if required by such laws, certain fees and other costs).

7.11 Other Fees

The Borrower shall pay to the Administrative Agent all other fees as may be set out in a fee letter agreement pursuant to the terms thereof.

ARTICLE 8
REPAYMENTS AND REDUCTIONS OF CREDIT FACILITIES

8.1 Mandatory Repayments of the Revolving Facilities

Notwithstanding any other provision of this Agreement, the Obligations to a Revolving Lender shall become due and payable and the Borrower shall pay and satisfy the Obligations under the Revolving Facilities to such Revolving Lender in full immediately on the Term Out Maturity Date applicable to such Revolving Lender subject to prior payments required pursuant to Sections 2.1(b) and 2.17 (which are also mandatory repayments) and Section 13.2.

8.2 Optional Cancellation or Reduction of Revolving Facilities

The Borrower may, at any time, upon giving at least three Banking Days prior written notice to the Administrative Agent, cancel in full, or from time to time, permanently reduce in part the unutilized portion of the Operating Facility or Production Facility; provided, however, that any such reduction shall be in a minimum amount of Cdn. $2,000,000 in the case of the Production Facility and Cdn. $1,000,000 in the case of the Operating Facility and, in either case, reductions in excess thereof shall be in integral multiples of Cdn. $100,000. If either the Operating Facility or Production Facility is so reduced, the Commitment of each of the Lenders under such credit facility shall be reduced pro rata in the same proportion that the amount of the reduction in such credit facility bears to the amount of such credit facility in effect immediately prior to such reduction, provided that if the reductions in the credit facilities are not done on a pro-rata basis as among each of the Operating Facility and Production Facility, then the Commitments of each of the Lenders for each such credit facility shall be adjusted so that the total Commitment of each Lender for the Operating Facility and the Production Facility shall be the same as if the reduction in the credit facility had been allocated proportionately to the Operating Facility and Production Facility. Upon any such cancellation the Administrative Agent shall distribute to the parties to this Agreement an amended Schedule A giving effect thereto.

8.3 Optional Repayment

The Borrower may at any time and from time to time repay, without penalty, to the Administrative Agent for the account of the Lenders the whole or any part of any Borrowing owing by it under the Production Facility or the Term Facility, together with accrued interest thereon to the date of such repayment, or provide for the funding of Documentary Instruments under the Operating Facility, provided that:

(a) the Borrower shall give a Repayment Notice (executed in accordance with the definition of Officer's Certificate) to the Administrative Agent not later than:

    (i) 10:00 a.m. (Calgary time) two Banking Days prior to the date of the proposed repayment, for Documentary Instruments, subject to Section 8.4(a);

    (ii) 10:00 a.m. (Calgary time) one Banking Day prior to the date of the proposed repayment, for Canadian Prime Rate Loans; and

    (iii) 10:00 a.m. (Calgary time) two Banking Days prior to the date of the proposed repayment, for Banker's Acceptances;

provided that no such notice will be required in respect of payments under Section 2.8(a);

(b) repayments pursuant to this Section may only be made on a Banking Day;

(c) a Bankers' Acceptance may only be repaid on its maturity, subject to Section 8.4;

(d) unexpired Documentary Instruments may only be prepaid by the return thereof to the Operating Lender for cancellation or providing funding therefor in accordance with the provisions of Section 8.4; and

(e) each such repayment under the Production Facility or the Term Facility shall be in a minimum amount of the lesser of: (i) the minimum amount required pursuant to Section 2.7 for Drawdowns of the type of Borrowing proposed to be repaid; and (ii) the Outstanding Principal of all Borrowings outstanding under such credit facility immediately prior to such repayment; any repayment in excess of such amount shall be in integral multiples of the amount referred to in Section 2.7 above.

8.4 Additional Repayment Terms

(a) With respect to the repayment of unexpired Letters of Credit or Letters of Guarantee pursuant to an optional repayment under Section 8.3 or as a result an Event of Default occurring, it is agreed that the Borrower shall provide for the funding in full of the repayment of unexpired Letters of Credit or Letters of Guarantee by paying to and depositing with the Administrative Agent cash collateral for each such unexpired Letter of Credit or Letter of Guarantee equal to the maximum undrawn amount thereof, in each case, in the respective currency which the relevant Letter of Credit or Letter of Guarantee is denominated; such cash collateral deposited by the Borrower shall belong to the Borrower and shall be held by the Administrative Agent in a non-interest bearing cash collateral account. Such cash collateral accounts shall be assigned to the Administrative Agent as security for the obligations of the Borrower in relation to such Letters of Credit or Letters of Guarantee and the Security Interest of the Administrative Agent thereby created in such cash collateral shall rank in priority to all other Security Interests and adverse claims against such cash collateral. Such cash collateral shall be applied to satisfy the obligations of the Borrower for such Letters of Credit or Letters of Guarantee as payments are made thereunder and the Administrative Agent is hereby irrevocably directed by the Borrower to so apply any such cash collateral. Amounts held in such cash collateral accounts may not be withdrawn by the Borrower without the consent of all Lenders. If after expiry of the Letters of Credit or Letters of Guarantee for which such funds are held and application by the Administrative Agent of the amounts in such cash collateral accounts to satisfy the obligations of the Borrower hereunder with respect to the Letters of Credit or Letters of Guarantee being repaid, any excess remains, such excess shall be promptly paid by the Administrative Agent to the Borrower so long as no Event of Default or a Default has occurred and is then continuing.

In lieu of providing cash collateral as aforesaid, the Borrower may provide to the Administrative Agent irrevocable standby letter or letters of credit in an aggregate amount equal to the aggregate maximum undrawn amount of all unexpired Letters of Credit or Letters of Guarantee being repaid and for a term which expires not sooner than 10 Banking Days after the expiry of the Letters of Credit or Letters of Guarantee in respect of which such letter(s) of credit are provided; such letters of credit shall be denominated and payable in the currency of the relevant unexpired Letters of Credit or Letters of Guarantee and shall be issued by a financial institution and on terms and conditions acceptable to the Administrative Agent in its sole discretion. The Administrative Agent is hereby irrevocably authorized and directed to draw upon such letters of credit and apply the proceeds of the same to satisfy the obligations of the Borrower for such unexpired Letters of Credit or Letters of Guarantee as payments are made thereunder.

(b) If any unmatured Bankers' Acceptances are to be repaid on other than its date of maturity, it is agreed that the Borrower shall provide for the funding in full of the unmatured Bankers' Acceptances to be repaid by paying to and depositing with the Administrative Agent cash collateral for each such unmatured Bankers' Acceptances equal to the face amount payable at maturity thereof; such cash collateral deposited by the Borrower shall belong to the Borrower and shall be held by the Administrative Agent in a non-interest bearing cash collateral account. Such cash collateral accounts shall be assigned to the Administrative Agent as security for the obligations of the Borrower in relation to such Bankers' Acceptances and the Security Interest of the Administrative Agent thereby created in such cash collateral shall rank in priority to all other Security Interests and adverse claims against such cash collateral. Such cash collateral shall be applied to satisfy the obligations of the Borrower for such Bankers' Acceptances as they mature and the Administrative Agent is hereby irrevocably directed by the Borrower to apply any such cash collateral to such maturing Bankers' Acceptances. Amounts held in such cash collateral accounts may not be withdrawn by the Borrower without the consent of all Lenders. If after maturity of the Bankers' Acceptances for which such funds are held and application by the Administrative Agent of the amounts in such cash collateral accounts to satisfy the obligations of the Borrower hereunder with respect to the Bankers' Acceptances being repaid, any excess remains, such excess shall be used to satisfy any other Obligations in accordance with Section 9.4.

ARTICLE 9
PLACE, MANNER, CURRENCY AND APPLICATION OF PAYMENTS

9.1 Place of Payment of Principal, Interest and Fees; Payments to Administrative Agent

All payments of principal, interest, fees and other amounts to be made by the Borrower to the Administrative Agent and the Lenders pursuant to this Agreement shall be made to the Administrative Agent (for, as applicable, the account of the Lenders or its own account) in the currency in which the Borrowing is outstanding for value on the day such amount is due, and if such day is not a Banking Day on the Banking Day next following, by deposit or transfer thereof to the accounts of the Administrative Agent maintained at the Administrative Agent's Branch of Account and designated by the Administrative Agent for such purpose or at such other place as the Borrower and the Administrative Agent may from time to time agree. The Administrative Agent is authorized, but is not obligated, to debit the accounts of the Borrower for payments of principal, interest, fees and other amounts to be made by the Borrower to the Administrative Agent and the Lenders pursuant to this Agreement. Notwithstanding anything to the contrary expressed or implied in this Agreement, the receipt by the Administrative Agent in accordance with this Agreement of any payment made by the Borrower for the account of any of the Lenders shall, insofar as the Borrower's obligations to the relevant Lenders are concerned, be deemed also to be receipt by such Lenders and the Borrower shall have no liability in respect of any failure or delay on the part of the Administrative Agent in disbursing and/or accounting to the relevant Lenders in regard thereto.

9.2 Designated Accounts of the Lenders

All payments of principal, interest, fees or other amounts to be made by the Administrative Agent to the Lenders pursuant to this Agreement shall be made for value on the day required hereunder, provided the Administrative Agent receives funds from the Borrower for value on such day, and if such funds are not so received from the Borrower or if such day is not a Banking Day, on the Banking Day next following, by deposit or transfer thereof at the time specified herein to the account of each Lender designated by such Lender to the Administrative Agent for such purpose or to such other place or account as the Lenders may from time to time notify the Administrative Agent.

9.3 Funds

Each amount advanced, disbursed or paid hereunder shall be advanced, disbursed or paid, as the case may be, in such form of funds as may from time to time be customarily used in Calgary, Alberta, Montreal, Quebec and Toronto, Ontario in the settlement of banking transactions similar to the banking transactions required to give effect to the provisions of this Agreement on the day such advance, disbursement or payment is to be made.

9.4 Application of Payments

All payments made by or on behalf of the Borrower to the Administrative Agent and the Lenders under the Documents shall be applied by the Administrative Agent and the Lenders in accordance with the provisions of Section 14.1 provided that when there is no Event of Default in existence, the Borrower may allocate its repayment of Borrowings as between the Operating Facility and the Production Facility in its own discretion.

9.5 Payments Clear of Taxes

(a) Any and all payments by a Loan Party to the Administrative Agent or the Lenders hereunder shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future Taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority other than Taxes on the overall income or capital of a Lender. In addition, the Borrower agrees to pay any present or future stamp, transfer, registration, excise, issues, documentary or other taxes, charges or similar levies in Canada which arise from any payment made under this Agreement or the Borrowings or in respect of the execution, delivery or registration or the compliance with this Agreement or the other documents contemplated hereunder. The Borrower shall indemnify and hold harmless the Administrative Agent and the Lenders, and their respective directors, officers, employees, agents and affiliates for the full amount of all of the foregoing Taxes or other amounts specified above and paid or payable by the Administrative Agent or the Lenders and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto.

(b) If the Borrower shall be required by law to deduct or withhold any amount from any payment or other amount required to be paid to the Administrative Agent or the Lenders hereunder, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder (other than Taxes on the overall income or capital of a Lender), then the sum payable to the Administrative Agent or the Lenders hereunder shall be increased as may be necessary so that after making all required deductions, withholdings and additional income tax payments attributable thereto (including deductions, withholdings or income tax payable for additional sums payable under this provision) the Administrative Agent or the Lenders, as the case may be, receive an amount equal to the amount they would have received had no such deductions or withholdings been made or if such additional taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such liabilities to the relevant taxation authority or other authority in accordance with applicable law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Administrative Agent or the Lenders) on behalf of and in the name of the Administrative Agent or the Lenders, as the case may be. If the liability is imposed on the Administrative Agent or the Lenders, the Borrower shall deliver to the Administrative Agent or the Lenders evidence satisfactory to the Administrative Agent or the Lenders, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

(c) Each Lender shall use reasonable efforts to contest (to the extent contestation is reasonable) such imposition or assertion of such Taxes or to recover such Taxes, and shall reimburse to the Borrower the amount of any reduction or recovery of Taxes, to the extent of amounts that have been paid by the Borrower in respect of such Taxes in accordance with this Agreement, as a result of such contestation and, provided that, no Lender shall have any obligation to expend its own funds, suffer any economic hardship or take any action detrimental to its interests (as determined by the relevant Lender and their respective directors, officers, employees, agents and affiliates in its sole discretion, acting reasonably) in connection therewith unless it shall have received from the Borrower payment therefor or an indemnity with respect thereto, satisfactory to it.

9.6 Set Off

(a) In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, after the occurrence of an Event of Default which has not been waived (whether or not the Borrowings have been accelerated hereunder), the Administrative Agent and each Lender shall have the right (and are hereby authorized by the Borrower) at any time and from time to time to combine all or any of the Borrower's and the Material Subsidiaries' accounts with the Administrative Agent or the Lender, as the case may be, and to set off and to appropriate and to apply any and all deposits (general or special, term or demand) including, but not limited to, indebtedness evidenced by certificates of deposit whether matured or unmatured, and any other indebtedness at any time held by the Borrower and the Material Subsidiaries or owing by such Lender or the Administrative Agent, as the case may be, to or for the credit or account of the Borrower and the Material Subsidiaries against and towards the satisfaction of any Obligations and the Hedging Obligations, and may do so notwithstanding that the balances of such accounts and the liabilities are expressed in different currencies, and the Administrative Agent and each Lender are hereby authorized to effect any necessary currency conversions at the noon spot rate of exchange announced by the Bank of Canada on the Banking Day before the day of conversion.

(b) The Administrative Agent or the applicable Lender, as the case may be, shall notify the Borrower of any such set-off from the Borrower's or the Material Subsidiaries' accounts within a reasonable period of time thereafter, although the Administrative Agent or the Lender, as the case may be, shall not be liable to the Borrower or the Material Subsidiaries for its failure to so notify.

9.7 Judgment Currency

If a judgment is rendered against a Loan Party for an amount owed hereunder and if the judgment is rendered in a currency ("**Other Currency**") other than that in which this amount is owed under this Agreement ("**Currency of the Agreement**"), the Borrower and the Material Subsidiary shall pay, if applicable, at the date of payment of the judgment, an additional amount equal to the excess (i) of the said amount owed under this Agreement, expressed into the Other Currency as at the date of payment of the judgment, over (ii) the amount of the judgment. For the purposes of obtaining the judgment and making the calculation referred to in (i), the exchange rate shall be the spot rate at which the Administrative Agent, on the relevant date, may in Montreal, sell the Currency of the Agreement to obtain the Other Currency. Any additional amount owed under this Section shall constitute a cause of action distinct from the cause of action which gave rise to the judgment, and said judgment shall not constitute res judicata in that respect.

ARTICLE 10
REPRESENTATIONS AND WARRANTIES

10.1 Representations and Warranties of Borrower

The Borrower represents and warrants to the Administrative Agent and the Lenders that:

(a) each Loan Party has been duly incorporated/amalgamated and is in good standing in respect of all filings which it is required to do under the legislation governing it, and it has the powers, permits, and licenses required to operate its business or enterprise and to own, manage and administer its property;

(b) this Agreement constitutes, and the Security constitutes, legal valid, and binding obligations of the each Loan Party who is a party to such Documents, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to the availability of equitable remedies;

(c) neither the entering into nor the delivery of this Agreement or the Security, nor the completion of the transactions contemplated hereby by any Loan Party will result in a violation of: (i) any of the provisions of the constating documents or by-laws of such Loan Party; (ii) any material agreement or other material instrument to which the such Loan Party is a party or by which such Loan Party or any of its assets are bound; or (iii) any applicable laws or regulations in respect of which such Loan Party must comply;

(d) each Loan Party has the right and power to pledge, charge, mortgage, or lien its assets in accordance with the Security to which it is a party contemplated by this Agreement;

(e) each Loan Party is in compliance in all material respects with all applicable laws and regulations, including all required filings, and has performed and observed, all material terms of all material documents, agreements, and instruments affecting or relating to the assets, operations, or business of such Loan Party;

(f) all financial statements of the Borrower submitted to the Administrative Agent fairly reflect, as of the dates thereof, the consolidated financial condition of the Borrower and the results of operations for the periods covered thereby, have been prepared in accordance with GAAP and, from the date of the latest such financial statements submitted to the Administrative Agent, there has been no material adverse change in the consolidated financial condition of the Borrower or its assets or condition;

(g) there is no Default or Event of Default under the Documents that is continuing;

(h) no Loan Party is in default of a material nature of any Environmental Laws and it has not received notice of any Environmental Claims of a material nature made or threatened against it;

(i) the head office of each Loan Party is located in the Province of Alberta;

(j) there are no claims, actions, proceedings or disputes pending, threatened or to the knowledge of the Borrower, contemplated against the Loan Parties or any of their assets where the claimed amounts are in aggregate greater than 5% of the then current Borrowing Base in respect of which the Borrower has not provided notice to the Administrative Agent;

(k) as of the date hereof, there are no Material Subsidiaries;

(l) each Loan Party has good and valid title to its assets except for minor title defects, free and clear of all Security Interests and other adverse claims except for Permitted Encumbrances;

(m) each Loan Party has filed all tax returns which were required to be filed, has paid or made provision for payment (in accordance with GAAP) of all Taxes which are due and payable, or have provided adequate reserves (in accordance with GAAP) for the payment of any Taxes which are subject to a Permitted Contest;

(n) no Loan Party has any Debt other than Permitted Indebtedness;

(o) each Loan Party has carried on its business in accordance with good practices consistent with acceptable industry standards and pursuant to applicable agreements, regulations and laws;

(p) the Existing Financial Instruments are Permitted Hedging; and

(q) 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.

All of the representations and warranties of the Borrower contained in this Agreement (i) shall survive the execution and delivery of this Agreement and each other Document and also the making and satisfaction of each Drawdown, Rollover or Conversion under the applicable Credit Facility, (ii) shall be deemed to be repeated as of the date of each such Drawdown, Rollover or Conversion (except for any representation or warranty made hereunder that is expressly stated to relate only to a particular date) and as of the date of delivery of each Borrowing Base Certificate, and (iii) shall continue to be effective (as made and deemed repeated) until the termination of this Agreement, notwithstanding any investigation made at any time by or on behalf of the Administrative Agent or any of the Lenders.

ARTICLE 11
GENERAL COVENANTS

11.1 General Covenants

So long as any Obligation is outstanding or any of the Credit Facilities is available hereunder, the Borrower for and on behalf of itself and each Material Subsidiary covenants and agrees with each of the Lenders and the Administrative Agent that, unless the Majority Lenders otherwise consent in writing:

(a) The Borrower shall maintain a Current Ratio of (i) not less than 0.86:1.00 for the fiscal quarter ending September 30, 2015; (ii) not less than 0.75:1.00 for the fiscal quarter ending December 31, 2015; and (iii) not less than 1.00:1.00 for the fiscal quarter ending March 31, 2016 and each fiscal quarter thereafter, such ratio to be tested at the end of each fiscal quarter;

(b) The Borrower shall submit to the Administrative Agent a replacement Compliance Certificate in respect of the fiscal quarter ended September 30, 2015 which demonstrates compliance with the Current Ratio set out in Section 11.1(a)(i) and this shall render the Borrower in compliance with this Agreement in respect of such fiscal period;

(c) The Borrower shall submit to the Administrative Agent sufficient copies for each of the Lenders and the Administrative Agent of the following, each in form and substance satisfactory to the Administrative Agent acting reasonably:

(i) monthly production and revenue reports of the Borrower and the Material Subsidiaries (either individually or combined) within 60 days of each month end;

(ii) quarterly unaudited consolidated financial statements of the Borrower which will include the Borrower and the Material Subsidiaries for the first three fiscal quarters of each fiscal year within 60 days of each such fiscal quarter end;

(iii) annual audited consolidated financial statements of the Borrower which will include the Borrower and any Material Subsidiaries within 120 days of each fiscal year end;

(iv) a Compliance Certificate together with each delivery of financial statements required by Section 11.1(c)(ii) and 11.1(c)(iii), which shall include a quarterly report on the status of all Financial Instruments, including a written hedging report (current to within five Banking Days of the report) which will include particulars of the hedging amounts, hedge pricing and tenor of the hedges and confirmation that it is in compliance with Section 11.1(h)(vi);

(v) an Environmental Certificate on the same dates the financial statements referred to in Section 11.1(c)(ii) and 11.1(c)(iii) are to be submitted;

(vi) annual financial forecast/budget on or before the date the financial statements referred to in Section 11.1(c)(iii) are to be submitted; and

(vii) any other information the Administrative Agent or Lenders may reasonably require, respecting the Loan Parties, including without limitation, annual budgets and environmental audits.

(d) For so long as any Obligations are outstanding under the Term Facility, the Borrower shall submit to the Administrative Agent sufficient copies for each of the Lenders and the Administrative Agent of the following, each in form and substance satisfactory to the Administrative Agent acting reasonably:

(i) monthly internally-prepared consolidated financial statements of the Borrower (including balance sheet, cash flow statement and income statement), accompanied by an abbreviated management discussion and analysis, within 30 days of each month end;

(ii) a monthly statement showing aged accounts payable within 15 days of each month end;

(iii) an updated 2016 13-week cash flow forecast (showing actual versus budget variances) within 15 days of each month end; and

(iv) a written update on initiatives of the Borrower to reduce its debt (and, if applicable, copies of offers, term sheets, letters of interest and similar expressions of interest) within 15 days of each month end;

(e) On or before February 1, 2016, the Borrower shall deliver to the Administrative Agent a plan approved by the Borrower's Board of Directors outlining the details (including anticipated sources of funds) associated with the repayment of all Outstanding Principal under the Term Facility required to be made on the Term Facility Maturity Date pursuant to Section 2.5(c);

(f) On or before March 1, 2016, the Borrower shall deliver to the Administrative Agent one or more uncommitted term sheets or letters of interest providing for the receipt by the Borrower of aggregate net proceeds of at least $40,000,000 to be used by the Borrower to satisfy the requirement to repay all Outstanding Principal under the Term Facility on the Term Facility Maturity Date pursuant to Section 2.5(c);

(g) The Borrower and each Material Subsidiary shall:

(i) carry on business and operate its assets in accordance with good practices consistent with accepted industry standards and pursuant to applicable agreements, regulations, and laws;

(ii) maintain its corporate existence and comply with all applicable laws in all material respects;

(iii) pay when due, except for Permitted Contests, all Taxes for which the payment is guaranteed by legal privilege, prior claim or legal hypothecs, without subrogation or consolidations;

(iv) comply in all material respects with the lawful directions, orders and requirements of all regulatory bodies and provisions regarding environmental procedures and controls;

(v) upon reasonable notice, allow the Administrative Agent and the Lenders access, during normal business hours, to visit and inspect the property, assets and undertaking of any Loan Party;

(vi) maintain adequate and appropriate Insurance on the assets of the Loan Parties including protection against public liability, blow-outs and "**all-risk**" perils and name the Administrative Agent as first loss payee thereunder and the Lenders as additional insureds;

(vii) inform the Administrative Agent of any event or action which might reasonably be expected to have a Material Adverse Effect on the operational or financial affairs of the Loan Parties, including but not limited to the sale of material assets, guarantees, funded debt from other lenders, litigation claims, title defects or alteration of type of business, including without limitation, promptly give notice to the Administrative Agent of any claims, actions, proceedings or disputes commenced where the claimed amounts are in aggregate greater than 5% of the then current Borrowing Base;

(viii) punctually and promptly pay all monies due and payable hereunder or under any of the other Documents;

(ix) promptly give notice to the Lenders of any Default or Event of Default of which it is aware;

(x) take all steps as are necessary to maintain and to protect its property, assets and undertaking and the Security Interests and priority of the Security;

(xi) except for Permitted Dispositions, maintain ownership of all its property and assets;.

(xii) promptly upon request, cure any defects in the execution and delivery of the Security and this Agreement. The Borrower hereby authorizes the Lenders or the Administrative Agent to file any financing statements without the signature of any Loan Party to the extent permitted by applicable law in order to perfect or maintain the perfection of any Security Interest granted under any of the Documents;

(xiii) give written notice to the Administrative Agent of a Loan Party monetizing or settling a fixed price Financial Instrument within five Banking Days of completing the same; and

(xiv) promptly execute and deliver to the Administrative Agent upon request all such other documents, agreements and instruments to comply with or accomplish the covenants and agreements of the Borrower or any Material Subsidiary, as the case may be, in the Security and this Agreement, or to further evidence and more fully describe the collateral intended as security for the Obligations and Hedging Obligations, or to correct any omissions in the Security, or to state more fully the security obligations set out herein or in any of the Security, or to perfect, protect or preserve any liens created pursuant to any of the Security, or to make any recordings, to file any notices or obtain any consents, all as may be necessary or appropriate in connection therewith or to enable the Administrative Agent to exercise and enforce its rights and remedies with respect to any collateral.

(h) Neither the Borrower nor any Material Subsidiary shall, without the prior written consent of the Majority Lenders:

(i) merge, amalgamate, consolidate or enter into any transaction in the nature of a hostile takeover with any other Person or wind up or liquidate its assets other than: (i) amalgamations of the Borrower with its respective direct or indirect wholly-owned Material Subsidiaries; and (ii) amalgamations between direct or indirect wholly-owned Material Subsidiaries of the Borrower;

(ii) create, assume, suffer or permit to be created or levied upon the assets or any part thereof of any Loan Party any Security Interest, or other adverse claim except for Permitted Encumbrances;

(iii) incur Debt other than Permitted Indebtedness;

(iv) make loans to or investments in any Subsidiary or Affiliate but excluding any Loan Party, or make loans to or investments in any other Person which are out of the ordinary course of business or which are outside the western Canadian sedimentary basin other than Permitted Investments;

(v) except for Permitted Dispositions, sell or dispose of any property or assets subject to the Security;

(vi) enter into or transact any Financial Instruments other than those that are Permitted Hedging;

(vii) provide direct or indirect financial assistance to any Person other than to a Loan Party;

(viii) make any Distributions other than Distributions to a Loan Party;

(ix) enter into any Sale/Lease-Back transactions unless (i) the proceeds are equal to fair market value, and (ii) such transactions are consented to by the Majority Lenders;

(x) sell or discount any material accounts receivable;

(xi) make changes in the nature of the Borrower's or a Material Subsidiary's business or assets, which would have a Material Adverse Effect; or

(xii) use proceeds of the Credit Facilities to accumulate and/or maintain cash or cash equivalents in depository accounts, investment accounts or any other similar accounts. Any Lender may, in its sole discretion, refuse to fund a Drawdown if it determines that the Drawdown is intended for such purpose.

(i) The Borrower and each Material Subsidiary shall comply in all material respects with all Environmental Laws and shall at all times maintain the material authorizations, permits, and certificates required under Environmental Laws.

(j) The Borrower shall immediately notify the Administrative Agent in the event of a breach of a material nature of Environmental Laws including without limitation, if a Release occurs or is discovered with respect to any Loan Party's property, operations, or those of any neighbouring property. In addition, it shall report to the Administrative Agent forthwith any Environmental Claim or fine greater than $2,500,000 that any Loan Party may receive or be ordered to pay with respect to the Environmental Claims relating to its business or property.

(k) At the request of and in accordance with the conditions set forth by the Administrative Agent, the Borrower shall, at its own cost, prepare and provide any information or document which the Administrative Agent and the Lenders may reasonably require with respect to the environmental situation of the Loan Parties, including any appropriate and reasonable study or report prepared by a firm acceptable to the Administrative Agent and the Lenders, acting reasonably. In the event that such studies or reports reveal any material breach of Environmental Laws, the Loan Parties shall effect the necessary work to ensure that its business and property comply with the Environmental Laws within a period acceptable to the Administrative Agent, acting reasonably.

(l) The Borrower shall not, nor shall it permit any of its Material Subsidiaries to (i) amend, supplement, modify or restate in any material respect their articles or certificate of incorporation, bylaws, limited liability company agreements, or other equivalent organizational documents, or amend or change its jurisdiction of incorporation, organization or formation without prior written notice to, and prior consent of, the Administrative Agent (which consent shall not be unreasonably withheld or delayed), and (ii) amend or change its name without giving the Administrative Agent 15 days' prior written notice of such name change.

11.2 Permitted Encumbrances

Nothing in the definition of "**Permitted Encumbrance**" or this Agreement shall cause the Obligations or the Hedging Obligations to be subordinated in priority of payment to any such Permitted Encumbrance or cause any Security Interests in favour of the Lenders, Hedging Affiliates or the Administrative Agent on behalf of the Lenders and Hedging Affiliates to rank subordinate to any such Permitted Encumbrance.

ARTICLE 12
SECURITY

12.1 Security

The Borrower shall execute and deliver, and shall cause each Material Subsidiary to execute and deliver, to and in favour of the Administrative Agent, for and on behalf of the Administrative Agent, the Lenders and Hedging Affiliates each of the following in form and substance satisfactory to the Administrative Agent:

(a) general assignment of book debts from the Borrower;

(b) first fixed and floating charge debenture in the amount of Cdn. $275,000,000 from the Borrower (first security interest on personal property), and upon request of the Majority Lenders, where the Majority Lenders, acting reasonably, consider the following necessary for their adequate protection, the Borrower covenants to forthwith execute and deliver to and in favour of the Administrative Agent fixed security on the petroleum and natural gas reserves and related assets of the Borrower, as selected by the Administrative Agent in its sole discretion;

(c) pledge agreement of debenture of the Borrower;

(d) officer's certificate certifying that the Borrower has valid title to the Borrower Assets, and that no charges, liens, encumbrances or claims exist against such interests save and except for Permitted Encumbrances;

(e) all such other guarantees and all such other confirmations, mortgages, debentures, pledge agreements, assignments and other security agreements as may be required by the Lenders, acting reasonably, (each in form and substance satisfactory to the Lenders, acting reasonably) in order to, or to more effectively, charge in favour of the Administrative Agent or grant Security Interests in favour of the Administrative Agent on and against all of the undertaking, assets and property (real or personal, tangible or intangible, present or future and of whatsoever nature and kind) of the Borrower, subject to Section 12.1(b) in respect of fixed charges on the petroleum and natural gas reserves and related assets; and

(f) thereafter, the Borrower and any Material Subsidiary shall execute and deliver all such other guarantees and all such other confirmations, mortgages, debentures, pledge agreements, assignments and other security agreements as may be required by the Majority Lenders, acting reasonably (each in form and substance satisfactory to the Majority Lenders, acting reasonably) in order to, or to more effectively, charge in favour of the Administrative Agent or grant Security Interests in favour of the Administrative Agent on and against all of the undertaking, assets and property (real or personal, tangible or intangible, present or future and of whatsoever nature and kind) of the Borrower and any Material Subsidiary, subject to Section 12.1(b) in respect of fixed charges on the petroleum and natural gas reserves and related assets;

as continuing collateral security for the benefit of the Lenders and Hedging Affiliates for the payment and performance by the Borrower of (i) all Obligations and (ii) all Hedging Obligations, and, for this purpose, the Obligations and Hedging Obligations shall rank pari passu.

12.2 Registration

The Administrative Agent, at the expense of the Borrower, shall register, file or record the Security in all offices where such registration, filing or recording is necessary or of advantage to the creation, perfection and preserving of the Security applicable to it including, without limitation, any land registry offices. The Administrative Agent, at the expense of the Borrower, shall amend and renew such registrations, filings and recordings from time to time as and when required to keep them in full force and effect or to preserve the priority established by any prior registration, filing or recording thereof.

12.3 Forms

The forms of Security required by the Lenders shall be prepared based upon the laws of the Province of Alberta and the laws of the applicable jurisdictions where such Security is registered thereto, in effect at the date thereof and hereof, as applicable. The Administrative Agent shall have the right to require that:

(a) any such Security be amended to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, in order to confer upon the Administrative Agent the Security Interests intended to be created thereby; and

(b) the Borrower and the Material Subsidiaries execute and deliver to the Administrative Agent such other and further debentures, mortgages, trust deeds, assignments and security agreements as may be reasonably required to ensure the Administrative Agent and the Lenders have and hold, subject to Permitted Encumbrances, first priority Security Interests on and against all of the property and assets of the Borrower and the Material Subsidiaries,

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

12.4 Continuing Security

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

12.5 Dealing with Security

The Administrative Agent, with the consent of all of the Lenders, may grant extensions of time or other indulgences, take and give up security (including, without limitation, the Security or any part or parts thereof), accept compositions, grant releases, postponements and discharges and otherwise deal with the Loan Parties and other parties and with securities (including without limitation, the Security and each part thereof) as the Administrative Agent may see fit, and may, subject to Section 14.1, apply all amounts received from the Borrower or others or from securities (including without limitation, the Security or any part thereof) upon such part of the liabilities of the Loan Parties hereunder or under any of the Security as the Administrative Agent may think best, without prejudice to or in any way limiting the liability of the Loan Parties under this Agreement or under any of the Security or any other collateral security.

To give effect to the requirement to provide fixed security pursuant to the debentures, the Borrower for and on behalf of itself and each Material Subsidiary constitutes and appoints, as provided in this Agreement, the Administrative Agent the true and lawful attorney of each of them irrevocable with power of substitution to grant such fixed security from time to time, including without limitation, attaching to the debentures of each Loan Party as Schedule A, from time to time, a land schedule setting forth the petroleum and natural gas assets selected by the Administrative Agent in which event such assets shall without any further action be subject to the fixed charges and shall be subject to all of the terms and conditions thereof as if the same had been so included in Schedule A of the debentures at the time they were executed and delivered, and all such acts so taken by the Administrative Agent are ratified and confirmed by the Loan Parties. This power of attorney is a power coupled with an interest and shall be irrevocable. The Administrative Agent shall advise the Borrower in writing, concurrently with the execution of applicable Documents, of any assets which are subjected to fixed charges hereunder.

12.6 Effectiveness

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

12.7 Release and Discharge of Security

Subject to the release of Security by the Administrative Agent for Permitted Dispositions, the Security or any part thereof shall not be discharged, released or postponed except by a written release and discharge signed by the Administrative Agent with the prior written consent of all of the Lenders. If all of the Obligations and Hedging Obligations to the Lenders and Hedging Affiliates have been indefeasibly repaid, paid, satisfied and discharged, as the case may be, in full and the Credit Facilities have been fully cancelled, then, subject to Section 12.9, the Security shall be released and discharged by the Administrative Agent and the Lenders. The Administrative Agent, at the cost and expense of the Borrower, shall from time to time do, execute and deliver, or cause to be done, executed and delivered, all such agreements, instruments, certificates, financing statements, notices and other documents and all acts, matters and things as may be reasonably requested by the Borrower to give effect to, establish, evidence or record the foregoing release and discharge.

12.8 Transfer of Security

If NBC, in its capacity as Administrative Agent, or any successor thereto, in its capacity as Administrative Agent (the "**Departing Administrative Agent**") ceases to be the Administrative Agent, the Departing Administrative Agent shall transfer and assign all of its right, title and interest in its capacity as Administrative Agent in and to the Security to the replacement administration agent and the provisions of Section 12.5 shall apply, mutatis mutandis, with respect to such assignment and transfer.

12.9 Hedging Obligations

The following provisions shall apply in respect of the Hedging Obligations and in the event of any conflict between the provisions of this Section 12.9 with any other provisions of this Agreement in respect of Hedging Obligations, the provisions of this Section 12.9 shall govern and prevail:

(a) the Hedging Obligations secured by the Security shall be limited to those: (i) that arise under Existing Financial Instruments; and (ii) that arise under Financial Instruments entered into between a Loan Party and a Lender, or between a Loan Party and a Hedging Affiliate (A) prior to the occurrence of an Event of Default that is continuing; (B) after the date of this Agreement; and (C) during such time as the Lender or the Lender affiliated with the Hedging Affiliate was a Revolving Lender under this Agreement. In the event a Lender or the Lender affiliated with the Hedging Affiliate is no longer a Revolving Lender but there are outstanding Hedging Obligations owed to such former Revolving Lender or the Hedging Affiliate of such former Revolving Lender, then such Hedging Obligations shall continue to be secured by the Security;

(b) any matter or thing done or omitted to be done by a Lender under or in respect of this Agreement, the other Documents, the Security and in respect of any transactions contemplated thereby shall be binding upon the Hedging Affiliate of such Lender;

(c) each Lender does hereby indemnify and save the other Lenders and the Administrative Agent harmless from any and all claims, demands, actions or matter of actions that a Hedging Affiliate of such Lender may have against the other Lenders and the Administrative Agent for any matter or thing done or omitted to be done by any of them under and in respect of this Agreement, the other Documents, the Security and any transactions contemplated thereby;

(d) for greater certainty, (i) a Hedging Affiliate shall under no circumstances be considered to be a Lender for purposes of this Agreement, the Security or the other Documents and shall not be entitled to vote or to any notice thereunder, and (ii) any reference in this Agreement to the Hedging Obligations of a Lender shall include the Hedging Obligations of the Lender's Affiliate, if any;

(e) in the event (i) a Lender or the Lender of a Hedging Affiliate is no longer a Lender but there are outstanding Hedging Obligations owed to such former Lender or the Hedging Affiliate of such Lender, and (ii) the Obligations have been fully paid and satisfied and the Credit Facilities cancelled, then the Administrative Agent may assign, transfer and convey to such former Lender or such Hedging Affiliate all of its rights, benefits and entitlements under this Agreement and the Security as Administrative Agent for the purpose of securing the outstanding Hedging Obligations as contemplated by Sections 12.1 and 12.9 of this Agreement. Any such assignment, transfer or conveyance under this Subsection 12.9(e) shall be without recourse to the Administrative Agent; and

(f) for greater certainty, the assignee of an assignment made under Subsection 12.9(e) shall be subrogated in place and instead of the assignor as the Administrative Agent for the purposes of this Agreement and the Security.

12.10 Other Security

Promptly after the Borrower acquires, directly or indirectly, a Person which falls into the definition of a Material Subsidiary other than the provision in the definition that such Person has granted Security, the Borrower shall provide the Administrative Agent with notice of such event and within 10 Banking Days of the Administrative Agent requesting the following, the Borrower shall: (i) cause such Person to execute and deliver to the Administrative Agent a guarantee and security in substantially the form and substance of the Security granted by the Borrower and other Material Subsidiaries, including fixed charges as requested by the Majority Lenders, if the Majority Lenders, acting reasonably, consider the fixed charges necessary for their adequate protection, together with the applicable opinions, all in form and substance satisfactory to the Administrative Agent, and such guarantee and security shall form part of the Subsidiary Security; and (ii) execute and deliver, and shall cause such Person to execute and deliver, to the Administrative Agent such documents as the Administrative Agent requires for such Person to become a party to this Agreement and agree to become bound by all of the same covenants and agreements of a Material Subsidiary as contained in this Agreement.

12.11 Acknowledgement and Confirmation of Security

The Borrower hereby:

(a) ratifies and confirms its obligations under the Existing Security Documents, and confirms and agrees that: (i) each Existing Security Document continues in full force and effect, (ii) each Existing Security Document is a legal, valid and binding obligation of the Borrower enforceable 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;

(b) acknowledges, confirms and agrees that this agreement does not limit or diminish in any manner its obligations under the Existing Security Documents;

(c) acknowledges, confirms and agrees that all liens and encumbrances granted in favour of the Administrative Agent for the benefit of the Lenders continue to be valid and subsisting and continue to secure all Obligations described in the applicable Documents;

(d) acknowledges, confirms and agrees that all security granted by it in favour of the Administrative Agent for and on behalf of itself, the Lenders and the Hedging Affiliates pursuant to the Existing Security Documents continues in full force and effect in favour of the Administrative Agent for and on behalf of itself, the Lenders and the Hedging Affiliates and secures payment and performance by it of all the Obligations and the Hedging Obligations;

(e) certifies and confirms that the representations and warranties in the Existing Security Documents are true and correct in all material respects as if made on and as of the date hereof, except for those representations and warranties that were made as at a particular date; and

(f) confirms and agrees that the Existing Security Documents shall continue to exist and to apply to all of the Obligations under, pursuant or relating to the Original Credit Agreement, as amended and restated by this Agreement, together with all Hedging Obligations.

ARTICLE 13
EVENTS OF DEFAULT

13.1 Events of Default

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

(a) the Borrower fails to make payment of any principal (including without limitation, any failure to make a mandatory repayment pursuant to Section 2.5(c) or Section 8.1) when due and payable;

(b) the Borrower fails to pay any amount of interest or fees within three Banking Days or any other Obligation (excluding principal, interest and fees) within 10 Banking Days, after the same become due and payable;

(c) if any representation or warranty in the Documents proves to be untrue in any material respect and which, if capable of correction without changing the statement, is not so remedied or corrected within 30 days of the earlier of: (i) the date the Borrower first having knowledge of the untrue representation or warranty; (ii) the date the Borrower should have known that the representation or warranty is untrue and (iii) written notice from the Administrative Agent to the Borrower;

(d) failure by any Loan Party to observe or comply with any affirmative, negative or financial covenants, condition or term in the Documents (other than those otherwise dealt with in this Section 13.1, and, without limiting the generality of the foregoing, other than payment of an Obligation or Financial Instrument Obligation) and such failure remains unrectified for a period of 30 days after the earlier of: (i) the Borrower first having knowledge of such failure; or (ii) the Borrower receiving notice from the Administrative Agent of such failure;

(e) the property of a Loan Party having a fair market value in excess of 5% of the then applicable Borrowing Base, in the aggregate, shall be seized (including by way of execution, attachment, garnishment or distraint) or any Security Interest thereon shall be enforced, or such property shall become subject to any charging order or equitable execution of a court, or any writ of enforcement, writ of execution or distress warrant with respect to obligations in excess 5% of the then applicable Borrowing Base, in the aggregate, shall exist in respect of any one or more of any of them, or such property, or any sheriff, civil enforcement agent or other Person shall become lawfully entitled to seize or distrain upon such property under the *Civil Enforcement Act* (Alberta), the *Workers' Compensation Act* (Alberta), the *Personal Property Security Act* (Alberta) or any other applicable laws whereunder similar remedies are provided, and in any case such seizure, execution, attachment, garnishment, distraint, charging order or equitable execution, or other seizure or right, shall continue in effect and not be released or discharged for more than 30 days;

(f) if any of the Loan Parties are in default of any indebtedness or other obligations to any Person (excluding the Obligations) which in the aggregate exceed 5% of the then current Borrowing Base and such default in not remedied within any applicable cure periods (for the purposes of this subclause normal course trade payables outstanding for no more than 90 days from date of invoice shall not be considered in default);

(g) if any Loan Party shall:

(i) become insolvent, or generally not pay its debts or meet its liabilities as the same become due, or suspends or ceases or threatens to suspend or cease the conduct of its business, or admit in writing its inability to pay its debts generally, or declare any general moratorium on payment of its indebtedness or interest thereon, or propose a compromise or arrangement between it and any of its creditors;

(ii) make an assignment of its Property for the general benefit of its creditors whether or not under the *Bankruptcy and Insolvency Act* (Canada), or make a proposal (or file a notice of its intention to do so) whether or not under such Act;

(iii) institute any proceeding seeking to adjudicate it an insolvent, or seeking liquidation, dissolution, winding-up, reorganization, administration, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts under any other statute, rule or regulation relating to bankruptcy, winding-up, insolvency, administration, plans of arrangement, relief or protection of debtors (including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and any applicable *Business Corporations Act* or *Company Act*);

(iv) apply for the appointment of, or the taking of possession by, a receiver, interim receiver, administrative receiver, receiver/manager, custodian, administrator, trustee, liquidator or other similar official for it or any material part of its Property; or

(v) take any overt action to approve, consent to or authorize any of the actions described in this paragraph (g) or in paragraph (h) below; or

(h) if any petition shall be filed, application be made or other proceeding be instituted by a third party against or in respect of any Loan Party:

(i) seeking to adjudicate it an insolvent, or a declaration that an act of bankruptcy has occurred;

(ii) seeking a receiving order against it including under the *Bankruptcy and Insolvency Act* (Canada);

(iii) seeking liquidation, dissolution, winding-up, reorganization, administration, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts under any statute, rule or regulation relating to bankruptcy, winding-up, insolvency, administration, plans of arrangement, relief or protection of debtors (including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and any applicable *Business Corporations Act* or *Company Act*); or

(iv) seeking the entry of an order for relief or the appointment of a receiver, interim receiver, administrative receiver, receiver/manager, custodian, administrator, trustee, liquidator or other similar official for it or any material part of its Property,

and such petition, application or proceeding shall continue undismissed, or unstayed and in effect, for a period of 30 days after the institution thereof, provided that if an order, decree or judgment which is not stayed has been granted (whether or not entered or subject to appeal) against such Loan Party thereunder or a trustee, receiver or liquidator is appointed in the interim, such grace period shall cease to apply;

(i) if a Financial Instrument Demand for Payment has been delivered to a Loan Party and the Loan Party fails to make payment thereunder within the lesser of (i) three Banking Days, and (ii) the time otherwise required for payment thereunder;

(j) if there is a Change of Control;

(k) if an Event of Default has occurred pursuant to Section 2.17;

(l) excepting security registrations or other such actions which the Administrative Agent is in a position to effect without the consent or assistance of a Loan Party, if for a period of 10 days after notice thereof to the Borrower, any material portion of the Security or any material part of this Agreement becomes or continues to be invalid or unenforceable and is not cured to the satisfaction of the Administrative Agent, acting reasonably;

(m) if a judgment or judgments are obtained against one or more of the Loan Parties for amounts, in the aggregate, in excess 5% of the then current Borrowing Base, and such party or parties shall not have (i) provided for the discharge of the judgment(s) within 30 days from the date of entry thereof, or (ii) procured a stay of execution thereof within 30 days from the date of entry thereof and within such period, or such longer period during which execution of such judgment(s) shall have been stayed, appealed such judgment(s) and caused the execution thereof to be stayed during such appeal;

(n) if any Loan Party denies, to any material extent, its obligations under the Documents or claims any of the Documents to be invalid or withdrawn in whole or in part; or any of the Documents or any material provision becomes unlawful or is changed by virtue of legislation or by a court, statutory board or commission; or

(o) there is, in the opinion of the Majority Lenders, acting reasonably, any other event not described in subclauses (a) to (n) above, which has had or would reasonably be expected to have a Material Adverse Effect.

13.2 Remedies

(a) Upon the occurrence of any Event of Default (other than an Event of Default described in Section 13.1(g) or (h)), to the extent that it is not already enforceable, the Security shall immediately become enforceable, and at any time thereafter, the Administrative Agent may and, if required by the Majority Lenders, shall, upon notice to the Borrower, do any or all of the following:

(i) terminate the Credit Facilities and the Commitments and the right of the Borrower to obtain Advances and make Drawdowns, Conversions and Rollovers;

(ii) make demand for immediate payment and satisfaction in full of the Obligations; whereupon the Obligations shall become forthwith due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower to the maximum extent permitted by applicable law; and

(iii) exercise all of the rights and remedies of the Administrative Agent and Lenders, including without limitation, demanding under any guarantee and the enforcement of the Security.

(b) Upon the occurrence of any Event of Default described in Section 13.1(g) or (h), then:

(i) the Credit Facilities and the Commitments and the right of the Borrower to make Advances, Drawdowns, Conversions and Rollovers shall automatically and immediately terminate;

(ii) all Obligations (and all indebtedness, liabilities and obligations of each Material Subsidiary to the Administrative Agent and the Lenders) shall immediately become due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower to the maximum extent permitted by applicable law;

(iii) to the extent that it is not already enforceable, the Security shall immediately become enforceable; and

(iv) the Administrative Agent may and, if required by the Majority Lenders, shall, exercise any and all of the rights and remedies of the Administrative Agent and the Lenders, including without limitation, the enforcement of the Security.

(c) In the event that fewer than the Majority Lenders ("**Initiating Lenders**") wish to request that the Administrative Agent do any of the items in Section 13.2(a) or to exercise the rights and remedies set out in Section 13.2(b)(iv), such Initiating Lenders shall be required: (i) to consult with the other Lenders ("**Other Lenders**") in an effort to determine whether there is an agreement among the Majority Lenders on the need to do any of the items in Section 13.2(a) or to exercise the rights and remedies set out in Section 13.2(b)(iv); and (ii) if there is no agreement by the Majority Lenders to do such items, to give the Other Lenders not less than 10 days' written notice ("**Intention Notice**") of their intention to request that all or any of the items in Section 13.2(a) or the rights and remedies set out in Section 13.2(b)(iv) be initiated. Within the notice period set out in the Intention Notice the Other Lenders or any of them (each a "**Purchasing Lender**") shall have the option of purchasing from the Initiating Lenders the Initiating Lenders' Commitments, in proportion to the Purchasing Lenders' respective Lenders' Proportions (and in calculating the Lender's Proportion of a Purchasing Lender, ignoring the Commitments of Initiating Lenders and the Commitments of the Other Lenders who are not Purchasing Lenders) or in any other proportion as otherwise agreed by the Purchasing Lenders. In the event there are any outstanding Acceptances or BA Equivalent Advances, the Purchasing Lenders shall covenant with the Initiating Lenders to pay the face value of such Acceptances and BA Equivalent Advances at their maturity and shall indemnify and save the Initiating Lenders harmless from and against any liability, absolute or contingent, matured or not, in respect of (i) any outstanding Advance made by the Initiating Lenders, and (ii) the obligations of the Initiating Lenders, if any, to the Borrower under or pursuant to this Agreement.

(d) If, pursuant to Section 13.2(c) there is no agreement among the Majority Lenders to proceed with any or all of the items in Section 13.2(a) or to exercise the rights and remedies set out in Section 13.2(b)(iv), and the Other Lenders do not exercise their option to purchase the Commitments of the Initiating Lenders, then at the request of any Lender, the Administrative Agent shall proceed with the items in Section 13.2(a) and to exercise the rights and remedies set out in Section 13.2(b)(iv) as specified by such Lender, all as if the Administrative Agent had been directed to do so by the Majority Lenders.

(e) All rights and remedies of the Lenders and the Administrative Agent in this Agreement and in the Documents are cumulative and in addition to and not in substitution for any rights and remedies provided by law or by equity; and any single or partial exercise by the Lenders or by the Administrative Agent of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or in any of the Documents shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which any Lender or the Administrative Agent may be lawfully entitled.

13.3 Termination of Financial Instruments

(a) While an Event of Default is in existence, each Lender (whether or not still a Lender under this Agreement) shall have the right, but not the obligation, to terminate, or cause its Hedging Affiliate to terminate, each Financial Instrument with the Borrower and any Material Subsidiary.

(b) While an Event of Default is in existence, neither the Borrower nor any Material Subsidiary shall enter into or become bound by a Financial Instrument without first obtaining the written consent of all the Lenders.

ARTICLE 14
SHARING AND EQUALITY AMONG LENDERS

14.1 Distribution Among the Lenders

Subject to Section 9.4, except as otherwise agreed by all of the Lenders in their sole discretion, all monies and property received by the Lenders or the Administrative Agent for application in respect of the Obligations and the Hedging Obligations and all monies received as a result of a realization upon the Security shall be applied and distributed proportionately to the Lenders and the Administrative Agent in the manner set forth below:

(a) firstly, in payment of any amounts due and payable by way of recoverable expenses including, without limitation, the costs and expenses of enforcement and realization upon the Security;

(b) secondly, in payment of amounts due as fees (other than standby fees referred to in Section 7.4);

(c) thirdly, in payment of any amounts due and payable as and by way of interest or fees, including standby fees and including interest owing on overdue amounts;

(d) fourthly, in payment of the remaining Obligations and Hedging Obligations on a pari passu basis; and

(e) fifthly, in payment of all other indebtedness under the Documents,

with the balance of proceeds from any realization and enforcement of the Security to be paid to the Borrower or otherwise as may be required by law.

14.2 Equality Among the Lenders

Subject to Section 14.1, all rights of the Lenders hereunder or under the Security shall rank pari passu, pro rata to their respective share of Obligations and Hedging Obligations of the Loan Parties to the Lenders and to the Hedging Affiliates.

14.3 Other Security

No Lender or Hedging Affiliate shall obtain any additional security for the payment of the indebtedness of the Borrower under this Agreement or for the payment of Hedging Obligations, unless such security shall form and become part of the Security.

14.4 Direct Payment to a Lender

If a Lender receives, otherwise than through the Administrative Agent, a payment or property from the Borrower in respect of the Borrower's obligations arising pursuant to this Agreement (including any payment received by a Lender through the exercise of a right of set-off or the enforcement of the Security), such Lender shall remit to the Administrative Agent the payment or property so received, if applicable, in order that such payment be applied by the Administrative Agent to the obligations of the Borrower hereunder in accordance with the provisions of this Agreement, in particular, Section 14.5.

14.5 Adjustments Among Lenders

Each Lender agrees that:

(a) after an acceleration pursuant to Section 13.2, it will at any time or from time to time upon the request of the Administrative Agent as required by any Lender, purchase, on a non-recourse basis at par, a participation in the outstanding Borrowings of the other Lenders and make any other adjustments which may be necessary or appropriate, in order that the amount of Borrowings by each Lender which remain outstanding, as adjusted pursuant to this Section 14.5, will be in the same proportion as the Lenders' Proportions of the Lenders in respect of the Credit Facilities;

(b) after an acceleration pursuant to Section 13.2, the amount of any repayment made by the Borrower under the Documents and the amount of any proceeds from the exercise of any rights or remedies of the Lenders under the Documents which are to be applied against the Obligations will be so applied in a manner so that to the extent possible the amount of Obligations of each Lender after giving effect to such application will be the same proportion as the Lenders' Proportions in respect of the Credit Facilities;

(c) if it enforces any security against or right of counter-claim, set off or banker's lien or similar right with respect to the property of the Borrower or a Material Subsidiary or if under any applicable bankruptcy, insolvency or other similar law it receives a secured claim and collateral for which it is, or is entitled to exercise any set-off against, a debt owed by it to the Borrower or a Material Subsidiary, the Lender shall apportion the amount thereof pro rata between:

(i) such Lender's share of all outstanding Obligations and Hedging Obligations (including the face amounts at maturity of Bankers' Acceptances accepted by the Lenders) owed to such Lender, which amounts shall be applied in accordance with Section 14.5(d); and

(ii) amounts otherwise owed to such Lender by the Borrower,

provided that these provisions do not apply to a right or claim which arises or exists in respect of a loan or other debt in respect of which the relevant Lender holds a Security Interest which is a Permitted Encumbrance;

(d) if the Lender, through the exercise of a right, or the receipt of a secured claim described in Section 14.5(c) above, or otherwise, receives payment of a proportion of the aggregate amount of Obligations due to it hereunder which is greater than the proportion received by any other Lender in respect of the aggregate Obligations due to the Lenders (having regard to the respective Lenders' Proportions in respect of the Credit Facilities), the Lender receiving such proportionately greater payment shall purchase, on a non-recourse basis at par, and make payment for a participation (which shall be deemed to have been done simultaneously with receipt of such payment) in the outstanding Borrowings of the other Lender or Lenders so that their respective receipts shall be pro rata to their respective Lender's Proportions in respect of the Credit Facilities; provided, however, that if all or part of such proportionately greater payment received by such purchasing Lender shall be recovered by or on behalf of the Borrower or any trustee, liquidator, receiver or receiver-manager or Person with analogous powers from the purchasing Lender, such purchase shall be rescinded and the purchase price paid for such participation shall be returned to the extent of such recovery, but without interest unless the purchasing Lender is required to pay interest on such amount, in which case each selling Lender shall reimburse the purchasing Lender pro rata in relation to the amounts received by it. Such Lender shall exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on such secured claims; and

(e) if the Lender does, or is required to do, any act or thing permitted by this Section 14.5 above, it shall promptly provide full particulars thereof to the Administrative Agent.

The Borrower agrees to do all things reasonably necessary or appropriate to give effect to any and all purchases and adjustments by and between the Lenders pursuant to this Section.

ARTICLE 15
THE ADMINISTRATIVE AGENT AND THE LENDERS

15.1 Appointment of the Administrative Agent

Each Lender hereby irrevocably appoints and authorizes the Administrative Agent to be its administrative agent in its name and on its behalf to exercise such rights and powers as are delegated to the Administrative Agent by the terms of this Agreement and as are reasonably incidental thereto and the Administrative Agent hereby accepts such appointment and authorization. Whenever acting in such capacity, the Administrative Agent shall represent and bind all Lenders as herein provided. No Lender shall exercise individually any of the rights and powers delegated to the Administrative Agent hereunder.

15.2 Action by Administrative Agent

Except as expressly required by this Agreement, the Administrative Agent shall not be required to take or refrain from taking any action which it is empowered to take under this Agreement or the Security documents, unless the Administrative Agent has been required by the Majority Lenders to take or refrain from taking any such action. Notwithstanding the foregoing, the Administrative Agent shall in no event be required to take or refrain from taking any action which it would be required to take or refrain from taking by the Majority Lenders if in its judgment, such action or omission is contrary hereto or to applicable law or exposes it to personal liability in circumstances in which it determines that indemnity under Section 15.6 may not be available or adequate.

15.3 Liability of the Administrative Agent

Neither the Administrative Agent nor any of its directors, officers, administration agents or employees (and, for purposes hereof, the Administrative Agent shall be deemed to be contracting as administrative agent and trustee for and on behalf of such persons) shall be liable to the Lenders for any action taken or omitted to be taken by it or them under or in connection with this Agreement except for its or their own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, the Administrative Agent:

(a) may assume that there has been no assignment or transfer by any means by the Lenders of their rights hereunder, unless and until the Administrative Agent receives written notice of the assignment thereof from such Lender and the Administrative Agent receives from the assignee an executed assignment agreement providing, inter alia, that such assignee is bound hereby as it would have been if it had been an original Lender party hereto;

(b) may consult with legal counsel (including receiving the opinions of Borrower's counsel and Lenders' Counsel required hereunder), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts;

(c) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telegram, cable, telecopier or telex) believed by it to be genuine and signed or sent by the proper party or parties or by acting upon any representation or warranty of the Borrower made or deemed to be made hereunder;

(d) may assume that no Default or Event of Default has occurred unless it has actual knowledge to the contrary;

(e) may rely as to any matters of fact which might reasonably be expected to be within the knowledge of any Person upon a certificate signed by or on behalf of such Person;

(f) shall not be bound to disclose to any other Person any information relating to the Borrower or any other Person if such disclosure would or might in its opinion constitute a breach of any applicable law, be in default of the provisions hereof or be otherwise actionable at the suit of any other Person; and

(g) may refrain from exercising any right, power or discretion vested in it which would or might in its reasonable opinion be contrary to any applicable law or any directive or otherwise render it liable to any Person, and may do anything which is in its reasonable opinion necessary to comply with such applicable law.

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

15.4 Notices of Default

In the event that the Administrative Agent has been notified by the Borrower of any Default or Event of Default, or has been notified by a Lender that such a Lender considers that a Default or Event of Default has occurred, the Administrative Agent shall promptly notify the Lenders of such Default or Event of Default.

15.5 Liability of Lenders

No Lender (including the Administrative Agent) shall have any liability whatsoever:

(a) as a consequence of the failure of any other Lender to perform its obligations under this Agreement;

(b) as a consequence of the failure of the Borrower to perform its obligations under this Agreement or under any of the Security; or

(c) (i) for the accuracy or completeness of any information, representations or warranties contained herein or made in connection herewith or provided pursuant to this Agreement, (ii) or for the legality, validity, enforceability, sufficiency or value of this Agreement, the Security or any other document or instruments contemplated thereby.

15.6 Indemnification

Each Lender shall indemnify the Administrative Agent on a pro rata basis in accordance with such Lender's Proportion of the total Commitments, to the extent not reimbursed by the Borrower, from and against all liabilities, losses, expenses, claims or disbursements of any kind or nature whatsoever which may be incurred or imposed on the Administrative Agent, relating to or arising out of this Agreement, the other Documents or any action taken or omitted to be taken by the Administrative Agent, except for any portion of such liabilities, losses, expenses, claims or disbursements resulting from gross negligence or wilful misconduct of the Administrative Agent.

15.7 Credit Decision

Each Lender acknowledges that it has been and will continue to be solely responsible for making its own independent appraisal and investigation of the financial condition, credit-worthiness, affairs and viability of the Loan Parties and that it has not relied on the Administrative Agent or any other Lender in the making of its decision to enter into this Agreement.

15.8 Legal Proceedings and Enforcement Measures

Each of the Lenders hereby acknowledges that, to the extent permitted by applicable law, the remedies provided hereunder to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder are to be exercised not severally, but collectively by the Administrative Agent upon the decision of the Majority Lenders, subject to the provisions of Section 13.2(c) and (d). Notwithstanding any of the provisions contained herein, each of the Lenders hereby covenants and agrees that it shall not be entitled to individually take any action with respect to any part of any of the Credit Facilities, but that any such action shall be taken only by the Administrative Agent with the prior written agreement or instructions of the Majority Lenders; provided that, notwithstanding the foregoing (but subject to the provisions of Section 13.2(c) and (d)), if (i) the Administrative Agent, having been adequately indemnified against costs and expenses of so doing by the Lenders, shall fail to carry out any such instructions of the Majority Lenders, any Lender may do so on behalf of all Lenders and shall, in so doing, be entitled to the benefit of all protections given the Administrative Agent hereunder or elsewhere, and (ii) in the absence of instructions from the Majority Lenders and where in the sole opinion of the Administrative Agent the exigencies of the situation warrant such action, the Administrative Agent may without notice to or consent of the Lenders or any of them take such action on behalf of the Lenders as the Administrative Agent deems appropriate or desirable in the interests of the Lenders. Each of the Lenders hereby further covenants and agrees that upon any such written consent being given by the Majority Lenders, or upon a Lender or the Administrative Agent taking action as aforesaid, it shall cooperate fully with the Lender or the Administrative Agent to the extent requested by the Lender or the Administrative Agent in the collective realization including, without limitation, and, if applicable, the appointment of a receiver or receiver and manager to act for their collective benefit. Each Lender covenants and agrees to do all acts and things and to make, execute and deliver all agreements and other instruments, including, without limitation, any instruments necessary to effect any registrations, so as to fully carry out the intent and purpose of this Section; and each of the Lenders hereby covenants and agrees that, subject to Section 7.5, Section 14.3 and Section 12.1 it has not heretofore and shall not seek, take, accept or receive any security for any of the obligations and liabilities of the Borrower hereunder or under any other document, instrument, writing or agreement ancillary hereto and shall not enter into any agreement with any of the parties hereto or thereto relating in any manner whatsoever to the Credit Facilities, unless all of the Lenders shall at the same time obtain the benefit of any such security or agreement.

With respect to any enforcement, realization or the taking of any rights or remedies to enforce the rights of the Lenders hereunder, the Administrative Agent shall be a trustee for each Lender, and all monies received from time to time by the Administrative Agent in respect of the foregoing shall be held in trust and shall be trust assets within the meaning of applicable bankruptcy or insolvency legislation and shall be considered for the purposes of such legislation to be held separate and apart from the other assets of the Administrative Agent, and each Lender shall be entitled to such Lender's Proportion of such monies. In its capacity as trustee, the Administrative Agent shall be obliged to exercise only the degree of care it would exercise in the conduct and management of its own business and in accordance with its usual practice concurrently employed or hereafter instituted for other substantial commercial loans.

15.9 Sharing of Information

Subject to Section 17.3, the Borrower, for and on behalf of itself and each Material Subsidiary, authorizes the Administrative Agent and the Lenders to share with each other and with prospective assignees of and participants in the Borrowings, any information held by them regarding the any Loan Party or relating to this Agreement, provided however that any information declared to be confidential by the Borrower in writing to the Administrative Agent at the time the information is transmitted to the Administrative Agent shall only be shared on the condition that the recipient thereof agrees to keep such information confidential.

15.10 No Association Among Lenders

Nothing contained in this Agreement and no action taken pursuant to it shall, or shall be deemed to, constitute the Lenders a partnership, association, joint venture or other similar entity.

15.11 Successor Administrative Agent

Subject to the appointment and acceptance of a successor administrative agent as provided in this Section 15.11, the Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower. Upon any such resignation, the Majority Lenders shall have the right to appoint a successor administrative agent with the approval of the Borrower (such approval not to be unreasonably withheld). Any successor administrative agent appointed under this Section 15.11 shall be a Lender which is a scheduled bank under the *Bank Act* (Canada). If no successor administrative agent shall have been appointed by the Lenders within 30 days after the retiring administration agent's giving of notice of resignation, then the retiring administrative agent may, on behalf of the Lenders and with the approval of the Borrower (such approval not to be unreasonably withheld), appoint a successor administrative agent. Upon the appointment as Administrative Agent of a successor administrative agent, such successor administrative agent shall thereupon succeed to and become vested with all the rights, powers, obligations and duties of the retiring administrative agent and shall be deemed for the purposes of this Agreement to be the Administrative Agent and the retiring administrative agent shall be discharged from its duties and obligations under this Agreement. After any retiring administrative agent's resignation hereunder as the Administrative Agent, the provisions of this Agreement shall continue in effect for its benefit, for the benefit of the Lenders and for the benefit of the Borrower in respect of any actions taken or omitted to be taken by the retiring administrative agent while it was acting as the Administrative Agent.

15.12 Lender Obligations; Defaulting Lender

(a) The, obligations of each Lender and of the Administrative Agent under this Agreement are several. The failure of any Lender to carry out its obligations hereunder shall not relieve the other Lenders, the Administrative Agent or the Borrower of any of their respective obligations hereunder.

(b) Neither the Administrative Agent nor any Lender shall be responsible for the obligations of any other Lender hereunder.

(c) Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(i) the Standby Fees payable pursuant to Section 7.4 shall cease to accrue on the unused portion of the Commitment of such Defaulting Lender;

(ii) a Defaulting Lender shall not be included in determining whether, and the Commitment and the Lender's Proportion of the outstanding Borrowings of such Defaulting Lender shall not be included in determining whether, all Lenders, all Revolving Lenders, the Required Lenders, the Majority Lenders or the Majority Revolving Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Article 16);

(iii) the Administrative Agent may withhold any payments owing to such Defaulting Lender for set-off against such Defaulting Lender's existing or reasonably foreseeable future obligations hereunder; and

(iv) for the avoidance of doubt, the Borrower shall retain and reserve its other rights and remedies respecting each Defaulting Lender.

(d) If any Lender shall cease to be a Defaulting Lender, then, upon becoming aware of the same, the Administrative Agent shall notify the other Lenders and the Borrower and such Lender (which has ceased to be a Defaulting Lender) shall purchase at par, and the other Lenders shall on a rateable basis sell at par and assign to such Lender, portions of such Borrowings equal in total to such Lender's Lender's Proportion thereof.

15.13 Administrative Agent and Defaulting Lenders

(a) Each Defaulting Lender shall be required to provide to the Administrative Agent cash in an amount, as shall be determined from time to time by the

Administrative Agent in its discretion, equal to all obligations of such Defaulting Lender to the Administrative 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 or expense reimbursement amounts not paid by the Borrower. Such cash shall be held by the Administrative Agent in one or more cash collateral accounts, which accounts shall be in the name of the Administrative Agent and shall not be required to be interest bearing. The Administrative Agent shall be entitled to apply the foregoing cash in accordance with Section 15.13(c).

(b) In addition to the indemnity and reimbursement obligations noted in Section 15.6, the Lenders agree to indemnify the Administrative 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 Proportion (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 Administrative Agent and which is due and owing to the Administrative Agent pursuant to Section 15.6. 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 Administrative Agent shall be entitled to withhold and deposit in one or more non-interest bearing cash collateral accounts in the name of the Administrative Agent all amounts (whether principal, interest, fees or otherwise) received by the Administrative Agent and due to a Defaulting Lender pursuant to this Agreement, which amounts shall be used by the Administrative Agent:

(i) first, to reimburse the Administrative Agent for any amounts owing to it by the Defaulting Lender pursuant to this Agreement or any other Document;

(ii) second, to repay on a pro rata basis any payments made by a Lender pursuant to Section 15.13(b);

(iii) third, to cash collateralize all other obligations of such Defaulting Lender to the Administrative Agent owing pursuant to this Agreement in such amount as shall be determined from time to time by the Administrative Agent in its discretion, including such Defaulting Lender's obligation to pay its Lender's Proportion of any indemnification or expense reimbursement amounts not paid by the Borrower;

(iv) fourth, to fund the Defaulting Lender's Lender's Proportion of Borrowings which remain unfunded and to fund the purchase of participations required to be purchased by the Defaulting Lender under this Agreement and the Documents which remain unfunded; and

(v) fifth, pay any amounts not paid under clauses (i) through (iv) to the Defaulting Lender.

(d) For greater certainty and in addition to the foregoing, neither the Administrative 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, without limitation, a Defaulting Lender) for any action taken or omitted to be taken by it in connection with the determination of a Lender as a Defaulting Lender or with amounts payable by the Borrower to a Defaulting Lender and received and deposited by the Administrative 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 Administrative Agent as determined by a final non-appealable judgment of a court of competent jurisdiction.

15.14 Departing Lenders

If a Lender: (a) is a Defaulting Lender; (b) seeks Additional Compensation in accordance with Section 5.1, implements its rights under Section 5.3 or requires any payment to be made in respect of withholding taxes pursuant to Section 9.5 in respect of a Lender; or (c) refuses to give timely consent to an amendment, modification or waiver of this Agreement that, pursuant to Section 16.3, requires consent of all the Lenders (and the consent of the Majority Lenders has been given with respect thereto); (a "**Non-Consenting Lender**"); (collectively, the "**Departing Lenders**"), then the Lenders, other than Departing Lenders, shall have the option, but not the obligation, to purchase the Departing Lender's outstanding Borrowings owing to it and such Departing Partner's Commitments. If such Lenders do not exercise such option for the total amount of Departing Lender's outstanding Borrowings owing to it and such Departing Partner's Commitments, then the Borrower may:

(a) replace the Departing Lender with another financial institution(s) (which may be a Lender or Lenders) acceptable to the Administrative Agent, acting reasonably, who purchases at par the all of the Borrowings owing to the Departing Lender and such Departing Lender's entire Commitments and assumes such Departing Lender's Commitments and all other obligations of the Departing Lender hereunder, provided that prior to or concurrently with such replacement:

   (i) the Departing Lender shall have received payment in full of all principal, interest, fees and other amounts through such date of replacement and a release from any further obligations to make Advances under the Documents after the date of such replacement;

   (ii) the assignment fee required to be paid by Section 17.1 shall have been paid to the Administrative Agent;

   (iii) all of the requirements for such assignment contained in Section 17.1 shall have been satisfied, including, without limitation, the consent of the Administrative Agent and the Operating Lender and the receipt by the Administrative Agent of such agreements, documents and instruments as the Administrative Agent may reasonably require; and

   (iv) in the case of a Departing Lender who is a Non-Consenting Lender, each assignee consents, at the time of such assignment, to each matter in respect of which such Non-Consenting Lender was a Non-Consenting Lender and the Borrower also requires each other Lender that is a Non-Consenting Lender to assign all of the Borrowings owing to it and its Commitments; or

(b) provided that no Default or Event of Default has occurred and is continuing, elect to terminate the Departing Lender's Commitments, in which case the Departing Lender's Commitments shall be reduced by an amount equal to the amount of the Commitments so cancelled (provided that prior to or concurrently with such cancellation the Departing Lender shall have received payment in full of all principal, interest, fees and other amounts through such date of cancellation (including the provision of cash collateral to the Administrative Agent on behalf of such Lender in respect of outstanding Acceptances accepted by such Lender as provided in Section 8.4(b) and, in the case of the Operating Lender, cash collateralization in full of any contingent obligations in respect of any outstanding Documentary Instruments as provided in Section 8.4(a)) and a release from any further obligations to make Advances under the Documents after such termination); or

(c) exercise any combination of the rights under (a) and (b) above; provided that in each case, each Departing Lender is treated rateably with the other Departing Lenders, if any.

ARTICLE 16
WAIVERS AND AMENDMENTS

16.1 Waivers by the Administrative Agent Acting Alone

The Administrative Agent may only grant extensions of time and other indulgences and waive strict compliance with the provisions of this Agreement and the other Documents only for those matters which pursuant to the Documents requires the approval or consent of the Administrative Agent.

16.2 Amendments and Waivers with the Approval of the Majority Lenders

Subject to the other Sections of this Article 16, the provisions of this Agreement or of any of the Security may only be amended or waived by an instrument in writing signed by the Administrative Agent, with the approval of the Majority Lenders, with the exception of the matters listed in Section 16.3 which may be amended or waived only with the consent of all Lenders.

16.3 Amendments and Waivers with the Unanimous Approval of Lenders

The provisions of this Agreement or of any of the Security relating to any of the following matters, including this Section 16.3, may only be amended or waived by an instrument in writing signed by the Administrative Agent, with the prior written approval of all Lenders:

(a) any change in the time within which principal must be repaid;

(b) any decrease in the interest rates, fees and discounts payable hereunder and in the manner in which they are calculated or in the time within which they must be paid;

(c) any modification, subordination, amendment or release of the Security, subject to the release of Security by the Administrative Agent for Permitted Dispositions;

(d) any increase in any of the Lenders' Commitments;

(e) any incurrence of indebtedness, other than Financial Instrument Obligations that are Permitted Hedging and other Permitted Indebtedness;

(f) any waiver of the Events of Default described in Sections 13.1(a), (b), (g), (h) and (k); and

(g) any change (i) in the conditions precedent provided for in this Agreement; (ii) the definition of Required Lenders, Majority Lenders or Majority Revolving Lenders, or (iii) in any matter which pursuant to the Documents requires the approval or consent of all Lenders.

16.4 Amendments with the Approval of the Administrative Agent

No amendment to the provisions of this Agreement respecting the duties, obligations and liabilities of the Administrative Agent shall be made without the approval of the Administrative Agent. Amendments to the duties and obligation of the Administrative Agent may be made by the Administrative Agent acting alone, provided that any such amendment shall not affect the rights or obligations of the Borrower, the Material Subsidiaries or the Lenders. The form of any amendment to this Agreement or any of the Security documents made in accordance with the provisions of this Article 16 shall be satisfactory to the Administrative Agent.

16.5 Binding Effects upon Lenders

Any extension, indulgence, amendment or waiver granted or made in accordance with the provisions of this Article 16 shall be binding upon all the Lenders.

16.6 Failure to Act

No waiver and no failure or delay in the exercise of any right or remedy shall preclude the further exercise of any of the rights and remedies of the Administrative Agent and the Lenders hereunder. In addition no such failure or delay shall be construed as a waiver of any of the provisions of this Agreement or the Security.

ARTICLE 17
ASSIGNMENTS AND PARTICIPATIONS

17.1 Assignments

(a) Each Production Lender and Term Lender may assign, in whole or in part, its rights and obligations in respect of the Credit Facilities to any Eligible Assignee subject to the terms of this Article 17. Any assignment must be approved by the Administrative Agent (such approval not to be unreasonably withheld or delayed) unless the proposed assignee is already an existing Lender. Any assignment must be approved by the Borrower (such approval not to be unreasonably withheld or delayed) unless the proposed assignee is already an existing Lender or the assignment is after the occurrence of a Default or an Event of Default which is continuing. Any such Assignment shall be in a form of the Assignment and Assumption set out in Schedule J with any changes thereto acceptable to the Administrative Agent.

(b) Except if a Default or an Event of Default has occurred and is continuing or in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Borrowings, the aggregate amount of the Commitment being assigned (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 being assigned, shall not be less than $5,000,000 and thereafter shall be in multiples of $1,000,000, unless consented to by the Administrative Agent (such approval not to be unreasonably withheld or delayed). The Operating Lender may only assign all of its Commitment and Borrowings under the Operating Facility and any such assignment shall be to one Eligible Assignee only. If the Operating Lender assigns all of its Commitment under the Production Facility, it shall also assign all of its Commitment under the Operating Facility.

(c) Any Eligible Assignee becoming an assignee of the whole or part of the rights of a Lender and of its obligations towards the Borrower in accordance with Section 17.1(a) shall become a Lender hereunder and this Agreement and the Commitments of the assignor shall be amended automatically.

(d) A Lender which, in accordance with Section 17.1(a), assigns all or any part of its rights or obligations hereunder, shall pay to the Administrative Agent on demand an assignment fee of $5,000 together with all expenses, including but not limited to legal fees, incurred by the Administrative Agent in connection with such transfer. For greater certainty, the assignment fee, expenses and legal fees, if any, are not to be paid by the Borrower. If as a result of such transfer, the Administrative Agent incurs any increased costs or additional expenses in connection with the performance of its duties hereunder, the assignee shall, upon demand, from time to time pay to the Administrative Agent such amount as shall compensate the Administrative Agent for any such reasonable increased costs or additional expenses (and the certificate of the Administrative Agent specifying the amount of such compensation shall be conclusive in the absence of manifest error).

17.2 Participations

Any Lender may grant a participation of all or any part of its Commitment hereunder to another financial institution, provided that any such participation does not give rise to a claim for increased costs pursuant to Article 7, Article 9 or Section 18.7 and provided further that the Obligations hereunder shall not be augmented or affected in any way by such participation. Such participant shall not be entitled to any vote as a Lender. The Borrower shall not be obligated to deal with any participant and shall be entitled to deal solely with the Lender and the Lender shall not be released from any of its obligations to the Borrower as a result of such participation except to the extent that the participant has fulfilled such obligations. The assigning Lender shall be responsible for obtaining, at the time of any such assignment, from any such participants an agreement to be bound to the same confidentiality provisions with respect to the Credit Facilities, the Borrower and its Subsidiaries as are applicable to the Lenders.

17.3 Confidentiality

(a) The Borrower agrees that the Administrative Agent and each Lender may provide any assignee or participant or any bona fide prospective assignee or participant pursuant to Sections 17.1 or 17.2 with any information concerning the financial condition of the Borrower and its Subsidiaries provided such party agrees in writing with the Administrative Agent or such Lender for the benefit of the Borrower to be bound by a like duty of confidentiality to that contained in this Section.

(b) Each of the Administrative Agent and the Lenders acknowledges the confidential nature of the financial, operational and other information and data provided and to be provided to them by the Borrower pursuant hereto (the "**Information**") and agrees to use all reasonable efforts to prevent the disclosure thereof provided, however, that:

(i) the Administrative Agent and the Lenders may disclose all or any part of the Information if, in their reasonable opinion, such disclosure is required in connection with any actual or threatened judicial, administrative or governmental proceedings including, without limitation, proceedings initiated under or in respect of this Agreement;

(ii) the Administrative Agent and the Lenders shall incur no liability in respect of any Information required to be disclosed by any applicable law or regulation, or by applicable order, policy or directive having the force of law, to the extent of such requirement;

(iii) the Administrative Agent and the Lenders may provide Lenders' Counsel and their other agents and professional advisors with any Information; provided that such Persons shall be under a like duty of confidentiality to that contained in this Section;

(iv) the Administrative Agent and each of the Lenders shall incur no liability in respect of any Information: (i) which is or becomes readily available to the public (other than by a breach hereof) or which has been made readily available to the public by the Borrower or its Subsidiaries, (ii) which the Administrative Agent or the relevant Lender can show was, prior to receipt thereof from the Borrower, lawfully in the Administrative Agent's or Lender's possession and not then subject to any obligation on its part to the Borrower to maintain confidentiality, or (iii) which the Administrative Agent or the relevant Lender received from a third party who was not, to the knowledge of the Administrative Agent or such Lender, under a duty of confidentiality to the Borrower at the time the Information was so received;

(v) the Administrative Agent and the Lenders may disclose the Information to other financial institutions in connection with the syndication by the Administrative Agent or Lenders of the Credit Facilities or the granting by a Lender of a participation in the Credit Facilities where such financial institution agrees in writing to be under a like duty of confidentiality to that contained in this Section; and

(vi) the Administrative Agent and the Lenders may disclose all or any part of the Information so as to enable the Administrative Agent and the Lenders to initiate any lawsuit against the Borrower or to defend any lawsuit commenced by the Borrower, the issues of which touch on the Information, but only to the extent such disclosure is necessary to the initiation or defence of such lawsuit.

ARTICLE 18
MISCELLANEOUS

18.1 Books and Accounts

The Administrative Agent shall keep books and accounts evidencing the indebtedness of the Borrower under the Credit Facilities and the transactions made in respect thereof pursuant to this Agreement. Such books and accounts shall, in the absence of manifest error, constitute prima facie evidence of the accuracy of that indebtedness and those transactions. The Borrower acknowledges that the actual recording of the amount of any Borrowing or repayment thereof under this Agreement, and interest, fees, and other amounts due in connection with this Agreement, in the accounts of the Borrower maintained by the Administrative Agent shall constitute prima facie evidence of the Borrower's indebtedness and liability from time to time under this Agreement; provided that the obligation of the Borrower to pay or repay any indebtedness and liability in accordance with this Agreement shall not be affected by the failure of the Administrative Agent to make such recording.

18.2 Determination

In the absence of manifest error, any quantitative determination made by the Administrative Agent in accordance with this Agreement shall be final and binding upon the Borrower and the Lenders.

18.3 Notes

The Borrowings may, but need not be, evidenced by notes or other instruments of indebtedness that the Borrower undertakes to execute upon request from the Administrative Agent. Payment of those notes and instruments may only be demanded in accordance with the provisions of this Agreement.

18.4 Oral Notices or Instructions

If the Borrower or any of its administration agents or employees makes an oral request or gives an oral notice to the Administrative Agent, the Administrative Agent shall be entitled to rely upon such oral instructions. The Administrative Agent shall not incur any liability to the Borrower or to the Lenders in acting upon oral instructions which the Administrative Agent believes in good faith to have been given by a Person authorized by the Borrower to give such instructions or to effect any applicable transaction.

18.5 Compensation

Each Lender is authorized (but not obligated) at any time or from time to time on or after the occurrence of an Event of Default that is continuing, without notice to the Borrower to compensate and to apply any and all deposits held for or in the name of the Borrower or any Material Subsidiaries and any indebtedness at any time owing or payable by such Lender to or for the credit of or the account of the Borrower or any Material Subsidiary and on account of the obligations of the Borrower owing or payable to such Lender under this Agreement, irrespective of currency and of whether or not such Lender has made any demand under this Agreement and whether or not these obligations of the Borrower or Material Subsidiary have matured. The provisions of this Section 18.5 shall not restrict such rights as the Lenders may be entitled to without relying upon the provisions of this Section 18.5.

18.6 Irregular Notice of Utilization, Conversion, Renewal or Repayment

The Administrative Agent may consider of no effect any Drawdown Notice, Conversion Notice, Rollover Notice or Repayment Notice if such Drawdown Notice, Conversion Notice, Rollover Notice or Repayment Notice is not in compliance with the provisions of this Agreement.

18.7 Indemnification and Costs.

(a) The Borrower shall pay to any Lender the amount of all losses suffered by the latter and resulting from Acceptances having been converted or repaid before the maturity dates of their respective periods except by reason of an assignment made by such Lender. The affected Lender may send to the Borrower a statement indicating the amount of any such loss suffered by it and its method of calculation; in the absence of manifest error, this statement shall be conclusive evidence of the amount of such loss and the Borrower shall pay forthwith this amount to the affected Lender.

(b) The Borrower permits the Administrative Agent, with the approval of the Borrower, which approval is not to be unreasonably withheld, to conduct inspections and appraisals of all or any of its records, business and assets at any time and from time to time during normal business hours, after appropriate notice to the Borrower to ensure compliance with Environmental Laws and to appoint experts or consultants to make any such inspection and appraisal and prepare reports on same. Any costs and expenses reasonably incurred by the Administrative Agent as a result of the foregoing shall be reimbursed by the Borrower on demand. If the Administrative Agent is required to expend any funds in compliance with Environmental Laws in respect thereof or in connection with any recourse for damages, the Borrower shall indemnify the Administrative Agent in respect of such expenditures.

(c) The Borrower shall, to the extent permitted by applicable laws, be liable for and, in addition, indemnify the Lenders, Hedging Affiliates and the Administrative Agent, and their respective directors, officers, affiliates, employees, and administration agents (each an "**Indemnified Party**") and shall hold each of them harmless from and against any and all losses, liabilities, damages, costs, penalties, fines, expenses and claims (including reasonable fees, charges and disbursements of counsel on a solicitor and own client basis), including those arising from any litigation or other proceedings, which at any time or from time to time may be paid or incurred by, or asserted against, any of them for, with respect to or as a direct or indirect result of (i) any environmental activity by the Borrower or Material Subsidiaries; or (ii) any failure on the part of the Borrower or Material Subsidiaries to comply with any Environmental Laws, (iii) any misrepresentation, breach of warranty or breach of covenant on the part of the Borrower or Material Subsidiaries with respect to environmental matters, and (iv) any Environmental Claims in respect of the Borrower or any Material Subsidiary or any of their assets.

(d) The Borrower agrees to pay promptly to the Administrative Agent on demand, all reasonable fees, charges and disbursements of legal counsel on a solicitor and own client basis and other reasonable out-of-pocket expenses incurred or which may hereafter be incurred from time to time by the Administrative Agent or the Lenders in respect of the documentation, preparation, registration, negotiation, execution, administration and enforcement of the Credit Facilities, this Agreement and the other Documents or in respect of any other matters relating to the Credit Facilities.

(e) The Borrower shall be liable to, and, in addition, shall indemnify, each Indemnified Party and hold each of them harmless from and against, any and all losses, liabilities, damages, costs, penalties, fines, expenses and claims (including reasonable fees, charges and disbursements of legal counsel on a solicitor and own client basis), including those arising from any litigation or other proceedings, which at any time or from time to time may be paid or incurred by, or asserted against, any of them, relating to or arising out of the documentation, preparation, registration, negotiation, execution, administration or enforcement of the Credit Facilities, this Agreement or the other Documents or in respect of any other matters relating to the Credit Facilities (including those arising from indemnified Person's own negligence) provided that no Indemnified Party shall be indemnified for its own gross negligence or wilful misconduct. This indemnity shall not apply to any litigation or other proceedings relating to or arising out of the transactions contemplated by this Agreement if the litigation or proceedings are in respect of matters between the Lenders and/or the Administrative Agent.

(f) To the fullest extent permitted by applicable law, the Borrower shall not, and shall cause the other Loan Parties not to, assert, and hereby waive, any claim against any Indemnified Party, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, this Agreement, any other Document or any agreement or instrument contemplated hereby (or any breach thereof), the transactions contemplated hereby or thereby, any Borrowing or the use of the proceeds thereof. No Indemnified Party 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 Documents or the transactions contemplated hereby or thereby.

(g) The provisions, undertakings and indemnification set out in this Section 18.7 shall survive the satisfaction and release of the Security and payment and satisfaction of the indebtedness and liability of the Borrower to the Administrative Agent and the Lenders and Hedging Affiliates for the benefit of the Administrative Agent and the Lenders and Hedging Affiliates.

18.8 Severability

If any provision of this Agreement is determined to be void, voidable, illegal or unenforceable, in whole or in part, all other provisions of this Agreement shall nevertheless remain in full force and effect, and all provisions hereof are hereby declared and shall be deemed, unless otherwise expressly provided, to be separate, severable and distinct.

18.9 Time is of the Essence

Time shall be of the essence in this Agreement and in the other Documents.

18.10 Authority to Debit and Credit

Except as consented to by the Administrative Agent, the Borrower and each Material Subsidiary shall maintain all of its operating, deposit, investment, securities and other accounts at the Calgary Branch of NBC through which each will conduct all of its banking, investment and other business activities. The Administrative Agent is irrevocably authorized, but is not obligated, to effect: (i) all deposits and credits to the Canadian Dollar Account in order to accommodate the Lenders in making Advances under the Credit Facilities; and (ii) all debits to the Canadian Dollar Account for payments of principal, interest, fees and other amounts to be made by the Loan Parties to the Administrative Agent, Hedging Affiliates and the Lenders pursuant to this Agreement.

18.11 Further Assurances

Without further consideration, the Loan Parties shall from time to time, and at all times, execute, acknowledge and deliver such other documents and shall take such other action as may be necessary in order to fully perform and carry out the terms of this Agreement and the Documents.

18.12 Enurement and Assignment

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto (including the Hedging Affiliates) and their respective successors and assigns provided that a Lender may not assign its interest except pursuant to the provisions of this Agreement and neither the Borrower nor any Material Subsidiary may assign any interest or liability without the prior written consent of all of the Lenders.

18.13 Previous Agreements

This Agreement and the other Documents constitute the whole and entire agreement between the parties hereto, and cancels and supersedes any prior agreements, undertakings, declarations, representations and warranties, written or verbal between the parties hereto in respect of the subject matter of this Agreement and the other Documents.

18.14 Waiver of Jury Trial

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED

TO ENTER INTO THIS AGREEMENT AND THE OTHER DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

18.15 Amendment and Restatement

Effective as of the Effective Date, the Original Credit Agreement is hereby amended and restated as set forth herein without novation and without in any way affecting the rights or obligations of any party which may have accrued pursuant to the provisions of the Original Credit Agreement prior to their amendment hereby, and is, as so amended and restated, hereby ratified and confirmed.

ARTICLE 19
NOTICES

19.1 Sending of Notices

Any demand, notice or other communication (hereinafter referred to as a "**Communication**") to be given to a party in connection with this Agreement shall be given in writing and shall be given by personal delivery, by registered mail or by transmittal by facsimile (or email in respect of the Administrative Agent as noted below) addressed to the recipient at the address indicated opposite its name on the signature pages hereto, or at such other address as may be notified by such party to the others pursuant to this Section 19.1, provided that any Communication to any Loan Party shall be deemed to be delivered if given to the Borrower.

If to the Administrative Agent:

For purposes of all notices of utilization, conversion, renewal or repayment and the delivery of the financial information:

National Bank of Canada
Corporate Customer Service – Syndication and Agency Group
500 Place d'Armes, 27th Floor
Montreal, Quebec H2Y 2W3

Attention: Syndication
E mail: syndication@bnc.ca
Fax: (514) 271 5294

For all other purposes:

National Bank Financial Syndication — Canada
1155 Metcalfe Street, 5th Floor
Montreal, Quebec H3B 4S9

Attention: Manager
Fax: (514) 390-7850

If to a Lender, to its address set forth in Schedule A.

If to a Loan Party, to or c/o:

Mosaic Energy Ltd.
900, 606 - 4th Street S.W.
Calgary, Alberta T2P 1T1

Attention: Chief Financial Officer
Fax: (403) 699-7651

19.2 Receipt of Notices

Any Communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the fifth Banking Day following the mailing thereof and, if given by email or facsimile on the day of transmittal thereof if given during normal business hours of the recipient or on the next Banking Day if given after normal business hours on any day. If the party giving any Communication knows or ought to know of any difficulties with the postal system or facsimile transmission system which might affect the delivery of mail or facsimile transmission, any such Communication shall be given by personal delivery or by other methods of communication not affected by the said difficulties.

ARTICLE 20
ANTI-MONEY LAUNDERING LEGISLATION

20.1 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" laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, ("**AML Legislation**"), the Administrative Agent and the Lenders may be required to obtain, verify and record information regarding the Borrower, its directors, authorized signing officers, direct or indirect shareholders, partners or other persons in control of the Borrower, the Material Subsidiaries and the transactions contemplated hereby. The Borrower shall promptly provide all such information, including any supporting documentation and other evidence, as may be requested by the Administrative Agent or any Lender, or any prospective assignee or participant of a Lender or the Administrative Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence. The Borrower shall also provide the Administrative Agent with prompt written notice of any change in key officers or directors after the date of this Agreement.

(b) if the Administrative Agent has ascertained the identity of the Borrower or any Material Subsidiary, or any authorized signatories of the Borrower or any Material Subsidiary, for the purposes of applicable AML Legislation, then the Administrative Agent shall:

(i) be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and the Administrative Agent within the meaning of applicable AML Legislation; and

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

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

[signature page follows]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

NATIONAL BANK OF CANADA, as Administrative Agent

Per: ______________________
Name: Dominic Albanese
Title: Director

Per: ______________________
Name: Jonathan Campbell
Title: Vice President

NATIONAL BANK OF CANADA, as Lender

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

WELLS FARGO BANK, N.A., CANADIAN BRANCH, as Lender

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, as Lender

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

ALBERTA TREASURY BRANCHES, as Lender

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

MOSAIC ENERGY LTD., as Borrower

Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

NATIONAL BANK OF CANADA, as Administrative Agent

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

NATIONAL BANK OF CANADA, as Lender

Per: ______________________________
Name: Luke Puxley
Title: Director
Energy Group

Per: ______________________________
Name: James Dexter
Title: Associate
Energy Group

WELLS FARGO BANK, N.A., CANADIAN BRANCH, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

ALBERTA TREASURY BRANCHES, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

MOSAIC ENERGY LTD., as Borrower

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

NATIONAL BANK OF CANADA, as Administrative Agent

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

NATIONAL BANK OF CANADA, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

WELLS FARGO BANK, N.A., CANADIAN BRANCH, as Lender

Per: ______________________________
Name: DAN LINDQUIST
Title: Managing Director

Per: ______________________________
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

ALBERTA TREASURY BRANCHES, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

MOSAIC ENERGY LTD., as Borrower

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

NATIONAL BANK OF CANADA, as Administrative Agent

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

NATIONAL BANK OF CANADA, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

WELLS FARGO BANK, N.A., CANADIAN BRANCH, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, as Lender

Per: ______________________________
Name: Brad Kay
Title: Authorized Signatory

Per: ______________________________
Name: Anar Ramji
Title: Director

ALBERTA TREASURY BRANCHES, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

MOSAIC ENERGY LTD., as Borrower

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

NATIONAL BANK OF CANADA, as Administrative Agent

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

NATIONAL BANK OF CANADA, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

WELLS FARGO BANK, N.A., CANADIAN BRANCH, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, as Lender

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

ALBERTA TREASURY BRANCHES, as Lender

Per: ______________________________
Name: Amy Bellomo
Title: Senior Director

Per: ______________________________
Name:
Title:

Kabir Puri
Senior Associate Director
Energy Group

MOSAIC ENERGY LTD., as Borrower

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

NATIONAL BANK OF CANADA, as Administrative Agent

Per: __________________________
Name:
Title:

Per: __________________________
Name:
Title:

NATIONAL BANK OF CANADA, as Lender

Per: __________________________
Name:
Title:

Per: __________________________
Name:
Title:

WELLS FARGO BANK, N.A., CANADIAN BRANCH, as Lender

Per: __________________________
Name:
Title:

Per: __________________________
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, as Lender

Per: __________________________
Name:
Title:

Per: __________________________
Name:
Title:

ALBERTA TREASURY BRANCHES, as Lender

Per: __________________________
Name:
Title:

Per: __________________________
Name:
Title:

MOSAIC ENERGY LTD., as Borrower

Per: __________________________
Name: Stephen J. Fagan
Title: President and Chief Executive Officer

Per: __________________________
Name: David Ambedian
Title: Senior Vice-President and Chief Financial Officer

[signature page to Amended and Restated Credit Agreement]

SCHEDULE A

LENDERS' COMMITMENTS

Lenders	Operating Facility \$15,000,000 Commitment	% of Operating Facility	Production Facility \$95,000,000 Commitments	% of Production Facility (approximate)	Term Facility \$40,000,000 Commitment	% of Term Facility	Credit Facilities (Total \$150,000,000) Commitments	% of Credit Facilities (approximate)
National Bank of Canada 1800, 311-6th Avenue S.W. Calgary, Alberta T2P 3H2	\$15,000,000	100%	\$25,333,333	26.7%	\$14,666,667	36.7%	\$55,000,000	36.7%
Canadian Imperial Bank of Commerce 9th Floor, Bankers Hall 855-2nd Street S.W. Calgary, Alberta T2P 2P2	0	0%	\$25,666,667	27.0%	\$9,333,333	23.3%	\$35,000,000	23.3%
Wells Fargo Bank, N.A., Canadian Branch Jamieson Place, Suite 2711 308 – 4th Avenue SW Calgary, Alberta T2P 0H7	0	0%	\$22,000,000	23.15%	\$8,000,000	20.0%	\$30,000,000	20.0%
Alberta Treasury Branches Suite 600, 585 – 8th Avenue S.W. Calgary, Alberta T2P 1G1	0	0%	\$22,000,000	23.15%	\$8,000,000	20.0%	\$30,000,000	20.0%

SCHEDULE B

COMPLIANCE CERTIFICATE

TO: National Bank of Canada (in its capacity as Administrative Agent for the Lenders) and the Lenders

DATE: ______________________

1. This Compliance Certificate is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement dated as of January 22, 2016 between Mosaic Energy Ltd., National Bank of Canada (as Administrative Agent) and the Lenders therein named relating to the establishment of the Credit Facilities in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Compliance Certificate shall have the respective meanings set forth in the Credit Agreement.

2. The undersigned, [name], [title], of the Borrower, hereby certifies that, as of the date of this Compliance Certificate, I have made or caused to be made such investigations as are necessary or appropriate for the purposes of this Compliance Certificate:

   (a) the consolidated financial statements of the Borrower for the [fiscal quarter OR fiscal year] ending *, 20* provided to the Lenders pursuant to Section 11.1 of the Credit Agreement were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial position of the Borrower as at the date thereof;

   (b) the representations and warranties made by the Borrower in Section 10.1 of the Credit Agreement are true and correct in all material respects as at the date hereof (other than those made as of a specific date), except as had heretofore been notified to the Administrative Agent by the Borrower in writing;

   (c) as at [date of fiscal quarter end] the Current Ratio was:______, as evidenced by the calculations of this ratio as attached hereto and as such the Borrower is in compliance in all respects with the Current Ratio financial covenant set forth in Section 11.1 of the Credit Agreement;

   (d) no Borrowing Base Shortfall, Event of Default or Default has occurred and is continuing, except as has heretofore been notified to the Administrative Agent by the Borrower in writing;

   (e) as at [date of fiscal quarter end] the Debt/Cashflow Ratio was: _____, as evidenced by the calculations of this ratio as attached hereto; and

   (f) at all times the Borrower has been in compliance with Section 11.1(h)(vi) and attached hereto is a hedging report in accordance with Section 11.1(c)(iv) which includes, without limitation, information that demonstrates compliance with Section 11.1(h)(vi).

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

MOSAIC ENERGY LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

SCHEDULE C

CONVERSION NOTICE

TO: National Bank of Canada (in its capacity as Administrative Agent for the Lenders) and the Lenders

DATE: ______________________

1. This Conversion Notice is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement dated as of January 22, 2016 between Mosaic Energy Ltd., National Bank of Canada (as Administrative Agent) and the Lenders therein named relating to the establishment of the Credit Facilities in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Conversion Notice shall have the respective meanings set forth in the Credit Agreement.

2. The Borrower hereby requests a Conversion as follows:

   (a) Conversion Date: ____

   (b) Conversion of the following Borrowing under the following credit facility:

      (i) Credit Facility: ____

      (ii) Type of Borrowing: ____

      (iii) Amount Being Converted: ______________________________________

      (iv) Interest Period: ____

      INTO the following Borrowing under the following credit facility:

      (i) Credit Facility: ____

      (ii) Type of Borrowing: ____

      (iii) Interest Period: ____

   (c) Payment, delivery or issuance instructions (if any): ______________________

   ____

3. The undersigned certifies for and on behalf of the Borrower and not in any personal capacity that no Borrowing Base Shortfall, Event of Default or Default has occurred and is continuing and such Conversion shall not cause a Borrowing Base Shortfall, Event of Default or Default.

MOSAIC ENERGY LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

SCHEDULE D

DRAWDOWN NOTICE

TO: National Bank of Canada (in its capacity as Administrative Agent for the Lenders) and the Lenders

DATE: ______________________

1. This Drawdown Notice is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement dated as of January 22, 2016 between Mosaic Energy Ltd., National Bank of Canada (as Administrative Agent) and the Lenders therein named relating to the establishment of the Credit Facilities in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Drawdown Notice shall have the respective meanings set forth in the Credit Agreement.

2. The Borrower hereby requests a Drawdown as follows:

   (a) Credit Facility: ______________________

   (b) Drawdown Date: ______________________

   (c) Amount of Drawdown: ______________________

   (d) Type of Borrowing: ______________________

   (e) Interest Period: ______________________

   (f) Requested Maturity Date: ______________________

   (g) Payment, delivery or issuance instructions (if any): ______________________

   ____

3. The undersigned certifies for and on behalf of the Borrower and not in any personal capacity that no Borrowing Base Shortfall, Event of Default or Default has occurred and is continuing and such Drawdown shall not cause a Borrowing Base Shortfall, Event of Default or Default, and all of the representations and warranties of the Borrower and Material Subsidiaries set out in Article 10 of the Credit Agreement (other than those made as of a specific date) remain true and correct (in all material respects, for all representations and warranties not already subject to a materiality threshold) as of the date of the Drawdown Notice.

MOSAIC ENERGY LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

SCHEDULE E

REPAYMENT NOTICE

TO: National Bank of Canada (in its capacity as Administrative Agent for the Lenders) and the Lenders

DATE: ______________________

1. This Repayment Notice is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement dated as of January 22, 2016 between Mosaic Energy Ltd., National Bank of Canada (as Administrative Agent) and the Lenders therein named relating to the establishment of the Credit Facilities in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Repayment Notice shall have the respective meanings set forth in the Credit Agreement.

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

   (a) Date of repayment: ____

   (b) Credit Facility: ____

   (c) Borrowing: ____

   (d) Interest Period maturity: ____

   (e) Amount Being Repaid: Cdn. $______________________________________

MOSAIC ENERGY LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

SCHEDULE F

ROLLOVER NOTICE

TO: National Bank of Canada (in its capacity as Administrative Agent for the Lenders) and the Lenders

DATE: ______________________

1. This Rollover Notice is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement dated as of January 22, 2016 between Mosaic Energy Ltd., National Bank of Canada (as Administrative Agent) and the Lenders therein named relating to the establishment of the Credit Facilities in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Rollover Notice shall have the respective meanings set forth in the Credit Agreement.

2. The Borrower hereby requests a Rollover as follows:

   (a) Rollover Date: ______________________

   (b) Rollover of the following Borrowing under the following credit facility:

      (i) Credit Facility: ______________________

      (ii) Type of Borrowing: ______________________

      (iii) Amount of Rollover: ______________________

      (iv) Interest Period Maturity: ______________________

   (c) Requested Maturity Date: ______________________

   (d) Interest Period: ______________________

   (e) Payment, delivery or issuance instructions (if any): ______________________

   ____

3. The undersigned certifies for and on behalf of the Borrower and not in any personal capacity that no Borrowing Base Shortfall, Event of Default or Default has occurred and is continuing and such Rollover shall not cause a Borrowing Base Shortfall, Event of Default or Default.

MOSAIC ENERGY LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

SCHEDULE G

BORROWING BASE NOTICE

TO: MOSAIC ENERGY LTD.

DATE: ______________________

1. This Borrowing Base Notice is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement dated as of January 22, 2016 between Mosaic Energy Ltd., National Bank of Canada (as Administrative Agent) and the Lenders therein named relating to the establishment of the Credit Facilities in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Borrowing Base Notice shall have the respective meanings set forth in the Credit Agreement.

2. This Borrowing Base Notice is being delivered to you pursuant to Section 2.16 of the Credit Agreement.

3. Pursuant to Section 2.16 of the Credit Agreement, the Borrowing Base for purposes of the Credit Agreement is Cdn. $______________ and is effective upon receipt of this Borrowing Base Notice by the Borrower.

Yours very truly,

NATIONAL BANK OF CANADA, as Administrative Agent

Per: ______________________________
Name:
Title:

SCHEDULE H

BORROWING BASE CERTIFICATE

TO: National Bank of Canada (in its capacity as Administrative Agent for the Lenders) and the Lenders

DATE: ______________________

1. This Borrowing Base Certificate is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement dated as of January 22, 2016 between Mosaic Energy Ltd., National Bank of Canada (as Administrative Agent) and the Lenders therein named relating to the establishment of the Credit Facilities in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Borrowing Base shall have the respective meanings set forth in the Credit Agreement.

2. This Borrowing Base Certificate is being delivered to you pursuant to Section 2.16 of the Credit Agreement in connection with the delivery of an Engineering Report as at ______________.

3. The Borrower certifies that the information set forth in the Engineering Report is correct and properly reflects its petroleum and/or natural gas reserves.

MOSAIC ENERGY LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

SCHEDULE I

ENVIRONMENTAL CERTIFICATE

TO: National Bank of Canada (in its capacity as Administrative Agent for the Lenders) and the Lenders

DATE: ______________________

1. This Environmental Certificate is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement dated as of January 22, 2016 between Mosaic Energy Ltd., National Bank of Canada (as Administrative Agent) and the Lenders therein named relating to the establishment of the Credit Facilities in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Environmental Certificate shall have the respective meanings set forth in the Credit Agreement.

2. 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 its Material Subsidiaries to confirm that the internal environmental reporting and response procedures of the Borrower and its Material 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 in all material respects, and that matters reported on by such officers and staff are true and correct in all material respects.

3. The Borrower and each Material Subsidiary has complied with all Environmental Laws, relating to its assets, business and operations except to the extent that the failure to do so would not individually or in the aggregate have a Material Adverse Effect, and:

   (a) the Borrower and each Material Subsidiary possesses all environmental licences, permits and other authorizations by Governmental Authorities necessary to conduct its business including operations at its plants, other than such licences, permits and other authorizations by Governmental Authorities the absence of which would not individually or in the aggregate have a Material Adverse Effect;

   (b) neither the Borrower nor any Material Subsidiary has received any notices to the effect that the operations or the assets of the Borrower on its real property are: (i) not in full compliance with all Environmental Laws except to the extent that any failure to do so would not have, individually or in the aggregate, a Material Adverse Effect or (ii) the subject of any federal or provincial remedial or control action or order, or any investigation or evaluation as to whether any remedial action is needed to respond to a release or threatened release of any Hazardous Materials into the environment or any facility or structure, except to the extent any failure to comply would not have a Material Adverse Effect;

   (c) neither the Borrower nor any Material Subsidiary has received any notices or claims that it is or may be liable to any Person in any material amount (including any individual or government, whether federal, provincial, city or municipal) as a result of the Release or threatened Release of any Hazardous Materials into the environment or into any facility or structure nor have there been any Releases, spills or discharges of any Hazardous Materials into the environment or into any facility or structure, which after lapse of time, would give rise to any Environmental Claims which would have a Material Adverse Effect nor is the Borrower aware that there is any basis for any such Environmental Claims being commenced nor has the Borrower or any Material Subsidiary ever been convicted of any offence in respect of Environmental Claims;

(d) neither the Borrower nor any Material Subsidiary has used any real property as a landfill or waste disposal site, nor is the Borrower aware of the presence of any Hazardous Materials deposited or disposed of on any real property except in the normal and ordinary course of its business in accordance with standards adhered to by prudent oil and gas operators operating similar properties in Canada; and

(e) all pollution control equipment which operates as part of the business of the Borrower or any Material Subsidiary is effective in meeting applicable emissions limits and effluent pre-treatment standards, except to the extent any failure to do so would not, individually or in the aggregate, have a Material Adverse Effect.

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

MOSAIC ENERGY LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

SCHEDULE J

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 [Insert name of Assignor] (the "**Assignor**") and [Insert name of Assignee] (the "**Assignee**"). 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 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 Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (1) all of the Assignor's rights and obligations in its capacity as a Lender 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 under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans 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) 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 pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "**Assigned Interest**"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

Assignor: ______________________________

Assignee: ______________________________

Borrower(s): ______________________________

Administrative Agent: ______________________, as administrative agent under the Credit Agreement.

Credit Agreement: Amended and Restated Credit Agreement dated as of January 22, 2016 between Mosaic Energy Ltd. as borrower, National Bank of Canada as Administrative Agent and the Lenders therein named

Assigned Interest:

Credit Facility Assigned[1]	Aggregate Amount of Commitment/Borrowings for all Lenders[2]	Amount of Commitment/Borrowings Assigned[3]	Percentage Assigned of Commitment Borrowings[4]	CUSIP Number
	$	$	%	
	$	$	%	
	$	$	%	

[Trade Date: ______________________][5]

1 Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Agreement (e.g. Operating Facility, Production Facility and/or Term Facility)

2 Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

3 Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

4 Set forth, to at least 9 decimals, as a percentage of the Commitment/Borrowings of all Lenders thereunder.

5 To be completed if the Assignor and the Assignee intend that the minimum assignment is to be determined as of the Trade Date.

Effective Date: __________,20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: ______________________________
Name:
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: ______________________________
Name:
Title:

[Consented to and][6] Accepted:

NATIONAL BANK OF CANADA, as
Administrative Agent

By: ______________________________
Name:
Title:

[Consented to:][7]

[NAME OF RELEVANT PARTY]

By: ______________________________
Name:
Title:

6 To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

7 To be added only if the consent of the Borrower and/or other parties (e.g. Operating Lender) is required by the terms of the Credit Agreement.

ANNEX 1 to Assignment and Assumption

______________________]

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. **Representations and Warranties.**

1.1 Assignor.

The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (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 (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 Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the 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 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 Document.

1.2 Assignee.

The 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 requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under 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 Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the 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 Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Documents are required to be performed by it as a Lender.

2. **Payments.**

From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee 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.

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 permitted 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 or by sending a scanned copy by electronic mail 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 governing the Credit Agreement.

SCHEDULE K

EXISTING FINANCIAL INSTRUMENTS

Ticket Number	Counterparty	Active	Instrument Type	Product	Description	Trade Date (dd- mmm-yy)	Start Date (dd- mmm-yy)	Maturity Date (dd-mmm-yy)	Commodity Reference	Units of Volume	Volume	Strike Price/ Fixed Price	Currency
EN5681360	CIBC	Yes	ENGY-SWAP	G	Canadian GAS Price Reporter - AECO 7A in CAD	19-May-15	01-Nov-15	31-Mar-16	AECO 7A	gjs/day	5,000	3.0750	CAD
16715405	NBC	Yes	ENGY-SWAP	G	Canadian GAS Price Reporter - AECO 7A in CAD	15-Dec-14	01-Jan-16	30-Jun-16	AECO 7A	gjs/day	10,000	3.4250	CAD
16966435	NBC	Yes	ENGY-SWAP	O	Light, Sweet Crude Oil - WTI - NYMEX Converted to CAD	09-Feb-15	01-Jan-16	31-Dec-16	WTI CAD	bbl/day	500	79.0000	CAD
EN5230648	CIBC	Yes	ENGY-SWAP	G	Canadian GAS Price Reporter - AECO 7A in CAD	11-Mar-15	01-Jan-16	31-Dec-17	AECO 7A	gjs/day	10,000	3.0700	CAD
EN5224906	CIBC	Yes	ENGY-SWAP	O	Light, Sweet Crude Oil - WTI - NYMEX Converted to CAD	11-Mar-15	01-Jan-16	31-Dec-17	WTI CAD	bbl/day	1,000	76.5000	CAD
EN5745542	CIBC	Yes	ENGY-SWAP	G	Canadian GAS Price Reporter - AECO 7A in CAD	13-Jul-15	01-Jan-16	31-Dec-16	AECO 7A	gjs/day	5,000	2.9900	CAD
18046404	NBC	Yes	ENGY-SWAP	O	Light, Sweet Crude Oil - WTI - NYMEX Converted to CAD	02-Oct-15	01-Jan-16	31-Dec-16	WTI CAD	bbl/day	500	63.4000	CAD
18046410	NBC	Yes	ENGY-SWAP	G	Canadian GAS Price Reporter - AECO 7A in CAD	02-Oct-15	01-Jan-16	31-Dec-16	AECO 7A	gjs/day	5,000	2.6150	CAD

SCHEDULE L

EXISTING LCs

1. Guarantee No. OGUA17131
   Beneficiary: NOVA GAS TRANSMISSION LTD.
   Amount: $780,000
   Issuer: National Bank of Canada

THIS IS EXHIBIT "C"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April, A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA
Matthew S. Bell
Student-at-Law

MOSAIC ENERGY LTD.

$275,000,000

DEBENTURE

1. (a) **MOSAIC ENERGY LTD.** ("**Corporation**") for value received hereby acknowledges itself indebted and promises to pay to **NATIONAL BANK OF CANADA** as Administrative Agent for and on behalf of itself and each of the Lenders and the Hedging Affiliates ("**Administrative Agent**") on such date as the principal monies hereby secured may become payable as hereinafter provided the sum of **TWO HUNDRED AND SEVENTY-FIVE MILLION ($275,000,000) DOLLARS** ("**Principal Sum**") in lawful money of Canada at the Administrative Agent's 1800, 311 – 6th Avenue S.W., Calgary, Alberta, T2P 3H2 branch and to pay interest, not in advance, on the Principal Sum to the Administrative Agent monthly from the date hereof on the first Banking Day of each and every month at the annual rate of interest set forth and described in Clause 1(b) hereof; as well after as before maturity, default and judgment in like money at the same rate and to pay interest on overdue interest at the said rate, calculated daily and compounded in arrears monthly and payable on demand, but if no demand, monthly.

   (b) Interest shall be payable on the Principal Sum outstanding from time to time at an annual rate of interest equal to the Prime Rate in effect from time to time plus fifteen (15%) percent per annum.

2. The Principal Sum shall be deemed to include all debts, liabilities and obligations, direct or indirect, present or future, absolute or contingent, matured or not, now or hereafter owing or incurred from or by the Corporation to the Administrative Agent, the Lenders or any of the Hedging Affiliates, whether as principal or surety, whether alone or jointly with any other Person, and in whatever name, style or firm and whether arising from dealings between the Administrative Agent, the Lenders or any of the Hedging Affiliates and the Corporation, or from the Credit Agreement, the other Documents or the Hedging Obligations.

3. In this Debenture, including this clause and any schedules hereto, unless there is something in the subject matter or context inconsistent therewith:

   (a) "**Assets**" shall have the meaning set forth in Clause 5 hereto;

   (b) "**Credit Agreement**" means the Credit Agreement dated June 20, 2013 between the Corporation, National Bank of Canada as administrative agent and those parties who are or who may from time to time become lenders, as amended, amended and restated, replaced or supplemented from time to time;

   (c) "**Floating Charge**" shall have the meaning set forth in Clause 5(b) hereto;

   (d) "**hydrocarbons**" means solid, liquid and gaseous hydrocarbons and any natural gas whether consisting of a single element or of two or more elements in chemical combination or uncombined and any other substances, whether a hydrocarbon or not, produced in association therewith and, without restricting the generality of the foregoing, includes oil-bearing shale, tar sands, crude oil, petroleum, helium and hydrogen sulphide;

(e) "**operating equipment**" means all surface and subsurface machinery, apparatus, equipment, facilities and other property and assets of whatsoever nature and kind (excluding drilling rigs, service rigs, trucks, automotive equipment or other property or assets taken on the said lands or any part thereof to drill, service, stimulate or rework any well or wells or to conduct any other temporary operations on the said lands relative to exploring for or producing hydrocarbons) now or hereafter located on any of the said lands or any other lands that are used or useful for the production, treatment, storage or transportation of any of the hydrocarbons including, without limiting the generality of the foregoing, oil wells, gas wells, water wells, injection wells, casing, tubing, rods, pumps and pumping equipment, christmas trees and other wellhead 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, telegraph, telephone, radio and other communication equipment, racks, storage facilities, land records, contracts and seismic and geological data;

(f) "**petroleum and natural gas rights**" means any leasehold, permit, working, royalty, overriding royalty, net profits, fee, mineral or other interest, estate or right in or in respect of any hydrocarbons, including without limitation, any interest of the Corporation described in Schedule "A" hereto;

(g) "**said lands**" means all of those lands that are described, from time to time, in Schedule "A" hereto in respect of which the Corporation now holds or hereafter acquires petroleum and natural gas rights;

(h) "**Secured Equity**" means all investment property (as defined in the *Personal Property Act* (Alberta)) of the Corporation;

(i) "**Specific Charges**" shall have the meaning set forth in Clause 5(b) hereto;

(j) "**ULC**" means a Person that is an unlimited company or unlimited liability company;

(k) "**ULC Laws**" means all present or future laws governing ULCs; and

(l) "**ULC Shares**" means shares or other equity interests of a ULC.

In addition, capitalized terms which are not otherwise defined in this Debenture have the meanings given to such terms in the Credit Agreement and the defined term "Administrative Agent" shall include a successor Administrative Agent appointed under the Credit Agreement.

4. As continuing security for: (i) the payment of the Principal Sum, interest and all other monies from time to time owing under this Debenture; (ii) due performance and payment of the Obligations and the Hedging Obligations; and (iii) the due performance and payment of all other debts, liabilities, obligations and covenants of the Corporation contained in the Credit Agreement and this Debenture, the Corporation (subject to any exception as to leaseholds herein contained) hereby:

(a) mortgages and charges to and in favour of the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, as and by way of a first, fixed and specific mortgage and charge and grants to and in favour of the Administrative Agent, for and on behalf of itself, the Lenders and Hedging Affiliates, a security interest in, all of the right, title and interest now held or hereafter acquired by the Corporation in and to:

(i) the said lands;

(ii) the petroleum and natural gas rights held or hereafter held by the Corporation in the said lands including, without limitation, the petroleum and natural gas rights of the Corporation described in Schedule "A" hereto;

(iii) all lands that are or may be pooled or unitized with the said lands;

(iv) all operating equipment;

(v) all leases, licenses, permits, reservations, agreements, authorizations and other instruments under which the Corporation derives, holds, operates or maintains the petroleum and natural gas rights in the said lands and all rights, benefits, privileges and advantages to be derived therefrom;

(vi) all contracts for the purchase or utilization of hydrocarbons from or allocated to the said lands; and

(vii) all servitudes, leases, licenses, privileges, easements, rights-of-way, rights of ingress and egress and other surface rights under which the Corporation derives or holds the right to drill for, produce, store, gather, treat or process hydrocarbons upon or in respect of the said lands;

(b) assigns, mortgages and charges as and by way of first, fixed and specific mortgage, assignment and charge to and in favour of the Administrative Agent, for and on behalf of itself, the Lenders and Hedging Affiliates and grants to and in favour of the Administrative Agent, for and on behalf of itself, the Lenders and Hedging Affiliates, a security interest in, all right, title and interest now held or hereafter acquired by the Corporation in and to:

(i) all hydrocarbons produced from or allocated to the said lands;

(ii) all monies and proceeds derived from the sale or utilization of the hydrocarbons referred to in paragraph (i) of Clause 4(b) hereof;

(iii) all monies receivable under contracts for the purchase, operation and utilization of hydrocarbons from or allocated to the said lands; and

(iv) all proceeds accruing to the credit of the Corporation from time to time as a result of its ownership or operation of its interest in the petroleum and natural gas rights in the said lands;

(c) grants to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, a first security interest in all present and after-acquired personal property of the Corporation and all Proceeds (as defined in the *Personal Property Security Act* (Alberta)), and mortgages, pledges and charges as and by way of a first floating mortgage and charge unto the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, all of the Corporation's present and after-acquired right, title, estate and interest in and to all other property and assets, including without limitation, real property (other than as such real and personal property is from time to time effectively and validly subject to the fixed and specific mortgages, charges and security interests created hereby or by any other instrument) and including without limitation, all proceeds therefrom and all accretions, accessions and substitutions thereto.

TO HAVE AND TO HOLD such property and assets and rights hereby conferred on the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, for the use and purposes and with the power and authority and subject to the terms, conditions, provisos, covenants and stipulations herein expressed.

Notwithstanding the provisions contained in this Clause 4, the Corporation shall continue to perform and observe all of its duties and obligations in respect of the Assets to the same extent as if this Debenture had not been executed and the exercise by the Administrative Agent, the Lenders or Hedging Affiliates of any of their rights under this Debenture shall not release the Corporation from performing and observing such duties and obligations and the Administrative Agent, the Lenders or Hedging Affiliates shall have no liability for the performance or observance of such duties or obligations by reason only of the execution and delivery of this Debenture.

5. (a) Notwithstanding any other provision herein, the security interests in the present and after-acquired property and assets of the Corporation created in Clause 4 hereto are to attach: (i) to the present property and assets of the Corporation when this Debenture is executed by the Corporation; and (ii) to the after-acquired property and assets of the Corporation immediately upon the Corporation acquiring rights or interests in such property and assets.

(b) All property and assets of the Corporation whether subject to fixed charges or subject to a floating charge under the provisions of Clause 4 hereof are hereinafter referred to as the "**Assets**". Without limiting the generality of the foregoing, the Assets subject to the fixed and floating charge as described above shall include: (i) all assets of any entity merging or amalgamating (whether by way of amalgamation, arrangement or otherwise) with the Corporation; and (ii) all present and future assets of the merged or amalgamated company or other entity. The charges created under subparagraphs (a) and (b) of Clause 4 hereof and the security interests against personal property created in subparagraph (c) of Clause 4 hereof are hereinafter referred to as the "**Specific Charges**", and the floating charge against all other property and assets created under subparagraph (c) of Clause 4 hereof is hereinafter referred to as the "**Floating Charge**".

6. (a) Except as specifically prohibited by provisions of the Credit Agreement, this Debenture or other agreement or security, the Floating Charge hereby created shall not hinder or prevent the Corporation (until the Corporation shall be in default in payment of the Principal Sum or interest hereby secured or any portion of the Principal Sum or interest secured or until the security hereby constituted shall become enforceable and the Administrative Agent shall have determined to enforce the same):

(i) from selling, assigning, otherwise disposing of or dealing with any part of the Assets included in the Floating Charge but excepting any Assets included under the Specific Charges (subject to Permitted Dispositions or as otherwise permitted by the terms of the Credit Agreement), in the ordinary course of business and for the purpose of carrying on the same; and

(ii) from pledging, assigning or giving security or securities to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, in priority to the Floating Charge hereby created (whether by way of floating charge or otherwise) on any part of the Assets included under the Floating Charge, but excepting the Assets included under the Specific Charges, to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, for present or future debts or liabilities of the Corporation to the Administrative Agent, the Lenders and Hedging Affiliates.

(b) Except as specifically prohibited by other provisions of the Credit Agreement, this Debenture or other agreement or security, prior to the occurrence of an Event of Default, the Corporation shall be entitled to:

(i) retain full possession of the Assets subject to the Specific Charges and explore, operate, manage, develop, use and enjoy the same and every part thereof (including, without limitation, drilling, reworking, deepening, plugging, cleaning and abandoning of wells, construction and operation of equipment and facilities, carrying out or participating in secondary or tertiary recovery projects, production and sale or disposition of hydrocarbons pursuant to a production sales arrangement) in the ordinary course of business;

(ii) commit all or any part of the Assets subject to the Specific Charges to an arrangement for the pooling or unitization of all or any part of such Assets with other lands in the ordinary course of business;

(iii) sell, assign or dispose of any Assets subject to the Specific Charges as is allowed by the terms of the Credit Agreement; and

(iv) create or suffer to exist Permitted Encumbrances.

(c) Any reference to Permitted Encumbrances contained in this Debenture in and of itself shall not expressly or by implication result in any Permitted Encumbrance ranking ahead of the Specific Charges or Floating Charges or other security interests created under this Debenture.

7. (a) Unless an Event of Default has occurred and is continuing but subject to subclause (f) below:

(i) the Corporation shall be entitled to exercise any and all voting and other consensual rights pertaining to the Secured Equity for any purpose provided that the Corporation will not exercise and will refrain from exercising any such right if such action would have a material adverse effect on the value of the Secured Equity or any part thereof;

(ii) the Corporation shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Secured Equity if and to the extent that the payment thereof is not otherwise prohibited by the terms of the Credit Agreement provided that any and all:

(A) dividends, interest and other distributions paid or payable, other than in cash or promissory notes, in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Secured Equity;

(B) dividends and other distributions paid or payable in cash in respect of any Secured Equity in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in-surplus; and

(C) cash paid, payable or otherwise distributed in respect of principal of, or in redemption of, or in exchange for, any Secured Equity,

shall be, and shall be forthwith delivered to the Administrative Agent to hold as, Secured Equity and shall, if received by the Corporation, be received in trust for the benefit of the Administrative Agent, the Lenders and Hedging Affiliates and be forthwith delivered to the Administrative Agent as Secured Equity in the same form as so received (with any necessary endorsement).

(b) Upon the occurrence of an Event or Default that is continuing but subject to subclause (f) below:

(i) all rights of the Corporation (A) to exercise or refrain from exercising the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to subclause (a) above shall cease and (B) to receive the dividends, interest and other distributions that it would otherwise be authorized to receive and retain pursuant to subclause (a) above shall cease, and all such rights shall thereupon become vested in the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, which shall thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights and to receive and hold as Secured Equity such dividends, interest and other distributions;

(ii) all dividends, interest and other distributions that are received by the Corporation contrary to the provisions of subsection (i) of this subclause (b) shall be received in trust for the benefit of the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates and shall be forthwith paid over to the Administrative Agent as Secured Equity in the same form as so received (with any necessary endorsement).

(c) Subject to subclause (f) below, the Corporation, upon request of the Administrative Agent, shall deliver to the Administrative Agent originals of the Secured Equity requested duly endorsed in blank or accompanied by a stock power duly executed in blank or other instruments of transfer satisfactory to the Administrative Agent, and the Corporation authorizes the Administrative Agent to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Administrative Agent or its nominee(s) may appear of record as the sole owner thereof; provided that, until the occurrence of an Event of Default, the Administrative Agent shall deliver promptly to the Corporation all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Corporation or its order a proxy to vote and take all action with respect to such Secured Equity. After the occurrence of an Event of Default, the Corporation waives all rights to receive any notices or communications received by the

Administrative Agent or its nominee(s) as such registered owner and agrees that no proxy issued by the Administrative Agent to the Corporation or its order as aforesaid shall thereafter be effective. The Corporation waives any provision of the organizational documents applicable to the Secured Equity prohibiting or otherwise restricting the grant of the security interest hereunder.

(c) Subject to subclause (f) below, if (i) any stock dividend, reclassification, readjustment, or other change is declared or made in the capital structure of any of the issuers of the Secured Equity, or any option included with the Assets is exercised, or both, or (ii) any subscription warrants or any other rights or options shall be issued in connection with the Assets, then all new, substituted, and additional partnership or membership interests, certificates, shares, warrants, rights, options or other securities, issued to the Corporation by reason of any of the foregoing, shall be immediately delivered to and held by the Administrative Agent and shall constitute Secured Equity hereunder.

(d) If the Secured Equity is or is to be credited to a securities account established by the Corporation with a securities intermediary, the Corporation shall, at the request of the Administrative Agent ensure that each relevant securities intermediary shall enter into an agreement with the Administrative Agent which includes such terms as may be reasonably required by the Administrative Agent confirming that the Administrative Agent has exclusive control over all Secured Equity held in the relevant securities account following the occurrence of an Event of Default including, but not limited to, an agreement of the securities intermediary that it will comply with entitlement orders that are originated by the Administrative Agent without the further consent of the Corporation.

(f) The Corporation acknowledges that certain of the Secured Equity may now or in the future consist of ULC Shares, and that it is the intention of the Administrative Agent, the Lenders, Hedging Affiliates and the Corporation that the Administrative Agent, the Lenders and Hedging Affiliates should not under any circumstances, prior to realization and notice being given by the Administrative Agent to the Corporation and further steps are taken pursuant hereto or thereto so as to register the Administrative Agent, Lenders or Hedging Affiliates, as specified in such notice, as the holder of the ULC Shares, be held to be a "member" or a "shareholder", as applicable, of a ULC for the purposes of any ULC Laws. Therefore, notwithstanding any provisions to the contrary contained in the Documents, where the Corporation is the registered owner of ULC Shares which are Secured Equity, the Corporation will remain the sole registered owner of such ULC Shares until such time as such ULC Shares are, at the request of the Administrative Agent, effectively transferred into the name of the Administrative Agent, Lenders, Hedging Affiliates or any other Person on the books and records of the applicable ULC. Nothing in the Documents, is intended to, and nothing in the Documents shall, constitute the Administrative Agent, the Lenders, Hedging Affiliates or any other Person other than the Corporation, a member or shareholder of a ULC for the purposes of any ULC Laws (whether listed or unlisted, registered or beneficial), until such time as notice is given to the Corporation and further steps are taken pursuant hereto or thereto so as to register the Administrative Agent, Lenders, Hedging Affiliates or such other Person, as specified in such notice, as the holder of the ULC Shares. To the extent any provision in the Documents would have the effect of constituting the Administrative Agent, the Lenders or Hedging Affiliate as a member or a shareholder, as applicable, of any ULC prior to such time, such provision shall be severed therefrom and shall be ineffective with respect to ULC Shares which are Secured Equity without otherwise invalidating or rendering unenforceable any of the Documents (including, without limitation, this Debenture) or invalidating or rendering unenforceable such provisions insofar as it relates to Secured Equity which is not ULC Shares.

8. The last day of any term of years reserved by any lease, verbal or written, or any agreement therefor now held or hereinafter acquired by the Corporation is hereby and shall be excepted out of the Specific Charges and Floating Charges created hereby or by any instrument supplemental hereto and does not and shall not form part of the Assets but the Corporation shall stand possessed of the reversion remaining in the Corporation of any leasehold interest forming part of the Assets upon trust to assign and dispose thereof as the purchaser of such leasehold interest shall direct; and upon any sale of any leasehold interest or any part thereof, the Administrative Agent, for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof 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 a new trustee or trustees of the aforesaid reversion of any such term or renewal thereof in place of the Corporation and to vest the same accordingly in the new trustee or trustees so appointed freed and discharged from any obligation respecting the same.

The Specific Charges and Floating Charges do not and will not extend to, and the Assets will not include, any agreement, right, franchise, intellectual property, licence or permit ("**Contractual Rights**") to which the Corporation is a party or of which the Corporation has the benefit, to the extent that the creation of the Specific Charges and Floating Charges would constitute a breach of the terms of or permit any Person to terminate the Contractual Rights, but the Corporation will hold its interest therein in trust for the Administrative Agent to the extent permitted by law and will assign such Contractual Rights to the Administrative Agent forthwith upon obtaining the consent of the other party or parties thereto.

9. This Debenture is payable at the Administrative Agent's branch described on page 1 of this Debenture or such other branch of the Administrative Agent as may from time to time be designated by the Administrative Agent. Interest at the stated rates or at such other rate or rates as may be agreed upon between the parties, calculated daily and compounded monthly not in advance as well as before as after maturity, default and judgment and interest on overdue interest at the same rate, calculated daily and compounded monthly not in advance shall be payable on demand, but if no demand, monthly. Interest payable by the Corporation is calculated using the nominal rate method of calculation and not the effective rate of calculation and the principle of deemed reinvestment of interest shall not be applied to or affect such calculation of interest.

10. (a) The Corporation covenants and agrees with the Administrative Agent, for as long as this Debenture is outstanding, as follows:

(i) to pay the Principal Sum on its due date;

(ii) to pay interest on the Principal Sum at the rate and in the manner hereinbefore referred to;

(iii) to pay all other amounts of principal and interest from time to time due by the Corporation to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, as and when the same become payable;

(iv) that it will, at its own cost and expense, at all times do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such further acts, deeds, mortgages, transfers and assurances in law as the Administrative Agent shall require:

(A) to perfect the security of the Administrative Agent, on all or part of the Assets in accordance with the terms of this Debenture; and

(B) for the better accomplishing and effectuating of the intentions of this Debenture;

(v) to provide such other information relating to the Assets and the Corporation as the Administrative Agent may reasonably request from time to time;

(vi) when requested by the Administrative Agent, in accordance with the terms of the Credit Agreement, the Corporation undertakes to forthwith execute and deliver, at its sole cost and expense, to and in favour of the Administrative Agent, for and on behalf of itself, the Lenders and Hedging Affiliates, fixed security on the petroleum and natural gas assets of the Corporation, as selected by the Administrative Agent in its discretion, in form and substance satisfactory to the Administrative Agent. To give effect to this requirement to provide the above described fixed security, the Corporation constitutes and appoints, the Administrative Agent its true and lawful attorney irrevocable with power of substitution to grant such fixed security from time to time, including without limitation, attaching to this Debenture of the Corporation as Schedule "A", from time to time, a land schedule setting forth the petroleum and natural gas assets selected by the Administrative Agent as described above in which event such assets shall without any further action be subject to the Specific Charges and shall be subject to all of the terms and conditions thereof as if the same had been so included in Schedule "A" of this Debenture at the time it was executed and delivered, and all such acts so taken by the Administrative Agent are ratified and confirmed by the Corporation. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) The Corporation represents and warrants to and in favour of the Administrative Agent, as follows:

(i) this Debenture constitutes the valid and binding obligation of the Corporation, enforceable in accordance with its terms (except that such enforcement may be subject to any applicable bankruptcy, insolvency or similar laws generally affecting the enforcement of creditors' rights and that specific performance and other equitable remedies are subject to the discretion of the courts before which such remedies are sought);

(ii) no registration or filing with, or approval by, or consent of, any Person is required to be made or obtained by the Corporation in connection with the execution, delivery or performance of this Debenture, except as may be necessary to perfect the mortgages, charges and security interests created hereby

(iii) that it has good and valid title to the Assets, free of all Security Interests and other encumbrances other than Permitted Encumbrances; and

(iv) that it has the right to create upon the Assets the Specific Charges and Floating Charge contained in this Debenture.

11. The Corporation covenants and agrees with the Administrative Agent, for as long as this Debenture is outstanding it will not, without the prior written consent of the Administrative Agent:

(a) create, assume, suffer or permit to be created or levied upon the Assets or any part thereof any mortgage, charge, lien or encumbrance, whether fixed or floating, except as expressly permitted by Clause 6 of this Debenture and except for Permitted Encumbrances;

(b) sell, assign or transfer or otherwise dispose of the Assets or any part thereof except for Permitted Dispositions or as otherwise permitted by the terms of the Credit Agreement.

12. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall extinguish the liability of the Corporation to pay the monies hereby secured, nor shall the same operate as a merger of any covenants herein contained or affect the right of the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, to interest at the rate set forth in Clause 1 hereof, nor shall the acceptance of any payment or other security constitute or create any novation. The taking of any judgment under any covenant herein contained shall not operate as a merger of such covenant or affect the right of the Administrative Agent, the Lenders or Hedging Affiliates, to recover interest as herein provided.

13. The security set forth in this Debenture is in addition to and not in substitution for any other security, whether over the Assets or otherwise, which the Administrative Agent, the Lenders or Hedging Affiliates, may now or hereafter hold.

14. Notwithstanding anything in this Debenture, upon the occurrence of any Event of Default, but subject to Clause 15 of this Debenture, at the option of the Administrative Agent all obligations of the Administrative Agent, the Lenders and Hedging Affiliates, to the Corporation shall cease, the Floating Charge herein contained that has not been previously fixed shall crystallize and become fixed against all or any part of the Assets as the Administrative Agent so specifies, the Principal Sum, all interest, fees and arrears of interest and all other amounts that may be deemed to be secured hereby shall become immediately due and payable and the security hereby constituted shall become enforceable.

15. Upon the occurrence of an Event of Default, the Administrative Agent may, with consent of the requisite Lenders, then or at any time thereafter, in writing, waive such Event of Default, provided always that the position of the parties hereto and the status of the Assets shall be as if such Event of Default had not occurred and the Floating Charge herein contained shall be deemed not to have become fixed and crystallized. A waiver of an Event of Default shall not extend to or be taken in any manner whatsoever to affect any subsequent Event of Default, whether similar or not, or the rights resulting therefrom. Where in this Debenture an Event of Default is stated to be continuing or in existence, it shall mean an Event of Default that has not been waived by the requisite Lenders.

16. If an Event of Default has occurred and is continuing, the Administrative Agent may:

(a) by its officers, agents or attorneys, take possession of all or any part of the Assets and exclude the Corporation, its agents and servants, therefrom;

(b) carry on, manage and conduct the business operations of the Corporation or cease the operation of all or any portion of the business operations of the Corporation;

(c) preserve, maintain and insure the Assets or any of them and make such replacements thereof and additions thereto as it shall deem necessary or desirable;

(d) receive the rents, incomes and profits thereof of any kind whatsoever;

(e) pay all liens, encumbrances and other charges ranking in priority to the charge created by this Debenture;

(f) pay all taxes, wages and other charges required in order to carry on, manage and conduct the business and operations of the Corporation;

(g) enjoy and exercise all powers necessary to the performance of all the other powers provided for in this Clause, including but without limiting the generality of the foregoing the power to purchase on credit, borrow money in the Corporation's name or in its own name and give security for any such borrowing upon all or part of the Assets in priority to the Specific Charges and Floating Charges, and advance its own monies or those of the Lenders or Hedging Affiliates at such rates of interest as the Administrative Agent may deem reasonable;

(h) at its discretion, with or without taking possession, lease or sell, call in, collect or convert into money the Assets or any part thereof;

(i) at any sale or conveyance of all or any part of the Assets, sell the same either by a sale en bloc or in such parcels as the Administrative Agent shall determine, either by public auction, by public tender or by private contract, with or without advertisement or notice or any special condition as to upset price, reserve bid, title or evidence of title, payments or other matter, from time to time as the Administrative Agent in its discretion thinks fit with power to vary or rescind any contract of sale or to buy in at any sale or tender in accordance with Clause 20 hereof, and with power to resell with or under any of the powers conferred hereunder without being answerable for any loss and to adjourn any sale from time to time and, without limiting the generality of the foregoing to exercise the power of sale and all other powers conferred on mortgagees by any provincial statute;

(j) at any sale of the Assets or any part thereof, sell for a purchase consideration payable by installments either with or without taking security for the second and subsequent installment and may make and deliver to the purchaser good and sufficient deed or deeds, assurances and conveyances of such property and give receipts for the purchase money, the Administrative Agent being hereby constituted as the irrevocable attorney of the Corporation for the purpose of making sales and executing deeds. Any such sale shall be a perpetual bar both at law and equity against the Corporation and all those claiming the Assets sold or any part thereof by, from, through or under the Corporation;

(k) by instrument in writing appoint any Person or Persons, whether an officer or officers or an employee or employees of the Administrative Agent, the Lenders or Hedging Affiliates or not, to be a receiver or receiver and manager of all or any part of the Assets (where the context so requires, hereinafter **"receiver"** shall include one or more "receivers" and one or more "receivers and managers") and may remove any others in his stead. Subject to the provisions of the instrument appointing such receiver, any such receiver so appointed shall have power to take possession of the Assets or any part thereof and to carry on or concur in carrying on the business of the Corporation and to sell or concur in selling all or any part of the Assets. Until replaced or removed, a receiver shall have, without limiting the generality of the foregoing, all of the powers set forth in subparagraphs (a) to (j) hereof. The proper fees and expenses of such receiver shall form a charge upon the Assets together with all other property and assets which may come into the custody or control of such receiver in priority to the security created hereby; and

(l) in addition to or in lieu of the appointment of a receiver as aforesaid, the Administrative Agent may exercise all or any of its other remedies under this Debenture including without limitation:

(i) take proceedings in any Court of competent jurisdiction for the appointment of a receiver of all or any part of the Assets;

(ii) take proceedings in any Court of competent jurisdiction for sale or foreclosure of all or any part of the Assets;

(iii) file a proof of claim and other documents to establish its claim in any proceeding relative to the Corporation; and

(iv) take any other remedy or proceeding authorized or permitted hereby or by law or equity.

The above rights and remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights and remedies of the Administrative Agent, the Lenders or Hedging Affiliates however created.

17. The Corporation agrees to pay to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, forthwith upon demand, in writing, all reasonable costs, charges and expenses (including, without limitation, reasonable legal fees and disbursements on a solicitor and his own client basis) of or incurred by the Administrative Agent, the Lenders or Hedging Affiliates in connection with this Debenture or the Assets or any part thereof, or the recovery or enforcement of payment of any of the monies owing hereunder, including, without limitation, all costs, charges and expenses in connection with taking possession, protecting, preserving, collecting and realizing upon any part of the Assets, together with interest thereon at the rate hereinbefore provided commencing from the date of incurring such costs, charges and expenses to the date of payment and monies and interest thereon shall until paid, be secured and entitled to the benefit and charge of the security hereby created upon the Assets.

18. (a) Any receiver appointed pursuant to Clause 16 hereof shall so far as concerns responsibility for his acts, be deemed the agent of the Corporation and the Administrative Agent, the Lenders and Hedging Affiliates shall not be in any way responsible for any misconduct or negligence on the part of any such receiver.

(b) The exercise by the Administrative Agent, the Lenders or Hedging Affiliates of any of the powers or remedies contained in this Debenture shall not render the Administrative Agent, the Lenders or Hedging Affiliates, a mortgagee in possession, and the Administrative Agent, the Lenders and Hedging Affiliates shall not be responsible or liable, otherwise than as a mortgagee, for any debts contracted by it, for damage to Persons or property, or for salaries or non-fulfillment of contracts during any period wherein a receiver appointed by the Administrative Agent, the Lenders or Hedging Affiliates, shall manage the Corporation or any part thereof.

(c) The Administrative Agent, the Lenders and Hedging Affiliates, shall not be liable to account as mortgagee for anything except actual receipts or be liable for any loss on realization or for any default or omissions for which a mortgagee might be liable.

(d) The Administrative Agent may require any receiver to give security for the performance of his duties; however, the Administrative Agent shall not be bound to require such security.

19. (a) Once a receiver has been appointed and possession of the Assets has been taken, all powers, functions, rights and privileges of each of the directors and officers of the Corporation with respect to the properties, business and undertaking of the Corporation shall cease unless specifically continued by the written consent of the Administrative Agent.

(b) Except as may be otherwise directed by the Administrative Agent, all monies from time to time received by such receiver shall be held in trust for and paid over to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates.

(c) Every such receiver may, with the consent of the Administrative Agent in writing, borrow money for the purpose of carrying on the business and undertaking of the Corporation, for the protecting and preserving of the Assets or any part or parts thereof, or for other purposes approved by the Administrative Agent, and any amount so borrowed, together with interest thereon, shall form a charge upon the Assets together with all other property and assets which may come into the custody or control of such receiver, in priority to the security created hereby, but subject to the aforementioned charge with respect to the fees and disbursements of such receiver.

(d) The rights and powers conferred by this Clause are in supplement of and not in substitution for any rights or powers the Administrative Agent may from time to time have as the holder of this Debenture, and every such receiver may in the discretion of the Administrative Agent be vested with all or any of such rights and powers of the Administrative Agent; and the remedies for the realization of the security hereby constituted or for the enforcement of the rights of the Administrative Agent, the Lenders and Hedging Affiliates are not exclusive of or dependent upon any other remedy but any one or more of such remedies may from time to time be exercised independently or in combination and save as otherwise provided by law without notice to the Corporation and without any other formality.

20. In the event that the Administrative Agent by its officers, agents or attorneys or through a receiver appointed for the purpose, sells the Assets or any of them:

(a) the Administrative Agent, its officers, agents or attorneys or the receiver appointed for the purpose, may rescind or vary any sale;

(b) the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates may bid on any or all of the Assets and buy in at any sale or tender whether such sale or tender is made under the power of sale herein contained or pursuant to judicial proceedings or otherwise; and

(c) a Person purchasing the Assets or any of them shall not be bound to enquire into the legality, regularity or propriety of any such sale and no such sale shall be invalidated by lack of default, want of notice or any other irregularity or impropriety.

21. The net proceeds of sale shall be applied subject to the claims of all creditors (if any) ranking prior to this Debenture:

(a) first, in payment of all costs, charges and expenses of and incidental to the exercise by the Administrative Agent, the Lenders, Hedging Affiliates or receiver of any or all of the aforesaid powers including, without limitation, the proper fees and expenses of any receiver appointed for the purpose of exercising the powers, and all outgoings properly payable by the Administrative Agent, the Lenders, Hedging Affiliates or such receiver;

(b) second, in or towards payment to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates of the Principal Sum, interest and all other amounts secured hereby in any order that the Administrative Agent deems proper; and

(c) third, subject to any prior claims, in payment to the Corporation or for its account.

22. The reasonable costs incurred in exercising the powers contained in clauses (a) to (l) of Clause 16 hereof and the costs of a receiver shall be payable by the Corporation as incurred. Any reasonable expense borne by the Administrative Agent, the Lenders or Hedging Affiliates in connection thereunder shall be recovered by the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, against the Corporation and shall be secured hereby in priority to all subsequent charges.

23. The Principal Sum and interest and other monies hereby secured will be paid and shall be assignable free from any right of set-off or counterclaim or equities between the Corporation and the Administrative Agent, the Lenders or Hedging Affiliates.

24. If the Corporation, its successors or assigns, shall pay or cause to be paid to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, the monies secured by this Debenture and shall otherwise observe and perform the terms thereof, then this Debenture and the rights hereby granted shall cease and be void and thereupon the Administrative Agent shall, at the request and at the expense of the Corporation, its successors and assigns, cancel and discharge the security of this Debenture and execute and deliver to the Corporation, its successors and assigns, such deeds or other instruments as shall be requisite to cancel and discharge the security hereby constituted; provided, however, that this Debenture may be assigned, pledged, hypothecated or deposited by the Corporation as security for advances or loans to or for indebtedness or other obligations or liabilities of the Corporation, and in such event this Debenture shall not be deemed to have been discharged or be deemed so by reason of the account of the Corporation having ceased to be indebted whilst it remained so assigned, pledged, hypothecated or deposited.

25. Any notice required by law or this Debenture to be served upon the Administrative Agent, Lenders, Hedging Affiliates or the Corporation shall be sufficiently served if given in accordance with the Credit Agreement.

26. This Debenture and all its provisions shall enure to the benefit of the Administrative Agent, the Lenders and Hedging Affiliates and each of their successors and assigns, and shall be binding upon the Corporation, its successors and permitted assigns.

27. The terms "herein", "hereof" and "hereby" and other terms having a like meaning, wherever used in this Debenture, shall be deemed to be a reference to this Debenture unless the context otherwise requires.

28. Nothing contained in this Debenture shall curtail or limit the remedies of the Administrative Agent, Lenders or Hedging Affiliates as permitted by any statute or law applicable to a mortgagee or creditor.

29. This Debenture shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Administrative Agent, the Lenders and Hedging Affiliates may commence and prosecute legal proceedings against the Corporation pursuant to or in relation to this Debenture in the courts of Alberta or such other jurisdiction or jurisdictions as the Administrative Agent, the Lenders or Hedging Affiliates may, in their sole and absolute discretion, deem advisable, and the Corporation attorns to the non-exclusive jurisdiction of the court or courts so selected by the Administrative Agent, the Lenders or Hedging Affiliates,.

30. The terms of the Credit Agreement shall not merge or be superseded by this Debenture but shall continue in full force and effect. In the event of a conflict among the terms of this Debenture, the Credit Agreement and any other agreement between the parties (such that the terms of such documents cannot co-exist) then the terms of the Credit Agreement shall prevail. Without limiting the generality of the foregoing, if there is any right or remedy of the Administrative Agent, the Lenders or Hedging Affiliates set out in any one document which is not set out or provided for in another document, such additional right or remedy shall not constitute a conflict or inconsistency. This Debenture has been or will be pledged to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, pursuant to a Pledge Agreement of even date and is subject to the terms of that Pledge Agreement.

31. The Corporation hereby covenants and agrees that neither the creation nor the delivery of this Debenture shall obligate the Lenders to advance any money to the Corporation, or having advanced a portion, obligate the Lenders in any way to advance the balance thereof; but nevertheless the lien, charge, mortgage, assignment and security interest created and secured hereby shall take effect forthwith upon execution of this Debenture and shall operate as continuing security for the actual amount of all the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Corporation to the Administrative Agent, Lenders or Hedging Affiliates or remaining unpaid.

32. This Debenture is freely assignable subject to the provisions of the Credit Agreement.

33. In the event that any term or provision of this Debenture shall, to any extent, be invalid and unenforceable, the remaining terms and provisions of this Debenture shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

34. The Corporation shall be solely liable for all abandonment and reclamation costs, now or in the future, attributable to the Assets and for all liability for environmental liability or damage, now or in the future, attributable to the Assets and, in addition, the Corporation shall indemnify and save harmless the Administrative Agent, the Lenders and Hedging Affiliates from and against all liability, loss, cost, claim, expense or damage (including, without limitation, legal costs on a

solicitor and own client basis) suffered, sustained, paid or incurred by the Administrative Agent, the Lenders or Hedging Affiliates arising out of or in connection with any abandonment or reclamation or any environmental liability, now or in the future, relating to the Assets. This covenant and indemnity shall survive the satisfaction, release or enforcement of this Debenture or any security collateral hereto and the full repayment of the indebtedness of the Corporation and shall continue in full force and effect for the benefit of the Administrative Agent, the Lenders and Hedging Affiliates.

35. The *Land Contracts (Actions) Act* of the Province of Saskatchewan shall have no application to any action as in such Act defined, with respect to any mortgage, charge or other security given by the Corporation under this Debenture.

36. The *Limitation of Civil Rights Act* of the Province of Saskatchewan shall have no application to:

(a) this Debenture;

(b) any indenture, instrument or agreement entered into by the Corporation at any time hereafter, supplemental or ancillary to or in implement of this Debenture and involving the payment by the Corporation of money, or the liability of the Corporation to pay money;

(c) any mortgage, charge or other security for the payment of the money made, given or created by this Debenture or by any indenture, instrument or agreement referred to or mentioned in Clause 36(b) hereto;

(d) any instrument or agreement entered into by the Corporation at any time hereafter, renewing or extending or collateral to this Debenture, renewing or extending or collateral to any indenture, instrument or agreement referred to or mentioned in Clause 36(b) hereto, or renewing or extending or collateral to any mortgage, charge or other security referred to or mentioned in Clause 36(c) hereto; or

(e) the rights, powers, or remedies of the Administrative Agent, the Lenders and Hedging Affiliates under this Debenture or under any mortgage, charge, other security, indenture, instrument or agreement referred to or mentioned in Clause 36(a) to (d) inclusive.

37. Time shall be of the essence.

38. The Corporation shall not, except in the ordinary course of its business, remove any of the Assets from the jurisdiction in which the Assets are located without the prior written consent of the Administrative Agent.

39. The Corporation will indemnify the Administrative Agent, the Lenders, Hedging Affiliates and its successors and assigns, against any and all liabilities, actions, claims, judgments, costs, charges and legal fees that may be made against or incurred by the Administrative Agent, the Lenders or Hedging Affiliates, by reason of the assertion that the Administrative Agent, the Lenders or Hedging Affiliates have received funds from the production of hydrocarbons from the Assets that may be claimed by third Persons, either before or after the payment in full of the Principal Sum, interest and other monies secured hereby and either before or after the release either wholly or partially of the security of this Debenture; and the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, shall have the right to defend against any such claims, actions and charges and claim from the Corporation all expenses incurred by the Administrative

Agent in connection therewith, together with all reasonable legal fees (on a solicitor and own client basis) as may be paid by the Administrative Agent in connection therewith. It is understood and agreed that the covenants and conditions of this subclause shall at all times be construed to be a personal covenant in favour of the Administrative Agent, the Lenders or Hedging Affiliates, and that such covenants and indemnity shall remain in full force and effect notwithstanding the payment of the Principal Sum, interest and all other monies secured by this Debenture and the release, either partially or wholly, of the security hereof, or any foreclosure hereof.

40. All representations, warranties, conditions, terms, covenants and undertakings made or given hereunder shall survive the execution and delivery of this Debenture and the making of each advance and the consummation of the transactions contemplated hereunder and shall, notwithstanding the making of each advance or the continuation of such transactions, continue in full force and effect for the exclusive benefit of the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates.

41. Notwithstanding Section 31 of the *Property Law Act* (British Columbia) the doctrine of consolidation shall apply to this Debenture.

42. For all purposes, including, without limitation, any application to register a crystallized floating charge under the *Land Title Act* (British Columbia) against any real property, the floating charge created by the Debenture shall be crystallized and become a fixed charge upon the earliest of:

(a) the occurrence of an Event of Default or the Administrative Agent or the Lenders making a demand for payment of any or all of the Principal Sum or any other monies owing by the Corporation to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates; or

(b) the Administrative Agent, the Lenders or Hedging Affiliates, taking any action pursuant to this Debenture to enforce and realize upon the security constituted by this Debenture;

and in any event upon the appointment by the Administrative Agent, the Lenders or Hedging Affiliates, of a receiver pursuant to this Debenture.

43. The Corporation acknowledges having received a copy of this Debenture and hereby waives the right to receive from the Administrative Agent or the Lenders a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Debenture or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Debenture.

IN WITNESS WHEREOF the Corporation has executed this Debenture on June 20, 2013.

[signature page follows]

MOSAIC ENERGY LTD.

Per: ____________________________

Name: Stephen J. Fagan
Title: President and Chief Executive Officer

Per: ____________________________

Name: David Ambedian
Title: Senior Vice-President and Chief Financial Officer

SCHEDULE "A"
TO DEBENTURE BY
MOSAIC ENERGY LTD.
In favour of NATIONAL BANK OF CANADA, as Administrative Agent

[updated March 3, 2016]

Lands for Registration of Fixed Charges Against Mosaic Well Interests

	Land Description
1.	034-04-W5M: LSD 01 of Sec. 29
2.	040-01-W5M: LSD 06 of Sec. 24
3.	040-05-W5M: LSD 12 of Sec. 36
4.	040-28-W4M: LSD 13 of Sec. 28
5.	040-28-W4M: LSD 10 of Sec. 33
6.	041-01-W5M: LSD 01 of Sec. 12
7.	041-02-W5M: LSD 05 of Sec. 28
8.	041-02-W5M: LSD 04, 16 of Sec. 33
9.	041-03-W5M: LSD 11, 16 of Sec. 33
10.	041-03-W5M: LSD 03 of Sec. 35
11.	041-04-W5M: LSD 11 of Sec. 12
12.	041-04-W5M: LSD 01, 07 of Sec. 24
13.	041-28-W4M: LSD 10 of Sec. 04
14.	041-28-W4M: LSD 15 of Sec. 08
15.	041-28-W4M: LSD 12 of Sec. 22
16.	042-02-W5M: LSD 03 of Sec. 04
17.	042-02-W5M: LSD 08 of Sec. 09
18.	042-03-W5M: LSD 07 of Sec. 01
19.	042-03-W5M: LSD 14 of Sec. 03
20.	042-03-W5M: LSD 04 of Sec. 19
21.	042-03-W5M: LSD 04, 16 of Sec. 19
22.	042-03-W5M: LSD 13, 14, 16 of Sec. 20
23.	042-03-W5M: LSD 15, 16 of Sec. 30
24.	042-04-W5M: LSD 15, 16 of Sec. 11
25.	042-04-W5M: LSD 13 of Sec. 12
26.	042-04-W5M: LSD 13, 14 of Sec. 24
27.	043-03-W5M: LSD 16 of Sec. 18
28.	043-04-W5M: LSD 01, 02, 16 of Sec. 09
29.	043-04-W5M: LSD 02, 13, 14, 16 of Sec. 10
30.	043-04-W5M: LSD 01, 04, 06 of Sec. 11
31.	043-04-W5M: LSD 04, 14 of Sec. 12
32.	043-04-W5M: LSD 13, 14 of Sec. 13

	Land Description
33.	043-04-W5M: LSD 05, 16 of Sec. 15
34.	046-01-W5M: LSD 03 of Sec. 09
35.	046-01-W5M: LSD 06 of Sec. 29
36.	054-11-W5M: LSD 06 of Sec. 30
37.	054-12-W5M: LSD 06 of Sec. 33
38.	055-11-W5M: LSD 12, 13, 14 of Sec. 10
39.	055-11-W5M: LSD 05 of Sec. 17
40.	055-11-W5M: LSD 07 of Sec. 31
41.	055-11-W5M: LSD 04 of Sec. 34
42.	055-12-W5M: LSD 02 of Sec. 26
43.	055-12-W5M: LSD 06 of Sec. 35
44.	059-11-W5M: LSD 05 of Sec. 25
45.	061-03-W6M: LSD 13 of Sec. 20
46.	061-03-W6M: LSD 04, 16 of Sec. 28
47.	061-03-W6M: LSD 08, 11, 15, 16 of Sec. 29
48.	061-03-W6M: LSD 03, 16 of Sec. 32
49.	061-03-W6M: LSD 07, 11, 15 of Sec. 33
50.	061-03-W6M: LSD 04, 13 of Sec. 34
51.	061-04-W6M: LSD 08 of Sec. 13
52.	062-02-W6M: LSD 14 of Sec. 27
53.	062-02-W6M: LSD 07, 09 of Sec. 28
54.	062-03-W6M: LSD 13, 15 of Sec. 03
55.	062-03-W6M: LSD 02, 06, 14 of Sec. 04
56.	062-03-W6M: LSD 08, 16 of Sec. 05
57.	062-03-W6M: LSD 07, 15 of Sec. 07
58.	062-03-W6M: LSD 02, 06 of Sec. 08
59.	062-03-W6M: LSD 03, 04, 11 of Sec. 09
60.	062-03-W6M: LSD 03, 15 of Sec. 10
61.	062-03-W6M: LSD 13 of Sec. 17
62.	062-03-W6M: LSD 03 of Sec. 20
63.	062-03-W6M: LSD 08 of Sec. 33
64.	062-04-W6M: LSD 12, 13 of Sec. 01

	Land Description
65.	062-04-W6M: LSD 12 of Sec. 11
66.	063-01-W6M: LSD 10 of Sec. 18
67.	063-01-W6M: LSD 06, 10, 13, 15 of Sec. 28
68.	063-01-W6M: LSD 01 of Sec. 29
69.	063-01-W6M: LSD 11 of Sec. 33
70.	063-02-W6M: LSD 08 of Sec. 06
71.	063-02-W6M: LSD 04 of Sec. 08
72.	064-01-W6M: LSD 07 of Sec. 07
73.	064-03-W6M: LSD 05 of Sec. 02
74.	064-03-W6M: LSD 07 of Sec. 03
75.	065-01-W5M: LSD 05, 06, 12 of Sec. 07
76.	065-01-W6M: LSD 02 of Sec. 06
77.	065-04-W6M: LSD 16 of Sec. 04
78.	067-08-W6M: LSD 01, 04, 05 of Sec. 23

Gas Plant Lands

062-03-W6M: LSD 06 of Sec. 08

REPLACED

SCHEDULE "A"
TO DEBENTURE BY
MOSAIC ENERGY LTD.
in favour of NATIONAL BANK OF CANADA, as Administrative Agent

[No Said Lands or Petroleum and Natural
Gas Rights Have Yet Been Included in This
Schedule "A"]

THIS IS EXHIBIT " D "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April , A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA
Matthew S. Bell
Student-at-Law

PLEDGE AGREEMENT

TO: **NATIONAL BANK OF CANADA,**
as Administrative Agent for and on behalf of itself and each of the Lenders and Hedging Affiliates ("Administrative Agent")

The undersigned, having deposited with, pledged to, transferred to or delivered to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, or to any nominee or nominees of any of them, the Debenture dated as of the date hereof granted by the undersigned in favour of the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates ("**Debenture**") (and the Debenture is deemed so deposited with, pledged to, transferred to and delivered to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates) in consideration of the sum of One ($1.00) Dollar (the receipt whereof is hereby acknowledged) agrees that the said Debenture as may be amended or supplemented from time to time together with any security which the Administrative Agent will allow to be substituted therefor or any part thereof (herein collectively referred to as the "**Security**") shall be held by the Administrative Agent as continuing security for the benefit of the Administrative Agent, Lenders and Hedging Affiliates for the payment and performance by the undersigned of (i) all Obligations and all Hedging Obligations; and (ii) the payment and performance of all obligations of the undersigned under the Credit Agreement and the Debenture (as amended or supplemented), interest on such liabilities and all costs, charges and expenses incurred in connection with such liabilities (collectively, the "**Liabilities**") and the Administrative Agent is hereby authorized on the occurrence of an Event of Default and without demand of payment and without notice to the undersigned, and as, when and if the Administrative Agent shall think proper, to sell the Security or any part thereof or its rights hereunder at public auction or by tender or by private treaty and agreement without notice or advertisement and at such time or times and on such terms and conditions as the Administrative Agent shall determine. At any such sale, subject to applicable law, the Administrative Agent or any Lender or any Hedging Affiliate may itself purchase, at such price as may be reasonable in the circumstances, the whole or any part of the Security sold free from any right of redemption on the part of the undersigned which is hereby waived and released. Subject to applicable law, the undersigned hereby expressly waives all and every formality prescribed by law in relation to any such sale and authorizes the Administrative Agent or any officer of the Administrative Agent as attorney irrevocable, with power of substitution, for and in the name of the undersigned to sign and seal all documents and to fill in all blanks in signed powers of attorney and transfers necessary in order to complete the transfer of the Security to the Administrative Agent or the Lenders or the Hedging Affiliates or any purchaser.

In addition to the foregoing rights and remedies and not in substitution therefor, and without selling the Security, the Administrative Agent is hereby authorized, on the occurrence of an Event of Default, as the holder of the Security to exercise any and all rights of a holder of the Security to enforce the Security, including, without limitation, the security thereof or provided therefor and either itself or through an agent, trustee or receiver or other person, to exercise or cause to be exercised for its benefit all or any of the rights and remedies on default provided for the benefit of the holder or holders of the Security.

The Administrative Agent shall not be obliged to exhaust its recourse against the undersigned, any other person or persons, or any other security it may hold with respect to the Liabilities before realizing upon or otherwise dealing with the Security. The Administrative Agent may grant extensions of time and other indulgences, take and give up securities other than the Security, accept compositions, grant releases and discharges and otherwise deal with the undersigned and all other parties and securities as the

Administrative Agent may see fit, all without prejudice to the Security or the Administrative Agent's rights in respect of the Security and thereby constituted.

The Security is in addition to and not in substitution for any other security or agreement now or hereafter held by the Administrative Agent, and shall not operate as a merger of any simple contract debt or suspend the fulfilment of, any present or future debts, liabilities, or obligations of the undersigned to the Lenders and the Hedging Affiliates or any other security now or hereafter held by the Administrative Agent for the payment or fulfilment thereof.

Each and every right, remedy and power conferred by this Pledge Agreement is in supplement of and in addition to and not in substitution for any other right, remedy or power the Administrative Agent, the Lenders and Hedging Affiliates may have from time to time under any other security or in any other agreement or under the law in force at the time of the exercise of such right, remedy or power. The Administrative Agent, the Lenders and Hedging Affiliates may proceed by way of any action, suit, remedy or other proceeding at law or in equity and no such remedy for the enforcement of the rights of the Administrative Agent, the Lenders and Hedging Affiliates shall be exclusive of or dependent on any other such remedy. Any one or more of such remedies may from time to time be exercised separately or in combination. The Administrative Agent, the Lenders and Hedging Affiliates shall not be bound under any circumstances to realize upon the Security and shall not be responsible for any loss occasioned by any sale or other dealing with the Security or by the retention of or failure to sell or otherwise deal with the same.

Notwithstanding the principal amount of the Debenture (as amended or supplemented) and the interest rate provided therein, the obligations secured by the pledge thereof pursuant hereto shall not exceed the amount of the Liabilities together with the amounts (other than the principal amount and interest thereon set out in the Debenture (as amended or supplemented)) from time to time owing by the undersigned as provided in the Debenture (as amended or supplemented) and Credit Agreement.

Subject to the terms of the Credit Agreement, the proceeds of the Security may be applied in reduction of any part of the indebtedness, liabilities and obligations of the undersigned to the Administrative Agent, the Lenders and Hedging Affiliates as the Administrative Agent may see fit without prejudice to its claim for any deficiency.

Payment by the undersigned to the Administrative Agent of interest for any period in respect of the debts, liabilities and obligations of the undersigned to the Administrative Agent, Lenders and Hedging Obligations, shall be deemed to be payment in full satisfaction of the interest payment for the same period provided for under the terms of the Security.

The undersigned shall pay to the Administrative Agent all reasonable costs and expenses, including, without limitation, all legal fees (on a solicitor and his own client basis) and other expenses incurred by the Administrative Agent and the Lenders from time to time in the documentation, execution, registration, enforcement, realization and collection of or in respect of this Pledge Agreement. All such amounts shall become part of the Liabilities, shall be payable by the undersigned on demand, shall bear interest at the rate set forth in the Security in respect of the principal amount thereof calculated from the date incurred by the Lender to the date paid by the undersigned, and such amounts and interest shall be secured by the Security. This provision shall not be construed to limit any other provisions of the Security or any other agreement dealing with payment of expenses by the undersigned.

The records of the Administrative Agent as to payment of any Liabilities being in default or of any demand for payment having been made will be *prima facie* evidence of such default or demand, absent manifest error.

Time shall be of the essence.

The undersigned may not assign its interest or obligations under this Pledge Agreement or the Security (except as set out in this Pledge Agreement) without prior written consent of the Administrative Agent which consent may be arbitrarily withheld. The Administrative Agent may assign this Pledge Agreement without consent of or prior notice to the undersigned.

This Pledge Agreement shall enure to the benefit of the Administrative Agent, the Lenders and Hedging Affiliates and their successors and assigns, and shall be binding upon the undersigned and its successors and assigns.

This Pledge Agreement shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Administrative Agent, the Lenders and Hedging Affiliates may commence and prosecute legal proceedings against the undersigned pursuant to or in relation to this Pledge Agreement in the courts of Alberta or such other jurisdiction or jurisdictions as the Lender may, in its sole and absolute discretion, deem advisable, and the undersigned attorns to the non-exclusive jurisdiction of the court or courts so selected by the Lender.

In the event that any term or provision of this Pledge Agreement shall, to any extent, be invalid and unenforceable, the remaining terms and provisions of this Pledge Agreement shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

The undersigned, at its expense, shall promptly deliver to the Administrative Agent, upon request by the Administrative Agent, all such other and further documents, agreements, opinions, certificates and instruments (executed, as necessary) in order to give effect to the covenants and agreements of the undersigned in this Pledge Agreement, all as may be reasonably necessary or appropriate in connection therewith.

Any and all notices or other communications required or permitted pursuant to this Agreement shall be in writing and shall be given in the manner stipulated in the Credit Agreement.

The undersigned acknowledges having received a copy of this Pledge Agreement and hereby waives the right to receive from the Administrative Agent or the Lenders a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Pledge Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Pledge Agreement.

In this Pledge Agreement: (i) capitalized terms which are not otherwise defined have the meanings given to such terms in the Credit Agreement dated June 20, 2013 between the undersigned, National Bank of Canada as administrative agent and those parties who are or who may from time to time become Lenders, as amended, replaced or supplemented from time to time; (ii) the defined term "**Administrative Agent**" includes any successor Administrative Agent appointed under the Credit Agreement. The obligations of the undersigned hereunder are subject to the terms of the Credit Agreement which shall be paramount to this Pledge Agreement in the event of conflict.

[signature page follows]

IN WITNESS the undersigned has executed this Pledge Agreement as of June 20, 2013.

MOSAIC ENERGY LTD.

Per: ______________________________
Name: Stephen J. Fagan
Title: President and Chief Executive Officer

Per: ______________________________
Name: David Ambedian
Title: Senior Vice-President and Chief Financial Officer

THIS IS EXHIBIT "E"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA
Matthew S. Bell
Student-at-Law

GENERAL ASSIGNMENT OF BOOK DEBTS

1. FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned

MOSAIC ENERGY LTD.

of 900, 606 – 4th Street S.W., Calgary, Alberta

hereby assign(s), transfer(s) and grant(s) to NATIONAL BANK OF CANADA, as administrative agent for and on behalf of itself, the Lenders and the Hedging Affiliates ("**Administrative Agent**"), a continuing and specific security interest in all debts, proceeds, accounts, claims, money and choses in action which now are or which may at any time hereafter be due or owing to or owned by the undersigned and also all deeds, documents, writings, papers and books relating to or being records of goods or their proceeds, or by which goods or their proceeds are or may hereafter be secured, evidenced, acknowledged or made payable including Documents of Title (and remaining debt instruments), Chattel Paper, Investment Property and Instruments, and all contractual rights and insurance claims relating to collateral (hereinafter called the "**Collateral**").

2. The undersigned agrees that the Collateral shall be held by the Administrative Agent, for and on behalf of itself, the Lenders and Hedging Affiliates, as a general and continuing collateral security for the payment and performance by the undersigned of all Obligations and all Hedging Obligations and as a first and prior claim upon the Collateral, subject to Permitted Encumbrances.

3. The undersigned covenants at all times to notify the Administrative Agent in writing promptly of any change in the information contained herein relating to the undersigned (including the name and location of the chief executive office, and the place of business or residence, as the case may be, of the undersigned aforesaid).

4. The Administrative Agent may, after the occurrence of an Event of Default, collect, realize, sell or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable and without notice to the undersigned. All moneys collected or received by the undersigned in respect of the Collateral after the occurrence of Event of Default shall be received as trustee for the Administrative Agent and shall be forthwith paid over to the Administrative Agent by the undersigned.

5. The Administrative Agent, the Lenders or Hedging Affiliates shall not be bound to do, observe or perform or see to the observance or performance by the undersigned of any obligations or covenants imposed upon the undersigned nor shall the Administrative Agent, the Lenders or Hedging Affiliates be obliged to preserve rights against other persons in respect of any Investment Property or records in its possession.

6. Subject to the terms of the Credit Agreement, the Administrative Agent may apply the amounts collected or received by it hereunder on account of such parts of the Obligations and the Hedging Obligations as the Administrative Agent deems best or hold the same in a separate collateral account for such time as it may see fit and then apply the same as aforesaid, the whole without prejudice to its claim for any deficiency.

7. The Administrative Agent may compound, compromise, grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the debtors of the undersigned, the undersigned and others, and with the

Collateral and other securities as the Administrative Agent may see fit, without prejudice to the liability of the undersigned or the Administrative Agent's right to hold and realize this security.

8. The Administrative Agent, the Lenders or Hedging Affiliates shall not be liable or accountable for any failure to collect, realize or obtain payment of the Collateral or any part thereof and the Administrative Agent, the Lenders or Hedging Affiliates 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 rights of the Administrative Agent, the Lenders or Hedging Affiliates, the undersigned or any other person, firm or corporation in respect of the same, and the Administrative Agent, the Lenders or Hedging Affiliates shall not be responsible for any loss or damage which may occur in consequence of the gross negligence of any officer, agent, or solicitor employed in the collection or realization thereof.

9. The Administrative Agent may charge on its own behalf and also pay to others reasonable sums for expenses incurred and for services rendered (expressly including reasonable legal advices and services on a solicitor and own client basis) in or in connection with collecting, realizing and/or obtaining payment of the Collateral or any part thereof and may add the amount of such sums to the indebtedness of the undersigned.

10. So long as this assignment remains in effect, the undersigned covenants and agrees to deliver to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates, from time to time promptly upon request any Documents of Title (and remaining debt instruments), Instruments, Investment Property and Chattel Papers constituting, representing or relating to the Collateral; all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same; all financial statements prepared by or for the undersigned regarding the undersigned's business; all policies and certificates of insurance relating to the Collateral, and such information concerning the Collateral, the undersigned, the undersigned's business and affairs as the Administrative Agent may reasonably request.

11. The undersigned shall from time to time forthwith on the Administrative Agent's request do, make and execute all such financing statements, further assignments, documents, acts, matters and things as may be required by the Administrative Agent of or with respect to the Collateral or any part thereof or as may be required to give effect to these presents, and the undersigned hereby constitutes and appoints the Administrative Agent the true and lawful attorney of the undersigned irrevocable with full power of substitution to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the undersigned whenever and wherever it may be deemed necessary or expedient.

12. This assignment shall be a continuing assignment in every respect, and shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. No remedy for the enforcement of the rights of the Administrative Agent, the Lenders and Hedging Affiliates hereunder shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The security interest created or provided for by this assignment is intended to attach when this assignment is signed by the undersigned and delivered to the Administrative Agent for and on behalf of itself, the Lenders and Hedging Affiliates. The undersigned acknowledges and confirms that there has been no agreement between the Administrative Agent, the Lenders or Hedging Affiliates and the undersigned to postpone the time for attachment of the security interest hereby attached.

13. Nothing in this assignment contained shall or shall be deemed to restrict the rights and remedies at law or in equity or under any applicable personal property security legislation or otherwise, of the Administrative Agent, the Lenders and Hedging Affiliates against the undersigned and the

Collateral, it being hereby agreed by the undersigned that the Administrative Agent, the Lenders and Hedging Affiliates have and shall have all such rights and remedies as if the same were herein at length set forth and by this reference the same are incorporated in and form a part hereof.

14. Should the undersigned be entitled to a release, discharge or an amendment to any financing statement registered by the Administrative Agent relating to this assignment, then the undersigned will pay to the Administrative Agent all reasonable costs, charges, expenses and lawyer's fees and disbursements (as between a solicitor and his own client on a full indemnity basis) incurred by the Administrative Agent in connection with such release, discharge or amendment.

15. For greater certainty it is declared that any and all future loans, advances or other value which the Lenders or the Hedging Affiliates may in their discretion make or extend to or for the account of the undersigned shall be secured by this assignment.

16. This assignment shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, as the same may from time to time be in effect, including, where applicable, the *Personal Property Security Act* (Alberta).

17. In the event a conflict or inconsistency between the terms of this General Assignment of Book Debts and the Credit Agreement, the terms of the Credit Agreement shall govern.

18. The undersigned hereby acknowledges receiving a copy of this assignment and waives all rights to receive from the Administrative Agent, the Lenders or Hedging Affiliates a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this assignment.

19. The full, true and correct legal name and address of undersigned is hereby declared by undersigned to be as follows:

NAME OF UNDERSIGNED **MOSAIC ENERGY LTD.**			
ADDRESS OF BUSINESS 900, 606 – 4th Street S.W.	CITY Calgary	PROVINCE AB	POSTAL CODE T2P 1T1

20. In this assignment: (i) capitalized terms which are not otherwise defined have the meanings given to such terms in the Credit Agreement dated June 20, 2013 between the undersigned, National Bank of Canada, as administrative agent and those parties who are or who may from time to time become Lenders, as amended, replaced or supplemented from time to time ("**Credit Agreement**"); (ii) the defined term, "**Administrative Agent**", includes any successor Administrative Agent appointed under the Credit Agreement; (iii) "**Documents of Title**", "**Chattel Paper**", "**Investment Property**" and "**Instruments**" shall have the meanings ascribed to them in the *Personal Property Act* (Alberta).

[signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this assignment on June 20, 2013.

MOSAIC ENERGY LTD.

Per: ______________________________

Name: Stephen J. Fagan
Title: President and Chief Executive Officer

Per: ______________________________

Name: David Ambedian
Title: Senior Vice-President and Chief Financial Officer

Government of Alberta ■

Personal Property Registry Search Results Report

Search ID#: Z07869740

Transmitting Party
MCCARTHY TETRAULT LLP

4000, 421 - 7th AVENUE SW
CALGARY, AB T2P 4K9

Party Code: 50087121
Phone #: 403 260 3500
Reference #: 065094-480586/tc

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Business Debtor Search For:

MOSAIC ENERGY LTD.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

THIS IS EXHIBIT " F "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April, A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA

Matthew S. Bell
Student-at-Law

REGISTRAR OF PERSONAL PROPERTY

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number: 04092032897 Registration Type: LAND CHARGE
Registration Date: 2004-Sep-20 Registration Status: Current
Registration Term: Infinity

Exact Match on: Debtor No: 2

Amendments to Registration

09112608987	Amendment	2009-Nov-26

Debtor(s)

Block **Status**

1 MOSAIC ENERGY LTD.
2400, 635 - 8TH AVENUE SW
CALGARY, AB T2P 3M3

Deleted by 09112608987

Block **Status**

2 MOSAIC ENERGY LTD.
2000 700 - 6TH AVENUE SW
CALGARY, AB T2P 0T8

Current by 09112608987

Secured Party / Parties

Block **Status**

1 NATIONAL BANK OF CANADA
600, 407 - 8TH AVENUE SW
CALGARY, AB T2P 1E5

Deleted by 09112608987

Block **Status**

2 NATIONAL BANK OF CANADA
2700, 530 - 8TH AVENUE SW
CALGARY, AB T2P 3S8

Current by 09112608987

Phone #: 403 294 4992 Fax #: 403 294 3078

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number:	09100208616	Registration Type:	SECURITY AGREEMENT
Registration Date:	2009-Oct-02	Registration Status:	Current
		Expiry Date:	2019-Oct-02 23:59:59

Exact Match on: Debtor No: 2

Amendments to Registration

09100209098	Amendment	2009-Oct-02
09112607775	Amendment	2009-Nov-26
09112608034	Amendment	2009-Nov-26

Debtor(s)

Block		Status
1	MOSAIC ENERGY LTD. 2400, 635 - 8TH AVENUE SW CALGARY, AB T2P 3M3	Deleted by 09112607775

Block		Status
2	MOSAIC ENERGY LTD. 2000, 700 - 6TH AVENUE SW CALGARY, AB T2P 0T8	Current by 09112607775

Secured Party / Parties

Block		Status
1	NATIONAL BANK OF CANADA 600, 407 - 8TH AVENUE SW CALGARY, AB T2P 1E5	Deleted by 09100209098

Block		Status
2	NATIONAL BANK OF CANADA 2700, 503 - 8TH AVENUE SW CALGARY, AB T2P 3S8	Deleted by 09112608034

Phone #: 403 294 4992 Fax #: 403 294 3078

Block		Status
3	NATIONAL BANK OF CANADA 2700, 530 - 8TH AVENUE SW CALGARY, AB T2P 3S8 Phone #: 403 294 4992 Fax #: 403 294 3078	Current by 09112608034

Collateral: General

Block	Description	Status
1	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	Current

Particulars

Block	Additional Information	Status
1	This registration is a re-registration of registration 04092032871 pursuant to section 35 (7) of the Personal Property Security Act.	Current

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number: 12110203827 Registration Type: SECURITY AGREEMENT
Registration Date: 2012-Nov-02 Registration Status: Current
Expiry Date: 2022-Nov-02 23:59:59

Exact Match on: Debtor No: 2
Inexact Match on: Debtor No: 3

Debtor(s)

Block		Status
1	1141523 ALBERTA LTD. 900, 606 - 4 STREET S.W. CALGARY, AB T2P 1T1	Current

Block		Status
2	MOSAIC ENERGY LTD. 900, 606 - 4 STREET S.W. CALGARY, AB T2P 1T1	Current

Block		Status
3	MOSAIC ENERGY PARTNERSHIP 900, 606 - 4 STREET S.W. CALGARY, AB T2P 1T1	Current

Secured Party / Parties

Block		Status
1	NATIONAL BANK OF CANADA 1800, 311 - 6 AVENUE S.W. CALGARY, AB T2P 3H2	Current

Collateral: General

Block	Description	Status
1	All Present and After Acquired Property of the Debtor	Current

Government of Alberta

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number: 12110204076
Registration Date: 2012-Nov-02

Registration Type: LAND CHARGE
Registration Status: Current
Registration Term: Infinity

Exact Match on:	Debtor	No: 2
Inexact Match on:	Debtor	No: 3

Debtor(s)

Block		Status
1	1141523 ALBERTA LTD. 900, 606 - 4 STREET S.W. CALGARY, AB T2P 1T1	Current

Block		Status
2	MOSAIC ENERGY LTD. 900, 606 - 4 STREET S.W. CALGARY, AB T2P 1T1	Current

Block		Status
3	MOSAIC ENERGY PARTNERSHIP 900, 606 - 4 STREET S.W. CALGARY, AB T2P 1T1	Current

Secured Party / Parties

Block		Status
1	NATIONAL BANK OF CANADA 1800, 311 - 6 AVENUE S.W. CALGARY, AB T2P 3H2	Current

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number: 13052317907 Registration Type: SECURITY AGREEMENT
Registration Date: 2013-May-23 Registration Status: Current
Expiry Date: 2023-May-23 23:59:59

This Registration covers a Trust Indenture

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	MOSAIC ENERGY LTD. 900, 606 - 4th STREET, S.W. CALGARY, AB T2P 1T1	Current

Secured Party / Parties

Block		Status
1	NATIONAL BANK OF CANADA, AS ADMINISTRATIVE AGENT 1800, 311 - 6 AVENUE, S.W. CALGARY, AB T2P 3H2	Current

Block		Status
2	BANQUE NATIONALE DU CANADA, AS ADMINISTRATIVE AGENT 1800, 311 - 6 AVENUE, S.W. CALGARY, AB T2P 3H2	Current

Collateral: General

Block	Description	Status
1	ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY AND PROCEEDS: GOODS, CHATTEL PAPER, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY AND INTANGIBLES.	Current

Particulars

Block	Additional Information	Status
1	NATIONAL BANK OF CANADA ACTS AS COLLATERAL AGENT FOR AND ON BEHALF OF CERTAIN LENDERS AND HEDGING AFFILIATES IN RESPECT OF SECURITY INTERESTS AGAINST THE DEBTOR'S COLLATERAL SECURING THE PRESENT AND FUTURE INDEBTEDNESS AND OTHER OBLIGATIONS OF THE DEBTOR TO SUCH AGENT, LENDERS AND HEDGING AFFILIATES.	Current

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number: 13052318227 Registration Type: LAND CHARGE
Registration Date: 2013-May-23 Registration Status: Current
Registration Term: Infinity

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	MOSAIC ENERGY LTD. 900, 606 - 4 STREET, S.W. CALGARY, AB T2P 1T1	Current

Secured Party / Parties

Block		Status
1	NATIONAL BANK OF CANADA, AS ADMINISTRATIVE AGENT 1800, 311 - 6 AVENUE, S.W. CALGARY, AB T2P 3H2	Current

Block		Status
2	BANQUE NATIONALE DU CANADA, AS ADMINISTRATIVE AGENT 1800, 311 - 6 AVENUE, S.W. CALGARY, AB T2P 3H2	Current

Particulars

Block	Additional Information	Status
1	NATIONAL BANK OF CANADA ACTS AS COLLATERAL AGENT FOR AND ON BEHALF OF CERTAIN LENDERS AND HEDGING AFFILIATES IN RESPECT OF SECURITY INTERESTS AGAINST THE DEBTOR'S COLLATERAL SECURING THE PRESENT AND FUTURE INDEBTEDNESS AND OTHER OBLIGATIONS OF THE DEBTOR TO SUCH AGENT, LENDERS AND HEDGING AFFILIATES.	Current

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number: 14091821143 Registration Type: SECURITY AGREEMENT
Registration Date: 2014-Sep-18 Registration Status: Current
Expiry Date: 2019-Sep-18 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	MOSAIC ENERGY LTD. 606 4 ST SW CALGARY, AB T2P 1T1	Current

Secured Party / Parties

Block		Status
1	RICOH CANADA INC. 2300 Meadowvale Blvd, Suite 200 Mississauga, ON L5N 5P9	Current

Collateral: General

Block	Description	Status
1	ALL GOODS WHICH ARE COPIERS TOGETHER WITH ALL REPLACEMENTS AND SUBSTITUTIONS THEREOF AND ALL PARTS, ACCESSORIES, ACCESSIONS AND ATTACHMENTS THERETO AND ALL PROCEEDS THEREOF, INCLUDING ALL PROCEEDS WHICH ARE ACCOUNTS, GOODS, CHATTEL PAPER, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY, INTANGIBLES, CROPS OR INSURANCE PROCEEDS (REFERENCE NO.9773901-001)	Current

Personal Property Registry Search Results Report

Search ID#: Z07869740

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number: 15031715984 Registration Type: SECURITY AGREEMENT
Registration Date: 2015-Mar-17 Registration Status: Current
Expiry Date: 2019-Mar-17 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	MOSAIC ENERGY LTD. DIV OF MOSAIC ENERGY PARTNERSHIP 606-4TH STREET WEST SUITE 900 CALGARY, AB T2P1T1	Current

Secured Party / Parties

Block		Status
1	FOSS NATIONAL LEASING LTD. 7200 YONGE STREET THORNHILL, ON L4J1V8	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	5TFDY5F11FX443880	2015	TOYOTA TUNDRA SR5 5.7L V8	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	AMOUNT SECURED $38,943.00	Current

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number: 15041705888 Registration Type: SECURITY AGREEMENT
Registration Date: 2015-Apr-17 Registration Status: Current
Expiry Date: 2019-Apr-17 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	MOSAIC ENERGY LTD. DIV OF MOSAIC ENERGY PARTNERSHIP 606-4TH STREET WEST SUITE 900 CALGARY, AB T2P1T1	Current

Secured Party / Parties

Block		Status
1	FOSS NATIONAL LEASING LTD. 7200 YONGE STREET THORNHILL, ON L4J1V8	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	3GCUKPEC2FG300957	2015	CHEVROLET SILVERADO 1500	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	AMOUNT SECURED $34,780.00	Current

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number: 15081420535 Registration Type: SECURITY AGREEMENT

Registration Date: 2015-Aug-14 Registration Status: Current

Expiry Date: 2019-Aug-14 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	MOSAIC ENERGY LTD. DIV OF MOSAIC ENERGY PARTNERSHIP 606-4TH STREET WEST SUITE 900 CALGARY, AB T2P1T1	Current

Secured Party / Parties

Block		Status
1	FOSS NATIONAL LEASING LTD. P.O. BOX 87599, 300 JOHN ST THORNHILL, ON L3T7R4	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	1GC1KVEG7FF146144	2015	CHEVROLET SILVERADO 2500H	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	AMOUNT SECURED $45,359.00	Current

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number: 16012919050 Registration Type: SECURITY AGREEMENT
Registration Date: 2016-Jan-29 Registration Status: Current
Expiry Date: 2020-Jan-29 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	MOSAIC ENERGY LTD. DIV OF MOSAIC ENERGY PARTNERSHIP 606-4TH STREET WEST SUITE 900 CALGARY, AB T2P1T1	Current

Secured Party / Parties

Block		Status
1	FOSS NATIONAL LEASING LTD. P.O. BOX 87599, 300 JOHN ST THORNHILL, ON L3T7R4	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	1FTEW1EF5GKD06729	2016	FORD F-150 XLT 4X4 SUPERC	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	AMOUNT SECURED $42,832.00	Current

Business Debtor Search For:

MOSAIC ENERGY LTD.

Search ID #: Z07869740 **Date of Search:** 2016-Apr-25 **Time of Search:** 09:01:39

Registration Number: 16041832765 Registration Type: SECURITY AGREEMENT

Registration Date: 2016-Apr-18 Registration Status: Current

Expiry Date: 2031-Apr-18 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	MOSAIC ENERGY LTD. 900, 606 4 St SW Calgary, AB T2P 1T1	Current

Secured Party / Parties

Block		Status
1	PEMBINA GAS SERVICES LIMITED PARTNERSHIP Suite 3800, 525 - 8th Avenue S.W. Calgary, AB T2P 1G1	Current

Block		Status
2	PEMBINA GAS SERVICES LTD. Suite 3800, 525 - 8th Avenue S.W. Calgary, AB T2P 1G1	Current

Collateral: General

Block	Description	Status

1	(i) All natural gas, solution gas and any other gas, together with associated substances, and which may include but is not limited to all fluid hydrocarbons not defined as crude oil under the provisions of the Oil and Gas Conservation Act (Alberta) and regulations and amendments or substitutions to such Act (collectively, "Gas") delivered to the raw Gas gathering pipeline between the gas battery located at 6-8-62-3W6M owned by the Debtor and the raw Gas processing plant located at B-11-60-3W6M (the "Resthaven Plant") and the Resthaven Plant, or either as the context may require, and which, for clarity, shall include any expansions, upgrades or modifications made to these facilities subsequent to November 1, 2014 (the "Facility") for handling and that meet the specifications set out in Appendix V of the gas handling agreement dated November 1, 2014 between the Debtor and the Secured Party (the "Gas Handling Agreement") or are accepted for delivery by the Secured Party pursuant to clause 204 of the Gas Handling Agreement (collectively, "Inlet Substances") owned or controlled by the Debtor and produced from the source or sources of the Producer Inlet Substances set forth in Appendix I to the Gas Handling Agreement (collectively, the "Producer Inlet Substances"); and	Current
2	(ii) all substances which are recovered from Inlet Substances and are available for delivery at the point or points of delivery set forth in Appendix II to the Gas Handling Agreement, or as determined by the Secured Party in its sole discretion, where Outlet Substances exit the Facility, but excluding such substances as are lost or consumed pursuant to Clause 504 of the Gas Handling Agreement (collectively, "Outlet Substances") that are for the account of the Debtor in accordance with the the procedure used at the Facility to allocate Outlet Substances to all Inlet Substances, as set forth in Appendix XI of the Gas Handling Agreement, as may be amended from time to time.	Current
3	Proceeds: goods, chattel paper, documents of title, instruments, money, intangibles and investment property.	Current

Result Complete

NATIONAL BANK OF CANADA

FINANCIAL MARKETS

THIS IS EXHIBIT " G "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April, A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA
Matthew S. Bell
Student-at-Law

PERSONAL DELIVERY

March 7, 2016

Mosaic Energy Ltd.
900, 606 – 4th Street S.W.
Calgary, Alberta
T2P 1T1

Attention: Chief Financial Officer

Dear Sirs/Mesdames:

Re: National Bank of Canada/Mosaic Energy Ltd. Amended and Restated Credit Agreement - Notice

We refer to the amended and restated credit agreement made as of January 22, 2016 (the "**Credit Agreement**") among Mosaic Energy Ltd. as borrower (the "**Borrower**"), National Bank of Canada and those other financial institutions named therein as lenders (the "**Lenders**") and National Bank of Canada as administrative agent on behalf of the Lenders and the Hedging Affiliates (the "**Administrative Agent**"). Capitalized terms used herein without express definition shall have the same meanings as are ascribed thereto in the Credit Agreement.

Section 11.1(f) of the Credit Agreement provides as follows:

> (f) On or before March 1, 2016, the Borrower shall deliver to the Administrative Agent one or more uncommitted term sheets or letters of interest providing for the receipt by the Borrower of aggregate net proceeds of at least $40,000,000 to be used by the Borrower to satisfy the requirement to repay all Outstanding Principal under the Term Facility on the Term Facility Maturity Date pursuant to Section 2.5(c);

The Borrower has failed to deliver the uncommitted term sheets or letters of interest required by Section 11.1(f) of the Credit Agreement. The failure to comply with Section 11.1(f) of the Credit Agreement constitutes a Default under the Credit Agreement which is continuing (the "**Existing Default**"). We hereby notify you of the Existing Default and advise you that, pursuant to Section 13.1(d) of the Credit Agreement, if the Existing Default remains unrectified for a period of 30 days from the date of receipt of this notice, an Event of Default will occur.

Section 6.1 of the Credit Agreement provides that it is a condition precedent to any Drawdown or Advance under the Credit Facilities that there exists no Default which is continuing. As a result of the Existing Default, the Lenders have no obligation to make any further Advance or Drawdown under the Credit Facilities until such time as the Existing Default has been rectified.

Despite this, the Majority Lenders have agreed that the Operating Lender may continue to make Drawdowns available to the Borrower under the Operating Facility provided that the Borrower agrees in writing (by signing back a copy of this letter as indicated below) with the following terms:

1. In order to make a Drawdown under the Operating Facility, the Borrower must meet all conditions precedent for such a Drawdown provided for in the Credit Agreement, except with respect to the Existing Default. In particular, no other Defaults and no Events of Default shall exist at the time of any such Drawdown or result from any such Drawdown.

2. While the Existing Default is continuing, the Majority Lenders may at any time in their sole discretion terminate the Borrower's access to the Operating Facility. No prior notice shall be necessary for such termination, but the Agent shall provide the Borrower with written notice of such termination as soon as practicable after such termination.

3. Continued access to the Operating Facility by the Borrower at the discretion of the Majority Lenders pursuant hereto shall in no event constitute a waiver or forbearance of the Existing Default or any other Default or Event of Default which currently exists or may arise.

4. Ernst & Young Inc. (the "**Financial Advisor**") shall be appointed financial advisor to the Lender at the cost of the Borrower on such terms and conditions as the Majority Lenders deem appropriate in their sole discretion and the Borrower shall cooperate in all respects with the Financial Advisor, including without limitation providing the Financial Advisor with unrestricted access to its properties and assets, records and senior management.

5. On the first and 15th day of each month (and to the extent such a day is not a Banking Day, the first Banking Day thereafter), the Borrower shall provide the Agent and the Lenders with an updated 13-week cash flow forecast (showing actual versus budget variances).

6. The Borrower and its counsel shall cooperate with the Agent's efforts to register fixed charges against the Borrower's properties and provide the Agent with all information, documents and assistance it may request from the Borrower in connection therewith.

The Agent expressly reserves the right to make earlier demand and take enforcement steps if an Event of Default occurs or if, in the opinion of the Agent or the Majority Lenders, the secured collateral is in jeopardy or if the Agent or Majority Lenders deem it necessary or advisable to do so.

Please sign where indicated below and return a signed copy to the Agent if the terms hereof are acceptable to you. This letter may be signed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this letter by facsimile transmission or other electronic means (including, without limitation, pdf format) shall be as effective as delivery of a manually executed counterpart of this letter. This letter is governed by and will be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

This letter will enure to the benefit of the addressees hereof and their respective successors and assigns and is binding upon the Lender and its successors and assigns.

Yours truly,

NATIONAL BANK OF CANADA, as
Administrative Agent

Per: ____________________
Name: Frédéric Laliberté
Title: ADVISOR - CONSEILLER

Per: ____________________
Name: David A. Girard
Title: ADVISOR - CONSEILLER

ACKNOWLEDGED, AGREED AND ACCEPTED as of the date first set out above

MOSAIC ENERGY LTD., as Borrower

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

NATIONAL
BANK

RECEIVED APR 04 2016

PERSONAL DELIVERY

THIS IS EXHIBIT " H "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April, A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA

Matthew S. Bell
Student-at-Law

April 4, 2016

Mosaic Energy Ltd.
900, 606 – 4th Street S.W.
Calgary, Alberta
T2P 1T1

Attention: Chief Financial Officer

Dear Sirs/Mesdames:

Re: National Bank of Canada/Mosaic Energy Ltd. Amended and Restated Credit Agreement – Notice of Event of Default

We refer to the amended and restated credit agreement made as of January 22, 2016 (the "**Credit Agreement**") among Mosaic Energy Ltd. as borrower (the "**Borrower**"), National Bank of Canada and those other financial institutions named therein as lenders (the "**Lenders**") and National Bank of Canada as administrative agent on behalf of the Lenders and the Hedging Affiliates (the "**Administrative Agent**"). Capitalized terms used herein without express definition shall have the same meanings as are ascribed thereto in the Credit Agreement.

Section 2.5(c) of the Credit Agreement provides that the Borrower shall repay all outstanding Obligations in respect of the Term Facility, including the outstanding principal amount of the Term Facility and accrued interest, on the Term Facility Maturity Date. The Term Facility Maturity Date was March 31, 2016. The Borrower did not repay the principal amount of the Term Facility together with accrued interest on March 31, 2016.

We hereby notify you that an Event of Default (the "**Payment Event of Default**") has occurred under Section 13.1(a) of the Credit Agreement. Pursuant to the terms of the Credit Agreement, so long as the Payment Event of Default is continuing, 2% per annum will be added to each of the Applicable Margins (other than Standby Fees) in respect of all outstanding Loans, Acceptances and Documentary Instruments commencing the date of occurrence of the Payment Event of Default.

In addition, we confirm that the Default resulting from the Borrower's failure to deliver the uncommitted term sheets or letters of interest required by Section 11.1(f) of the Credit Agreement (the "**Term Sheet Default**") has not been rectified and will mature into an Event of Default (the "**Term Sheet Event of Default**") on April 7, 2016 if it remains unrectified on that date. The Payment Event of Default, the Term Sheet Default and the Term Sheet Event of Default are referred to collectively herein as the "**Existing Defaults**".

Please be advised that, subject to the following paragraph, the Credit Facilities and the Commitments and the right of the Borrower to obtain Advances and Drawdowns, Conversions and Rollovers under the Credit Agreement have been terminated.

065094/480586
MT DOCS 15419204v7

National Bank of Canada
311 - 6 Avenue SW, Suite 1800
Calgary (Alberta) T2P 3H2

The Administrative Agent and the Lenders have agreed that:

1. the Operating Lender may continue to make Advances of Canadian Prime Rate Loans and Conversions and Rollovers into Canadian Prime Rate Loans available to the Borrower under the Operating Facility; and

2. the Lenders may continue to make Conversions and Rollovers into Canadian Prime Rate Loans available under the Production Facility and the Term Facility,

provided that the Borrower agrees in writing (by signing back a copy of this letter as indicated below) to the following terms:

(a) In order to request an Advance, Rollover or Conversion under the Operating Facility or a Rollover or Conversion under the Production Facility or Term Facility, the Borrower must meet all conditions precedent for such Advance, Rollover or Conversion provided for in the Credit Agreement, including the condition precedent that no Defaults or Events of Default (other than the Existing Defaults) shall exist at the time of any such Advance, Rollover or Conversion or result from any such Advance, Rollover or Conversion.

(b) Advances under the Operating Facility may only be made by delivery by the Borrower to the Administrative Agent of a Drawdown Notice in the form attached hereto as Schedule A by 10:00 a.m. Calgary time one Banking Day prior to the proposed Drawdown Date. The Administrative Agent shall seek the approval of each Lender to each requested Advance under the Operating Facility. Each Lender may in its sole discretion refuse to approve a requested Advance under the Operating Facility and if all Lenders do not approve a requested Advance under the Operating Facility, such Advance shall not be made by the Operating Lender. No further Advances shall be made pursuant to Section 2.8(a)(i)(B) of the Credit Agreement.

(c) The Operating Lender may at any time in its sole discretion refuse to make a requested Advance, Rollover or Conversion under the Operating Facility.

(d) Any Lender may at any time in its sole discretion refuse to make a requested Rollover or Conversion under the Production Facility or Term Facility.

(e) Any Lender may at any time in their sole discretion terminate the Borrower's continued access to the Credit Facilities provided for herein. No prior notice shall be necessary for such termination, but the Administrative Agent shall provide the Borrower with written notice of such termination as soon as practicable after such termination.

(f) Continued access to the Credit Facilities provided for herein shall in no event constitute a waiver or forbearance of the Existing Defaults or any other Default or Event of Default which currently exists or may arise.

(g) Proceeds of new Advances under the Operating Facility may only be used to fund ordinary course payments for on-going operations of the Borrower, provided that the funding for such payments has been reviewed and accepted by the Financial Advisor (as defined below).

(h) Ernst & Young Inc. (the "**Financial Advisor**") shall continue as financial advisor to the Lenders at the cost of the Borrower on such terms and conditions as the Lenders deem appropriate in their sole discretion and the Borrower shall cooperate in all respects with the Financial Advisor, including without limitation providing the Financial Advisor with unrestricted access to its properties and assets, records and senior management.

(i) On the first Banking Day of each week, the Borrower shall provide the Administrative Agent and the Lenders with an updated 13-week cash flow forecast (showing actual versus budget variances).

(j) The Borrower and its counsel shall cooperate with the Administrative Agent's efforts to register fixed charges against the Borrower's properties and provide the Administrative Agent with all information, documents and assistance it may request from the Borrower in connection therewith.

The Administrative Agent and the Lenders intend to monitor the default situation very carefully and will decide in their sole discretion on a day-to-day basis whether or not to exercise their rights and remedies arising from the Existing Defaults. Nothing in this letter, including, without limitation, the acceptance of any payments made by the Borrower to the Administrative Agent and the Lenders or any on-going discussions or negotiations between the Borrower, on the one hand, and the Administrative Agent and the Lenders, on the other hand, nor any delay on the part of the Administrative Agent and the Lenders in exercising any of their rights and remedies under the Credit Agreement or any of the Security or under applicable law, shall directly or indirectly: (i) create any obligation to forbear from taking any enforcement action or any obligation to make further extensions of credit, (ii) constitute a consent to or waiver of any past, present or future Default or Event of Default, (iii) amend, modify or operate as a waiver of any provision of the Credit Agreement or the Security or any right, power, privilege or remedy of the Administrative Agent and the Lenders under applicable law or constitute an agreement to forbear or restructure the obligations arising under the Credit Agreement in any respect, or (iv) constitute a course of dealing or other basis for altering any rights or obligations of the Administrative Agent and the Lenders under the Credit Agreement, the Security or any other documents or instruments. Nothing contained in this letter shall confer on the Borrower or any other Person any right to notice or cure periods with respect to the Existing Defaults or any additional Default or Event of Default that has occurred or may occur in the future.

This letter confirms that the Administrative Agent and the Lenders have not waived the Existing Defaults or any other Default or Events of Default which have occurred or may occur, regardless of whether such Default or Events of Default are known to the Administrative Agent or the Lenders at this time, and the Administrative Agent and the Lenders expressly reserve all of their rights, powers, privileges and remedies under the Credit Agreement, the Security and applicable law, including, without limitation, their right at any time, as applicable (i) to declare the Obligations immediately due and payable, (ii) to commence any legal or other action to collect any or all of the Obligations, including, without limitation, the right to appoint a receiver or receiver and manager over the assets, properties and undertakings of the Borrower, (iii) to foreclose or otherwise realize on any or all of the Borrower's assets, properties or undertaking, (iv) to take any other enforcement action or otherwise exercise any or all rights and remedies provided for by any or all of the Credit Agreement, the Security and applicable law, and (v) to reject any forbearance, financial restructuring or other proposal made by or on behalf of the Borrower or any creditor of the Borrower or holder of equity in the Borrower.

The Administrative Agent and the Lenders may exercise their rights, powers, privileges and remedies, including those set forth in (i) through (v) in the paragraph above at any time in their sole and absolute discretion without further notice. No oral representations or course of dealing on the part of the Administrative Agent, any Lender or any of their respective officers, employees, agents, or solicitors, and no failure or delay by the Administrative Agent or the Lenders with respect to the exercise of any right, power, privilege or remedy under any of the Credit Agreement, the Security or applicable law, shall operate as a waiver thereof, and the single or partial exercise of any such right, power, privilege or remedy shall not preclude any later exercise of any other right, power, privilege or remedy. In particular and without limitation, the Administrative Agent and the Lenders expressly reserve the right to take enforcement steps against the Borrower and the Security (i) while the Existing Defaults or any other Event of Default occurs or continues, (ii) if, in the opinion of the Administrative Agent, the secured collateral is in jeopardy, or (iii) if the Administrative Agent and the Lenders otherwise deem it necessary or advisable to do so.

Please sign where indicated below and return a signed copy to the Administrative Agent if the terms hereof are acceptable to you. If the Borrower has not returned a signed copy of this letter to the Administrative Agent indicating its acceptance of the terms hereof by 5:00 p.m. Calgary time on Tuesday, April 5, 2016, the Lenders will not make any continued access to the Credit Facilities available to the Borrower and all access to the Credit Facilities will immediately terminate.

This letter may be signed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this letter by facsimile transmission or other electronic means (including, without limitation, pdf format) shall be as effective as delivery of a manually executed counterpart of this letter. This letter is governed by and will be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

This letter will enure to the benefit of the addressees hereof and their respective successors and assigns.

Yours truly,

NATIONAL BANK OF CANADA, as Administrative Agent

Per: ____________________________
Name: MURRAY D'ANGELO
Title: VICE PRESIDENT

Per: ____________________________
Name: AUDREY NG
Title: ASSOCIATE

ACKNOWLEDGED, AGREED AND ACCEPTED as of the date first set out above

MOSAIC ENERGY LTD., as Borrower

Per: ______________________
Name: Scott Seipert
Title: CFO

Per: ______________________
Name: George Marquardt
Title: Chairman & CEO

SCHEDULE A

DRAWDOWN NOTICE
for continuing Advances under the Operating Facility

TO: National Bank of Canada (in its capacity as Administrative Agent) and the Lenders

DATE: ______________________

1. This Drawdown Notice is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement dated as of January 22, 2016 between Mosaic Energy Ltd., National Bank of Canada (as Administrative Agent) and the Lenders therein named relating to the establishment of the Credit Facilities in favour of the Borrower (as amended, modified, supplemented or restated, the "**Credit Agreement**") and the letter agreement dated April 4, 2016 between the Administrative Agent, on its own behalf and on behalf of the Lenders, and the Borrower (the "**Letter Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Drawdown Notice shall have the respective meanings set forth in the Credit Agreement and the Letter Agreement.

2. The Borrower hereby requests a Drawdown under the Operating Facility:

   (a) Date of Advance: ____

   (b) Amount of Advance: ____

   (c) Type of Borrowing: Canadian Prime Rate Loan

   (d) Payment, delivery or issuance instructions (if any): ______________________

   ____

3. The undersigned certifies for and on behalf of the Borrower and not in any personal capacity that no Borrowing Base Shortfall, Event of Default or Default has occurred and is continuing (other than the Existing Defaults) and such Advance shall not cause a Borrowing Base Shortfall, Event of Default or Default, and all of the representations and warranties of the Borrower and Material Subsidiaries set out in Article 10 of the Credit Agreement (other than those made as of a specific date) remain true and correct (in all material respects, for all representations and warranties not already subject to a materiality threshold) as of the date of the Drawdown Notice.

MOSAIC ENERGY LTD.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

McCarthy Tétrault LLP
Suite 4000
421 7th Avenue S W
Calgary AB T2P 4K9
Canada
Tel 403 260 3500
Fax 403 260 3501

mccarthy tetrault

Sean Collins
Partner
Direct Line (403) 260 3331
Direct Fax (403) 260 3501
Email scollins@mccarthy.ca

Assistant Smith, Marcia A
Direct Line (403) 260 3546
Email marciasmith@mccarthy.ca

THIS IS EXHIBIT "I"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April, A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA
Matthew S. Bell
Student-at-Law

Via Personal Delivery

April 15, 2016

Mosaic Energy Ltd.
900, 606 – 4th Street S.W.
Calgary, Alberta
T2P 1T1

Attention: Chief Financial Officer

Dear Sirs/Mesdames:

Re: National Bank of Canada/Mosaic Energy Ltd. Amended and Restated Credit Agreement – Demand for Payment

We are counsel to National Bank of Canada ("**NBC**") in its capacity as Administrative Agent and to the Lenders in relation to the amended and restated credit agreement made as of January 22, 2016 (the "**Credit Agreement**") among Mosaic Energy Ltd. as Borrower, NBC and those other financial institutions named therein as Lenders, and NBC as Administrative Agent on behalf of the Lenders and the Hedging Affiliates. Capitalized terms used herein without express definition shall have the same meanings as are ascribed thereto in the Credit Agreement.

As you were advised by NBC in its letter dated March 7, 2016 (the "**Notice of Existing Default**"), section 11.1(f) of the Credit Agreement required the Borrower to deliver to the Administrative Agent, on or before March 1, 2016, one or more uncommitted term sheets or letters providing for the receipt by the Borrower of aggregate net proceeds of at least $40,000,000 to be used by the Borrower to satisfy the requirement to repay all Outstanding Principal under the Term Facility on the Term Facility Maturity Date pursuant to Section 2.5(c). The Notice of Existing Default advised the Borrower that it failed to comply with the covenant provided by section 11.1(f) (the "**Term Sheet Default**"). The Notice of Existing Default also advised the Borrower that, pursuant to section 13.1(d) of the Credit Agreement, the Term Sheet Default would constitute an Event of Default if it remained unrectified for a period of 30 days from the date of the Notice of Existing Default. As the Term Sheet Default has not been rectified as of the date of this letter, it has matured into an Event of Default (the "**Term Sheet Event of Default**").

Furthermore, as you were advised by NBC in its letter dated April 4, 2016 (the "**Notice of Event of Default**"), section 2.5(c) of the Credit Agreement provides that the Borrower shall repay all outstanding Obligations in respect of the Term Facility, including the outstanding principal amount of the Term Facility and accrued interest, on the Term Facility Maturity Date. The Term Facility Maturity Date was March 31, 2016. The Borrower failed to repay the principal amount of the Term

Facility together with accrued interest on March 31, 2016, which failure constituted an Event of Default under section 13.1(a) of the Credit Agreement (the "**Payment Event of Default**").

We confirm, therefore, that the Borrower has committed the following Events of Default under section 13.1 of the Credit Agreement:

(a) the Term Sheet Event of Default; and

(b) the Payment Event of Default.

Pursuant to the Credit Agreement, and as continuing security for the payment and performance of the Obligations and the Hedging Obligations, the Borrower provided the following security to the Administrative Agent for and on its own behalf and on behalf of the Lenders and the Hedging Affiliates:

(a) debenture dated June 20, 2013;

(b) pledge of debenture dated as of June 20, 2013; and

(c) general assignment of book debts dated June 20, 2013,

(collectively, the "**Security**").

As of April 15, 2016, the Borrower is indebted under the Credit Agreement in the following amounts:

Credit Facilities	**Principal**	**Accrued Interest**	**Per Diem Rate**
Operating Facility	$12,325,595	$29,419[1]	$2,003[2]
Production Facility	$95,000,000	$170,429	$21,284
Term Facility	$34,264,158	$147,945	$9,783
Totals	**$141,589,753**	**$347,793**	**$33,070**

plus all interest, fees, costs and expenses which continue to accrue, including but not limited to solicitor and own client costs, on a full indemnity basis, in accordance with the Credit Agreement (collectively, the "**Indebtedness**").

Accordingly, please be advised that the Credit Facilities and the Commitments and the right of the Borrower to obtain Advances and Drawdowns, Conversions and Rollovers under the Credit Agreement have been terminated, except for any Advances, Rollovers or Conversions under the Operating Facility as agreed between the Administrative Agent, the Lenders and the Borrower pursuant to the terms and conditions set out in the Notice of Event of Default.

The Administrative Agent hereby demands immediate payment and satisfaction in full of the Indebtedness. The entire amount of all Indebtedness is now due and payable. Unless the Borrower

1 Including Standby Fee.
2 Including Standby Fee.

pays Indebtedness to the Administrative Agent on behalf of itself and the Lenders on or before 5:00 p.m., Calgary time on April 25, 2016, the Administrative Agent will exercise such remedies as it deems advisable, including the enforcement of the Security. The Administrative Agent expressly reserves the right to make earlier demand and to enforce the Security if, in the opinion of the Administrative Agent, the secured collateral is in jeopardy or if the Administrative Agent deems it necessary or advisable to do so.

We are enclosing a Notice of Intention to Enforce Security and Consent to Early Enforcement together with a form to facilitate the Borrower's waiver of the notice period referred to therein if it chooses to permit the same.

Yours truly,

McCarthy Tétrault LLP

Sean F. Collins

Encl.

c. The Administrative Agent and the Lenders

FORM 86
Notice of Intention to Enforce Security
(Rule 124)

TO: Mosaic Energy Ltd. (the "**Debtor**"), an insolvent person

TAKE NOTICE THAT:

1. National Bank of Canada (the "**Administrative Agent**"), in its capacity as administrative agent acting on its own behalf and on behalf of the lenders, National Bank of Canada, Canadian Imperial Bank of Commerce, Wells Fargo Bank, N.A., and Alberta Treasury Branches, all of which are secured creditors, intends to enforce its security on the insolvent person's property, being all of the Debtor's present and after acquired personal and real property.

2. The security to be enforced is the following:

   (a) debenture dated June 20, 2013;

   (b) pledge of debenture dated as of June 20, 2013; and

   (c) general assignment of book debts dated June 20, 2013,

   (collectively, the "**Security**").

3. The total amount of indebtedness secured by the Security, as of April 15, 2016, is $141,589,753, plus accrued interest in the amount of $347,793, accruing interest, costs, expenses and fees including, without limitation, solicitor and own client costs on a full indemnity basis.

4. The Administrative Agent will not have the right to enforce the security until after 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 15th day of April, 2016.

NATIONAL BANK OF CANADA, by its duly authorized solicitors and agents MCCARTHY TETRAULT LLP

Per: ______________________

THIS IS EXHIBIT "J"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April, A.D. 2016

____
A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA

Matthew S. Bell
Student-at-Law

CONSENT TO EARLY ENFORCEMENT OF SECURITY

To: National Bank of Canada ("**NBC**")

From: Mosaic Energy Ltd. (the "**Debtor**")

Date: April 25, 2016

Reference is made to the demand letter from the solicitors for NBC to the Debtor, dated April 15, 2016 (the "**Demand**"). All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Demand.

The Debtor acknowledges and agrees that it is indebted to NBC in the amount of the Indebtedness. The Debtor hereby consents to the early enforcement of the Security pursuant to and in accordance with section 244(2) of the *Bankruptcy and Insolvency Act* (Canada).

MOSAIC ENERGY LTD.

Per: G. Marquardt

George Marquardt
on behalf of the Board of Directors

THIS IS EXHIBIT " K "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April , A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA

Matthew S. Bell
Student-at-Law

THIS IS EXHIBIT " L "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April, A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA
Matthew S. Bell
Student-at-Law

Mosaic Energy Ltd.
2016 Forecast Apr 18, 2016
Base Case

	Jan, 2016 Actuals	Feb, 2016 Actuals	Mar, 2016 Fcst	Apr, 2016 Fcst	May, 2016 Fcst	June, 2016 Fcst	July, 2016 Fcst
Production							
Oil	543	640	457	463	420	410	415
Gas	25,300	36,470	30,141	24,142	37,942	37,109	37,045
NGLs	1,172	1,468	2,043	1,457	2,258	2,108	2,032
Total	**5,932**	**8,186**	**7,524**	**5,944**	**9,002**	**8,703**	**8,622**
Production Mix (% Liquids)	**29%**	**26%**	**33%**	**32%**	**30%**	**29%**	**28%**
Pricing Assumptions: (Apr. 15th close)							
Oil - WTI $CAD/BBL	$ 45.20	$ 42.24	$ 50.21	$ 50.61	$ 51.81	$ 53.54	$ 55.79
Gas - AECO $CAD/GJ	$ 2.25	$ 1.69	$ 1.30	$ 0.98	$ 0.95	$ 1.04	$ 1.39
Cash Flow ($)							
Revenue	3,583	4,114	3,925	2,875	4,011	3,917	4,517
Hedging gain (loss)	2,758	2,715	3,421	3,305	3,373	3,071	2,079
NGL under-commitment fees	-	-	-	-	-	-	-
Royalties	111	(43)	351	261	357	352	415
Operating Costs	2,595	2,819	2,960	2,642	3,802	3,645	3,790
G&A and Other	786	1,691	816	615	615	615	615
Professional Fees	-	-	150	175	100	50	50
Interest	933	672	726	1,004	1,020	1,020	1,030
Cash Flow ($)	**1,916**	**1,690**	**2,342**	**1,483**	**1,490**	**1,307**	**697**
Cumm Cash Flow	**1,916**	**3,606**	**5,948**	**7,431**	**8,921**	**10,228**	**10,925**
Operating Income ($/boe)							
Revenue	$ 34.48	$ 29.79	$ 31.49	$ 34.66	$ 26.46	$ 26.77	$ 24.68
Royalties	0.60	- 0.19	1.50	1.47	1.28	1.35	1.55
Operating Costs	14.11	12.30	12.69	14.81	13.62	13.96	14.18
Midtreamer Fees	-	1.00	2.00	3.00	4.00	5.00	6.00
Operating Income	**$ 19.77**	**$ 17.68**	**$ 17.30**	**$ 18.38**	**$ 11.56**	**$ 11.46**	**$ 8.95**
G&A and Other	4.27	7.38	3.50	3.45	2.20	2.36	2.30
Subordinated Debt Interest	-	1.00	2.00	3.00	4.00	5.00	6.00
Interest	5.07	2.93	3.11	5.63	3.66	3.91	3.85
Cash Flow	**$ 10.42**	**$ 7.37**	**$ 10.69**	**$ 9.30**	**$ 5.70**	**$ 5.20**	**$ 2.79**
Shares Outstanding	38,609	38,609	38,609	38,609	38,609	38,609	38,609
Cashflow Per Share (Curr Period)	$ 0.05	$ 0.03	$ 0.04	$ 0.03	$ 0.03	$ 0.02	$ 0.01
Cashflow Per Share - Annualized	$ 0.60	$ 0.32	$ 0.53	$ 0.41	$ 0.37	$ 0.22	$ 0.15

Capital expenditures	**865**	**(4,413)**	**913**	**330**	**933**	**974**	**1,062**
Cumm CAPEX	**865**	**(3,548)**	**(2,635)**	**(2,305)**	**(1,372)**	**(399)**	**664**
Free cash flow	**1,051**	**6,103**	**1,429**	**1,153**	**558**	**333**	**(366)**
Free cash flow (w/o hedging)	**(1,707)**	**3,388**	**(1,992)**	**(2,152)**	**(2,815)**	**(2,738)**	**(2,445)**
Debt Calculation:							
Net working capital	13,852	12,384	7,391	6,238	5,680	5,348	5,713
Bank Debt	145,071	140,436	144,000	144,000	144,000	144,000	144,000
Total Debt	**158,923**	**152,820**	**151,391**	**150,238**	**149,680**	**149,348**	**149,713**

PEMBINA

PRIVILEGED AND CONFIDENTIAL

April 14, 2016

~~RECEIVED APR 1? 2016~~
Received Apr 15 2016 @ 12:13pm.

Mosaic Energy Ltd.
900, 606 4th Street SW
Calgary, Alberta T2P 1T1

To Whom It May Concern:

Reference is made to the Gas Handling Agreement for the Resthaven 8-11-60-3W6 Gas Processing Facility entered into between Mosaic Energy Ltd. ("**Mosaic**") and Pembina Gas Services Limited Partnership by its General Partner, Pembina Gas Services Ltd. ("**Pembina**") dated November 1, 2014 (the "**Agreement**"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

Pursuant to Clause 610 of the Agreement, Pembina hereby provides written notice to Mosaic to provide Performance Assurance to Pembina in the form of prepayment in the amount of $7,100,000, representing three (3) Months of the amount of the fees payable by Mosaic to Pembina under the Agreement. Please provide such Performance Assurance no later than 5:00 p.m. (MST) two (2) Business Days from the date of this letter. If the requested Performance Assurance is not received by such date, Pembina shall consider Mosaic to be in default of its obligations pursuant to Clause 610 of the Agreement and pursue all remedies available to it under Clause 606 of the Agreement.

If you have any questions, please contact the undersigned.

Yours truly,

PEMBINA GAS SERVICES LIMITED PARTNERSHIP, by its general partner,
PEMBINA GAS SERVICES LTD.

Jaret Sprott
Vice President, Gas Services

cc: H.K. Andersen, Vice President, Legal & General Counsel

THIS IS EXHIBIT " M "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 25
day of April, A.D. 2016

A COMMISSIONER FOR OATHS
IN AND FOR ALBERTA

Matthew S. Bell
Student-at-Law

Pembina Pipeline Corporation
4000, 585 – 8th Avenue S.W., Calgary, Alberta Canada T2P 1G1
Telephone: (403) 231-7500 Fax: (403) 237-0254