Form 49
[Rule 13.19]

COURT FILE NO.	1601-06131	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANT	**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED** **AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CONNACHER OIL AND GAS LIMITED**	
DOCUMENT	**AFFIDAVIT OF MERLE JOHNSON (APPROVAL OF SUPPORT AGREEMENT, SISP AND KEIP)**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Cassels Brock & Blackwell LLP** Suite 1250, Millennium Tower 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attn: R. Shayne Kukulowicz/Ryan Jacobs/Jeffrey Oliver Tel: 403-351-2920 Fax: 403-648-1151 skukulowicz@casselsbrock.com rjacobs@casselsbrock.com joliver@casselsbrock.com	

AFFIDAVIT OF MERLE JOHNSON
Sworn on March 19, 2018

I, Merle Johnson, of Calgary, Alberta, **SWEAR AND SAY THAT:**

1. I am the Chief Executive Officer of Connacher Oil and Gas Limited ("**Connacher**"). As such I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief, in which case I do verily believe the same to be true.

2. I make this Affidavit in support of an application by Connacher for:

(a) an order substantially in the form attached as Schedule "A" to Connacher's Application:

(i) approving and authorizing Connacher to enter into the Support Agreement (the "**Support Agreement**") between Connacher, certain First Lien Lenders (the "**Consenting First Lien Lenders**"), and the First Lien Agent (as defined in the Support Agreement) dated as of March 19, 2018;

(ii) approving the sale and investment solicitation process (the "**SISP**") and authorizing Connacher, along with the Monitor and the Financial Advisor (each as defined below), to perform their obligations thereunder;

(iii) approving the KEIP (as defined below) and authorizing and directing Connacher to perform the obligations and make the payments thereunder;

(iv) granting the KEIP Charge (as defined below);

(v) sealing **Confidential Exhibit "1"** to this Affidavit containing an unredacted version of the Support Agreement on the Court file; and

(vi) sealing **Confidential Exhibit "2"** to this Affidavit containing the details of the KEIP on the Court file.

3. This Application is supported by the Monitor, the First Lien Agent and the Consenting First Lien Lenders.

4. Where I use capitalized terms in this Affidavit, but do not define them, I intend them to have the meaning given to them in the Initial Order granted by the Honourable Madam Justice Dario on May 17, 2016 (the "**Initial Order**"). All references to dollar amounts contained herein are to Canadian dollars unless otherwise stated.

I. CONNACHER'S CCAA PROCEEDING

5. On May 17, 2016, the Honourable Madam Justice Dario granted the Initial Order which provided for, among other things, a stay of proceedings up to and including June 16, 2016 pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**") in favour of Connacher, which has most recently been extended by this Honourable Court to June 29, 2018 (the "**Stay Period**").

6. Pursuant to the terms of the Initial Order, Ernst & Young Inc. (the "**Monitor**") was appointed as monitor in this CCAA proceeding.

7. Upon commencement of this CCAA proceeding, Connacher, with the assistance of the Monitor, conducted a sale and investment solicitation process as approved in the Initial Order (the "**Initial SISP**").

8. Connacher, the Monitor and their legal advisors worked diligently to implement the Initial SISP. However, in large part due to the generally unfavourable market conditions then existing, while Connacher received interest from various parties in the Initial SISP and received bids, ultimately, the Initial SISP did not result in a transaction that was acceptable to Connacher or the First Lien Lenders.

9. Connacher therefore decided to pursue other strategic and financial options to enhance its position pending more favourable market conditions.

10. Thereafter, working with the Monitor (and with the approval of this Honourable Court as applicable), Connacher has pursued and implemented a number of business and cash flow optimization strategies, including entering into hedging agreements and other long-term contracts, disposing of redundant seismic data, entering into certain credit facilities with Alberta Treasury Branches to address certain of Connacher's financial and operational needs, and entering into a royalty transaction with Burgess Energy Holdings, L.L.C.

11. While certain market difficulties continue in the Alberta oil and gas sector, I believe that the overall market improvement in the industry, coupled with the operational and financial improvements made by Connacher since its CCAA filing, create an opportunity for Connacher to now exit CCAA protection through either a third party transaction or a recapitalization transaction with its existing lenders.

12. Connacher has been evaluating potential restructuring and exit strategies in order to maximize value for stakeholders. In connection therewith, on February 28, 2018, the Court granted an order approving Connacher's engagement of Houlihan Lokey Capital, Inc. as its financial advisor (the "**Financial Advisor**") in order to assist Connacher with the development and negotiation of the SISP and the Support Agreement.

13. With the assistance of the Monitor and the Financial Advisor, Connacher has negotiated the Support Agreement with the Consenting First Lien Lenders.

14. As discussed in further detail below, the Support Agreement provides that Connacher will conduct a further sale and investment solicitation process in order to determine whether a Superior Transaction (as defined in the SISP) is available and, if not, then Connacher will proceed to complete a transaction pursuant to which the First Lien Agent, at the direction of the Consenting First Lien Lenders, will form a purchaser ("**Newco**") that will "credit bid" a portion of the first lien debt in exchange for acquiring all or substantially all of the assets of Connacher.

15. In order to qualify as a Superior Transaction, the transaction must generate cash proceeds of at least CAD$90,000,000 plus an amount sufficient to pay all claims ranking *pari passu* with or in priority to the debt owed to the First Lien Agent, each exclusive of Connacher's cash-on-hand (the "**Minimum Consideration Threshold**").

16. Connacher and the Consenting First Lien Lenders negotiated the Minimum Consideration Threshold with the assistance and support of the Monitor and the Financial Advisor with a view to maximizing the prospect of identifying an alternative transaction in the SISP that would be achievable and acceptable to the Consenting First Lien Lenders. The Minimum Consideration Threshold would represent a significant shortfall on the more than USD$200,000,000 owing under the credit agreement dated as of May 23, 2014, as amended, modified and supplemented from time to time, including by the Amendment No. 1 dated May 8, 2015 (the "**First Lien Credit Agreement**").

II. SUPPORT AGREEMENT

17. A copy of the Support Agreement is attached hereto as **Exhibit "A"**.

18. Pursuant to the Support Agreement, Connacher has agreed to seek approval of and, if approved, comply with the terms of the SISP. If no Superior Transaction is identified as a result of the SISP, Connacher will proceed to complete a transaction (the "**Restructuring Transaction**") more particularly described in the Term Sheet (the "**Term**

Sheet") attached as Schedule "B" to the Support Agreement, whereby the First Lien Agent, on behalf of the First Lien Lenders, will form Newco to credit bid a portion of Connacher's obligations under the First Lien Credit Agreement for all or substantially all of Connacher's property and assets on terms set out in the form of purchase and sale agreement (the "**PSA**") attached as Schedule "C" to the Support Agreement.

19. As well, the Consenting First Lien Lenders have agreed to support the SISP, and if no Superior Transaction is identified thereunder, to support the Restructuring Transaction.

20. The Support Agreement remains subject to certain conditions precedent in favour of both Connacher and the Consenting First Lien Lenders, including, but not limited to, obtaining Court approval of the Support Agreement.

21. The Term Sheet sets out the terms of a number of transactions that will give effect to the mutual agreements contained in the Support Agreement. The Term Sheet requires, among other things, that:

(a) if no Superior Transaction is implemented in accordance with the SISP, the First Lien Agent and the Consenting First Lien Lenders shall promptly cause Newco to execute the PSA, pursuant to which:

(i) Connacher shall transfer to Newco all or substantially all of its assets, and Newco shall assume substantially all of Connacher's post-CCAA filing trade payables and make offers of employment to all employees and assume all related obligations;

(ii) Newco and Connacher as initial lender shall enter into a new USD$41,728,726.01[1] first lien term facility (the "**Newco Senior Secured Term Facility**") under the terms of a new credit agreement (the "**Newco First Lien Credit Agreement**"), and Newco shall issue to Connacher a term note in a principal amount equal to USD$41,728,726.01 (the "**Term Note**");

(iii) Newco shall issue to Connacher shares in the capital of Newco (the "**Newco Shares**");

(iv) At closing, Connacher and the First Lien Agent will enter into a "**Payment and Settlement Agreement**" whereby (i) Connacher will transfer to the First Lien Agent on behalf of the First Lien Lenders (A) all of Connacher's rights and obligations under each of the Newco First Lien Credit Agreement and the Term Note, and (B) all of Connacher's rights in the Newco Shares; and (ii) a portion of Connacher's obligations to the First Lien Agent shall be confirmed as repaid, with Connacher's remaining obligations to the First Lien Agent to be classified as residual debt;

(v) Further to the transfer discussed above, each Tranche A Lender (as defined in the First Lien Credit Agreement) shall receive in respect of the principal amount (but not accrued interest) of its Tranche A Loans (as defined in the First Lien Credit Agreement) its *pro rata* share of the obligations under the Newco Senior Secured Term Facility, based on the

---

[1] This amount represents the equivalent of CAD$50 million.

outstanding principal amount of Tranche A Loans owing to a Tranche A Lender in relation to the outstanding aggregate principal amount of Tranche A Loans owing to all Tranche A Lenders as of the effective date (the "**Effective Date**");

(vi) Further to the transfer discussed above, each Tranche A Lender and Tranche B Lender (as defined in the First Lien Credit Agreement) shall receive in respect of, in the case of a Tranche A Lender, the accrued interest on its Tranche A Loans, and in the case of a Tranche B Lender, the principal and accrued interest on its Tranche B Loans (as defined in the First Lien Credit Agreement), its *pro rata* share of the Newco Shares issued to First Lien Lenders, based on the outstanding accrued interest of Tranche A Loans and the outstanding principal and accrued interest of Tranche B Loans owing to a First Lien Lender in relation to the outstanding aggregate accrued interest of Tranche A Loans and principal and accrued interest of Tranche B Loans owing to all First Lien Lenders as of the Effective Date; and

(vii) Newco will become the operating entity of Connacher's business upon successful completion of the Restructuring Transaction.

22. The Term Sheet also details the conditions precedent to the Restructuring Transaction, including, but not limited to:

(a) a Superior Transaction shall not have been received and consummated pursuant to the SISP;

(b) the receipt of all necessary governmental or regulatory approvals on terms satisfactory to the Consenting First Lien Lenders, including all necessary approvals from the Alberta Energy Regulator ("**AER**"), and, if required, approval under the *Competition Act* (Canada);

(c) the Court's granting of an order, among other things, approving the Restructuring Transaction and the PSA, vesting Connacher's assets to Newco free and clear of all liens and encumbrances except for permitted liens, and granting certain releases (the "**Approval and Vesting Order**");

(d) if required, the Court's granting of an order assigning to Newco any or all of Connacher's agreements that constitute assets subject to the PSA and not excluded therefrom (the "**Assignment Order**"); and

(e) a unanimous shareholder agreement shall be entered into in respect of Newco, in form and substance acceptable to the Consenting First Lien Lenders.

23. In exchange for the consideration to be provided by the Consenting First Lien Lenders, Connacher has agreed to take on several obligations pursuant to the Support Agreement, including:

(a) to seek approval of the SISP by no later than March 28, 2018;

(b) to use its reasonable best efforts to obtain regulatory approvals for the Restructuring Transaction to achieve the timelines set out in the Term Sheet;

(c) to provide updated disclosure to the Consenting First Lien Lenders if disclosure provided is inaccurate or incomplete in any material respect, or requires an amendment or supplement;

(d) to indemnify and hold harmless the First Lien Agent, Consenting First Lien Lenders, and such other Indemnified Parties (as defined in the Support Agreement) from and against all liabilities or claims by persons who are not parties to the Support Agreement, other than liabilities or claims attributable to gross negligence, fraud, or wilful misconduct, arising on or prior to the earlier of the Effective Date and the date the Support Agreement is terminated;

(e) subject to certain qualifications, to refrain from materially amending, modifying, replacing, terminating, repudiating, disclaiming, waiving material rights under or taking other steps or actions in respect of Material Contracts (as defined in the Support Agreement);

(f) other than with the consent of the Majority Consenting First Lien Lenders (as defined in the Support Agreement):

(i) not to materially increase compensation or severance entitlements or other benefits payable to employees other than as contemplated by the Term Sheet, and not to amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another entity, or change the nature of its business or its corporate or capital structure, other than in accordance with the SISP;

(ii) not to (i) prepay, redeem prior to maturity, defease, repurchase or make other prepayments in respect of any non-revolving indebtedness, (ii) directly or indirectly, create, incur, assume, guarantee or otherwise become directly or indirectly liable with respect to any indebtedness of any kind whatsoever, and (iii) create, incur, assume or otherwise cause or suffer to exist or become effective any lien, charge, mortgage, hypothec or security interest of any kind whatsoever on, over or against any of its assets or property; and

(iii) not to not transfer, lease, license or otherwise dispose of all or any part of its property, assets or undertakings outside the ordinary course consistent with past practice, except in accordance with the SISP;

(g) except in accordance with the SISP or with the consent of the Majority Consenting First Lien Lenders, not to undertake certain actions, including making commitments or capital expenditures over CAD$300,000 (other than as permitted in limited circumstances) or settle any claims against Connacher over CAD$1,000,000; and

(h) to notify the Consenting First Lien Lenders' advisors in the event of certain material events such as a departure by a board member or a claim over CAD$1,000,000 being asserted.

24. Pursuant to the Support Agreement, the Consenting First Lien Lenders each agree to take all commercially reasonable actions necessary to consummate the transactions contemplated under the SISP and the Term Sheet and, for greater certainty, including without limitation, to cause Newco to execute, deliver and perform its obligations under

the PSA, and to support Connacher's request for the Approval and Vesting Order. Further, each Consenting First Lien Lender agrees that it shall not take any action inconsistent with the Support Agreement that would frustrate or hinder the consummation of the transactions contemplated under the SISP and the Term Sheet.

25. I am advised by counsel to the Consenting First Lien Lenders that, subject to the granting of the Approval and Vesting Order, collectively, the Consenting First Lien Lenders hold a sufficient amount of the first lien indebtedness to direct the First Lien Agent to support the Restructuring Transaction and to enter into the PSA.

26. The outside date of the Support Agreement is September 30, 2018. Connacher and the Consenting First Lien Lenders are entitled to terminate the Support Agreement if the Superior Transaction or the Restructuring Transaction, as applicable, is not completed by such date.

27. The Support Agreement contains certain other termination rights, including rights in favour of Connacher if, in the event that the Restructuring Transaction is to proceed, the PSA is not executed and delivered on or before August 17, 2018, or not approved by the Court by August 30, 2018 or if the Consenting First Lien Lenders no longer constitute the requisite number of First Lien Lenders under the First Lien Credit Agreement to direct the First Lien Agent to proceed with the Restructuring Transaction.

28. The Support Agreement and the Term Sheet are the result of significant negotiations carried out between Connacher and the Consenting First Lien Lenders, in consultation with and with the assistance of the Monitor and the Financial Advisor.

29. I believe that the Support Agreement and the Restructuring Transaction are fair and reasonable and are in the best interest of Connacher and its stakeholders as they increase the likelihood of a successful restructuring of Connacher's business and financial obligations. In particular, the Support Agreement and the Restructuring Transaction will allow for a going-concern continuation of Connacher's business, to the benefit of Connacher's employees and suppliers.

30. The Special Committee of Connacher's Board of Directors has approved and authorized Connacher to enter into the Support Agreement.

31. It should be noted that while Connacher is seeking approval of the Support Agreement (including the Term Sheet), at this time Connacher is expressly not seeking the proposed Approval and Vesting Order or any approval of the PSA and the transactions contemplated therein which will be the subject of a further application to the Court if there is no Superior Transaction identified through the SISP.

32. In connection with the application to approve either a Superior Transaction or the Restructuring Transaction, Connacher intends to seek this Court's approval of a supplemental claims procedure (the "**Supplemental Claims Procedure**") for the identification and determination of claims against Connacher that rank *pari passu* with or in priority to the claims of the First Lien Lenders ("**Priority Claims**") and post-CCAA filing claims against Connacher's Directors and Officers ("**Post-Filing D&O Claims**").

33. Connacher intends to work in consultation with the Monitor to develop a Supplemental Claims Procedure that will allow for a timely submission, review and determination of all potential Priority Claims and Post-Filing D&O Claims to allow the ultimate transaction to close efficiently while protecting the rights of stakeholders.

III. SALE AND INVESTMENT SOLICITATION PROCESS

34. The purpose of the SISP is to solicit sale or investment proposals acceptable to Connacher, which must provide for net sale or investment proceeds of at least the Minimum Consideration Threshold. Attached hereto at **Exhibit "B"** is a copy of the proposed SISP.

35. The proposed SISP contemplates a two-step process that will test the market over a 3-4 month process. The proposed milestones for the SISP are as follows:

    (a) Phase I bid deadline: May 23, 2018;

    (b) Phase II bid deadline: June 20, 2018;

    (c) Court approval of a successful bid: July 17, 2018; and

    (d) Closing of transaction contemplated by the successful bid: August 17, 2018

36. The SISP provides that Connacher, or, in certain instances, the Monitor or Financial Advisor, shall complete the following steps:

    (a) Publish a notice of the SISP indicating initial information about the opportunity and begin to prepare solicitation materials and establish a data room for due diligence materials;

    (b) Contact potential bidders and provide teaser letters regarding the opportunity;

    (c) Obtain executed confidentiality agreements to facilitate access to the data room and arrange for site visits and/or management presentations;

    (d) On or before May 23, 2018, receive Phase I bids and begin review to determine if any meet the criteria of a qualified Phase I bid ("**Qualified Phase I Bid**");

    (e) Notify qualified Phase I bidders ("**Qualified Phase I Bidders**") that they may continue to participate in Phase II;

    (f) On or before June 20, 2018, receive Phase II bids from Qualified Phase I Bidders and begin review to determine if any meet the criteria of a qualified Phase II bid ("**Qualified Phase II Bid**"). If a Successful Bid is selected, continue negotiations with the Successful Bidder to reach a definitive agreement;

    (g) On or before July 17, 2018, obtain Court approval to enter into a definitive agreement with a Successful Bidder, if one is selected; and

    (h) On or before August 17, 2018, complete the transaction contemplated by the Successful Bid, if approved by the Court.

37. If no Qualified Phase I Bidders are identified in Phase I or no Qualified Phase II Bids are received by June 20, 2018, the SISP shall be terminated and Connacher, the Consenting First Lien Lenders and the First Lien Agent shall promptly proceed to complete the Restructuring Transaction.

38. Connacher is under no obligation to select a Successful Bid or to consummate a transaction pursuant to the SISP. Should the SISP be terminated, Connacher, the Consenting First Lien Lenders and the First Lien Agent shall promptly proceed to complete the Restructuring Transaction.

39. The proposed SISP provides a means for testing the market, gauging interest in Connacher and determining whether a Superior Transaction is available that is more advantageous to Connacher and its stakeholders than the Restructuring Transaction.

40. The SISP contemplates that the Consenting First Lien Lenders' are entitled to receive certain information about the bidders and bids, provided that such information is kept strictly confidential. However, in order to protect the integrity of the bidding process, the Consenting First Lien Lenders are prohibited from improving the terms of the Restructuring Transaction at any time during the SISP.

IV. KEY EMPLOYEE INCENTIVE PLAN

41. In connection with the SISP, Connacher is also seeking approval of a key employee incentive plan (the "**KEIP**").

42. The proposed KEIP was requested by the Consenting First Lien Lenders and approved by the Special Committee of Connacher's Board of Directors to incentivize the four senior executives who will be most involved in the SISP and will interact with potential purchasers to maximize proceeds of any sale pursuant to the SISP. Compensation under the KEIP is payable only to these key employees if the Successful Bid pursuant to the SISP is a transaction other than the Restructuring Transaction with the First Lien Lenders and is calculated based on the amount of proceeds realized in the SISP.

43. A copy of the KEIP containing the details of the key employees, including the proposed incentive payments and the relevant thresholds is attached hereto as **"Confidential Exhibit 2**".

44. Similar to the retention payments that have been previously approved by this Court, in order to be entitled to receive the KEIP payment:

   (a) The employee must not have disclosed these arrangements to any person other than his or her immediate family members and his or her personal accounting, tax and legal advisors (other than any disclosure required by law); and

   (b) Prior to the time that the KEIP payment becomes payable, he or she has not:

      (i) resigned;

      (ii) been terminated with cause; or

      (iii) failed to perform his or her duties and responsibilities diligently, faithfully and honestly in the reasonable opinion of his/her direct supervisor and the Special Committee of the Board of Directors of Connacher.

45. Connacher is also requesting that the beneficiaries of the KEIP be granted a charge (the "**KEIP Charge**") that would rank in priority to Connacher's secured creditors but subordinate in priority to each of the existing charges granted by this Honourable Court.

46. I am advised by counsel to the Monitor and counsel to the First Lien Agent and the Consenting First Lien Lenders that the Monitor and the First Lien Agent and the Consenting First Lien Lenders are supportive of the KEIP and the proposed incentive structure.

V. SEALING ORDER REQUESTED

47. In its Application, Connacher seeks to seal on the Court file (i) the details of each of the individual Consenting First Lien Lenders' holdings, (ii) schedules A, B, C, F, G, and H to the PSA contained at Confidential Exhibit "1" to this Affidavit (the "**Schedules**"), and (iii) the KEIP, attached at Confidential Exhibit "2" to this Affidavit.

48. The individual holdings of the Consenting First Lien Lenders is commercially sensitive information which the Consenting First Lien Lenders require to be sealed.

49. The nature of the information included in the Schedules is detailed in the chart below:

Schedule	**Nature of Information**
Schedule A	Detailed information regarding Connacher's assets, disclosure of which would be detrimental to Connacher's business
Schedule B	Listing of excluded contracts
Schedule C	Detailed due diligence information regarding Connacher's assets, disclosure of which would be detrimental to Connacher's business
Schedule F	Detailed personal employee information which could potentially harm employees and Connacher if made available to the public
Schedule G	Estimated amounts of priority claims which are likely to change prior to closing a transaction
Schedule H	Estimated costs for winding down Connacher following a transaction, which amounts are likely to change prior to closing a transaction

50. The Schedules identified above contain (i) personal information regarding Connacher's employees and independent contractors and (ii) sensitive commercial information related to Connacher's business and operations. The disclosure of this information at this time would be harmful to Connacher's commercial interests. I also believe that the disclosure of this information would be harmful to both the individual employees and integrity of the SISP.

51. Similarly, the information contained in the KEIP is commercially sensitive because it discloses the bidding thresholds which Connacher and the Consenting First Lien Lenders believe are achievable in the SISP. Disclosure of these thresholds and Connacher's strategy for the SISP would be harmful to Connacher's commercial

interests and the interests of its stakeholders. In addition, disclosure of the key employees' personal information would infringe on their privacy interests.

52. I also do not believe that the sealing of the information set out above would cause any prejudice to any parties, including any of Connacher's creditors or stakeholders because the information has been made available to the Monitor and, with respect to the Schedules, the information can be made available to prospective bidders in accordance with the SISP.

SWORN before me at the City of Calgary, in the Province of Alberta, on March 19, 2018

R Cstk

Commissioner for Oaths/Notary Public in and for the Province of Alberta

Richard Comstock
My Commission Expires September 21, 20 18

MERLE JOHNSON

EXHIBIT A

This is Exhibit "A"
referred to in the affidavit of
Merle Johnson
sworn before me this 19
day of March, 2018.

R Cstle

A Commissioner for Oaths in and for Alberta

Richard Comstock
My Commission Expires September 21, 2018

SUPPORT AGREEMENT

This support agreement dated as of March 19, 2018 (as amended, supplemented or otherwise modified from time to time, the "**Support Agreement**"), is entered into by and among Connacher Oil and Gas Limited (the "**Borrower**"), Wilmington Trust, National Association, in its capacity as the successor administrative agent under the First Lien Credit Agreement (as defined below) (the "**First Lien Agent**"), and each of the other signatories hereto (collectively, the "**Initial Consenting First Lien Lenders**", and together with the Joining Consenting First Lien Lenders (as defined below), collectively, the "**Consenting First Lien Lenders**", and each individually a "**Consenting First Lien Lender**").

RECITALS

WHEREAS, each of the Consenting First Lien Lenders is a holder of, and/or investment advisor or manager with investment discretion with respect to holdings of credit issued by the Borrower (the "**Loans**" and the holders thereof, the "**First Lien Lenders**") pursuant to that certain Credit Agreement dated as of May 23, 2014 among the Borrower, the First Lien Agent and certain other lenders party thereto (as such agreement has been and may be amended, modified and supplemented from time to time, including by the Amendment No. 1 dated May 8, 2015) (the "**First Lien Credit Agreement**");

AND WHEREAS on May 17, 2016, the Borrower obtained an initial order (the "**Initial Order**") from the Court of Queen's Bench of Alberta (the "**Court**") in a proceeding (the "**CCAA Proceeding**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-35 ("**CCAA**");

AND WHEREAS on February 28, 2018, the Borrower obtained an order (the "**FA Approval Order**") from the Court approving the engagement of Houlihan Lokey Capital, Inc. ("**Houlihan**") as financial advisor to the Borrower pursuant to an engagement letter dated February 6, 2018 (the "**Houlihan Engagement Letter**") between the Borrower and Houlihan, which contemplates that Houlihan will assist in developing and implementing a Court-approved sales and investment solicitation process to be conducted in the CCAA Proceeding, as described below and in accordance with the procedures attached hereto as Schedule "D" (the "**SISP**");

AND WHEREAS, the Borrower, the First Lien Agent, and the Consenting First Lien Lenders (collectively, the "**Parties**" and each individually a "**Party**") and their respective advisors have engaged in good-faith negotiations regarding a comprehensive restructuring of certain financial obligations of the Borrower in accordance with this Support Agreement, including the term sheet (the "**Term Sheet**") attached as Schedule "B" hereto;

AND WHEREAS, the Parties have entered into this Support Agreement in support of a transaction (the "**Transaction**") which will be implemented through the CCAA Proceeding and will be effected through either: (i) a transaction that qualifies as a Superior Offer (the "**Alternative Transaction**") identified pursuant to the SISP, or (ii) if the SISP does not result in an Alternative Transaction in accordance with its terms, a transaction whereby the First Lien Agent, on behalf of the First Lien Lenders, shall credit bid a portion of the First Lien Obligations for all or substantially all of the Borrower's property and assets on terms more particularly described in the Term Sheet (the "**Credit Bid**" and together with the other transactions described in the Term Sheet, the "**Restructuring Transaction**") which shall be effected by the Credit Bid Purchaser and the Borrower executing and delivering the purchase and sale agreement substantially in the form attached hereto as Schedule "C" (the "**PSA**") and the First Lien Agent and the Borrower executing and delivering the Payment and Settlement Agreement (as defined in the PSA);

AND WHEREAS, each Party and its respective counsel and other advisors have reviewed or have had the opportunity to review the Term Sheet, the PSA and this Support Agreement (and all schedules to each of the foregoing) and each Party has agreed to the terms and conditions set forth therein and herein;

AND WHEREAS, capitalized terms used but not otherwise defined in the main text of this Support Agreement shall have the meanings ascribed to such terms in Schedule "A" hereto:

1. Incorporation of Terms; Conflict of Terms

Subject to approval of the Court in the CCAA Proceeding, the terms of the Alternative Transaction and the Restructuring Transaction as agreed among the Parties and to be implemented in accordance with this Support Agreement are set forth in the Term Sheet, and, in the case of the Restructuring Transaction, the PSA, which are incorporated herein and made a part of this Support Agreement, but provided that, any obligations of the parties under the PSA shall be subject to execution thereof and separate approval of the Court in the CCAA Proceeding. In the case of a conflict between the provisions contained in the text of this Support Agreement and the Term Sheet, the terms of this Support Agreement shall govern. In the case of a conflict between the provisions contained in the text of this Support Agreement and the PSA (if executed by the parties thereto and approved by the Court), the terms of the PSA shall govern.

The following schedules are attached to, form part of and are incorporated in this Support Agreement:

Schedule "A"	Definitions
Schedule "B"	Term Sheet
Schedule "C"	PSA
Schedule "D"	SISP Procedures
Schedule "E"	Joinder Agreement
Schedule "F"	SISP Approval Order
Schedule "G"	Form of Direction

2. Representations and Warranties of Consenting First Lien Lenders

Each Consenting First Lien Lender, severally and not jointly, hereby represents and warrants to each of the other Parties (and acknowledges that each of the other Parties is relying upon such representations and warranties) that:

(a) it (or clients thereof for which it has discretionary authority to manage or administer funds) is the legal or beneficial holder of, or exercises control and direction over, (i) the Loans in the principal amount set forth on such Consenting First Lien Lender's signature page to this Support Agreement or its Joinder Agreement, as the case may be (the "**Relevant Loans**") and (ii) the additional claims against the Borrower identified in the principal amount set forth on such Consenting First Lien Lender's signature page (the "**Additional Claims**");

(b) as of the date hereof, the principal amount of Relevant Loans set forth on such Consenting First Lien Lender's signature page to this Support Agreement or its Joinder Agreement, as the case may be, constitute all of the Loans that are legally or beneficially owned by it (or over which it exercises control and direction on behalf of clients for which it has discretionary authority to manage or administer funds);

(c) as of the date hereof, the principal amount of Additional Claims set forth on such Consenting First Lien Lender's signature page to this Support Agreement or its Joinder Agreement, as the case may be, constitute all of the Additional Claims that are legally or beneficially owned by it (or over which it exercises control and direction on behalf of clients for which it has discretionary authority to manage or administer funds);

(d) it has the authority to direct the First Lien Agent with respect to its Debt to support an Alternative Transaction, and it has, together with the other Consenting First Lien Lenders, the authority to direct the First Lien Agent to support the Restructuring Transaction and to enter into the PSA and effect the Credit Bid;

(e) it is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Support Agreement; it has conducted its own analysis and made its own decision to enter into this Support Agreement and has obtained such independent advice in this regard as it deemed appropriate (it being recognized that Bennett Jones, Jones Day and PricewaterhouseCoopers LLP (collectively, the "**Advisors**") are not the advisors to any individual holder of the Loans, including any Consenting First Lien Lender, on an individual basis), and it has not relied on such analysis or decision on any Person other than its own independent advisors;

(f) this Support Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by all Parties, this Support Agreement constitutes the legal, valid and binding obligation of such Consenting First Lien Lender, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;

(g) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Support Agreement and to perform its obligations hereunder, including the power and authority to bind the beneficial owner(s) of the Relevant Loans and Additional Claims (as applicable) to the terms of this Support Agreement and consummate the transactions contemplated hereby;

(h) the execution and delivery of this Support Agreement by it and the completion by it of the transactions contemplated herein do not and will not violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to such Consenting First Lien Lender or any of its properties or assets, or result (with or without notice or the passage of time) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under, its certificate of incorporation, articles, bylaws or other charter documents;

(i) except as contemplated by this Support Agreement, it has not deposited any of its Relevant Loans, Debt or Additional Claims into a voting trust, or granted (or permitted to be granted) any proxies or powers of attorney or attorney in fact, or entered into a voting agreement, understanding or arrangement, with respect to the voting of its Relevant Loans, Debt or Additional Claims where such trust, grant, agreement, understanding or arrangement would in any manner restrict the ability of the Consenting First Lien Lender to comply with its obligations under this Support Agreement; and

(j) there is not now pending or threatened against it or any of its properties, nor has it received notice in respect of, any claim, potential claim, litigation, action, suit, arbitration, investigation or other proceeding before any governmental entity that, individually or in the aggregate, would reasonably be expected to have an adverse effect on such Consenting First Lien Lender's ability to execute and deliver this Support Agreement and to consummate the Transaction.

3. Representations and Warranties of the First Lien Agent

The First Lien Agent hereby represents and warrants to the Borrower and the Consenting First Lien Lenders (and the First Lien Agent acknowledges that the Borrower is relying upon such representations and warranties):

(a) it is the validly appointed successor administrative agent under the First Lien Credit Agreement;

(b) the Direction is in form and substance satisfactory to the First Lien Agent and will, when executed and delivered to the First Lien Agent by a Consenting First Lien Lender and assuming the due authorization, execution and delivery by each such Consenting First Lien Lender signatory thereto, constitute a legal, valid, enforceable direction by such Consenting First Lien Lender under the First Lien Credit Agreement to the First Lien Agent to (i) effect the Credit Bid and (ii) take such other steps and execute such other documents as expressly contemplated herein or thereby to complete the Restructuring Transaction for and on behalf of all First Lien Lenders;

(c) based on the amount of the Relevant Loans set forth on the signature pages of the Initial Consenting First Lien Lenders to this Support Agreement, such Initial Consenting First Lien Lenders hold a sufficient amount of the Loans to direct and cause the First Lien Agent to (i) effect the Credit Bid and (ii) take such other steps and execute such other documents as expressly contemplated herein or thereby to complete the Restructuring Transaction for and on behalf of all First Lien Lenders, in each case upon and subject to (A) the Approval and Vesting Order being granted, and (B) the Consenting First Lien Lenders delivering an executed Direction to the First Lien Agent; and

(d) upon the Consenting First Lien Lenders delivering an executed Direction to the First Lien Agent, the First Lien Agent shall, as soon as possible thereafter, effect the Credit Bid and promptly take all actions and steps and execute and deliver such further documents as expressly contemplated herein or thereby to complete the Restructuring Transaction, in each case upon and subject to the Approval and Vesting Order being granted; and for certainty, no other direction, undertaking or agreement shall be required from any of the First Lien Lenders to cause the First Lien Agent to take such actions.

4. Representations and Warranties of the Borrower

The Borrower hereby represents and warrants to each of the Consenting First Lien Lenders and the First Lien Agent (and the Borrower acknowledges that the Consenting First Lien Lenders and the First Lien Agent are relying upon such representations and warranties) that:

(a) (i) the Borrower is indebted to the First Lien Agent and the First Lien Lenders in the principal amount of not less than US$153,844,591.40, plus accrued but unpaid interest and all other amounts (including fees, costs and expenses) owing under the First Lien Credit Agreement and related security documents (the "**Security**"), (ii) the Security is fully valid and enforceable by the First Lien Agent against the Borrower in accordance with the terms thereof, unaltered, and (iii) the Borrower has no claim, demand, set-off, counterclaim or any similar right or claim against the First Lien Agent or the First Lien Lenders;

(b) the Special Committee has approved this Support Agreement and concluded that entering into this Support Agreement is in the best interests of the Borrower;

(c) it is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Support Agreement; it has conducted its own analysis and made its own decision to enter into this Support Agreement and has obtained such independent advice in this regard as it deemed appropriate; and it has not relied in such analysis or decision on any Person other than its own independent advisors;

(d) subject to approval of the Court, this Support Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by all Parties, this Support Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;

(e) it is duly organized, validly existing and in good standing under the federal laws of Canada and, subject to approval by the Court, has all necessary power and authority to execute and deliver this Support Agreement;

(f) subject to the satisfaction of the conditions precedent contained herein and approval of the Restructuring Transaction (including the PSA) by the Court, the execution and delivery of this Support Agreement by it and the completion by it of the Restructuring Transaction do not and will not:

(i) violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or any of its properties or assets; or

(ii) as at the date hereof and except where such violation or conflict would not be reasonably expected to cause a material adverse effect on the Borrower, result (with or without notice or the passage of time) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under, or give rise to any third party right of termination, amendment, first refusal, cancellation or acceleration under, or result in any penalty or payment obligation or right of purchase or sale under, any provision of:

(A) its certificate of incorporation, articles, bylaws or other charter documents; or

(B) any agreement, arrangement or understanding to which the Borrower is a party or by which the Borrower or any of its properties or assets is bound or affected;

(g) as at the date hereof, there is no proceeding, claim or investigation pending before any court, regulatory body, tribunal, agency, governmental or legislative body, or threatened against it or any of its properties that individually or in the aggregate (i) could reasonably be expected to have a material adverse effect on its ability to execute and deliver this Support Agreement and to consummate the Transaction, or (ii) is material to its business;

(h) the Audited Financial Statements have been prepared in accordance with GAAP and the Borrower's accounting policies and practices consistently applied throughout the periods included therein. The Audited Financial Statements present fairly, in all material respects, the financial condition of the business of the Borrower as of the dates set forth therein, and the results of operations and cash flows for the periods covered thereby, in conformity with GAAP. The unaudited interim financial statements of the Borrower as of and for the nine-month period ended September 30, 2017 have been reviewed by the Borrower's auditor and there are no material modifications that need to be made to the Borrower's interim financial statements for them to be in conformity with GAAP;

(i) as of the date hereof the Borrower does not have any liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) except: (i) as set forth in the Audited Financial Statements; (ii) for liabilities incurred in the ordinary course of business consistent with past practice subsequent to December 31, 2016 which would not have a material adverse affect on the Borrower; and (iii) claims against it or liabilities set forth in the Disclosure Letter;

(j) all Projections that have been or will be provided or made available by it or any of its representatives to any Consenting First Lien Lender and/or the Advisors have been or will be, when furnished, prepared in good faith and based upon assumptions that the Borrower believes to be reasonable;

(k) as at the date hereof, (i) the Advisors or the Initial Consenting First Lien Lenders have been provided with a true, accurate and complete copy of each Material Contract (or if not provided with such a copy, the Borrower has made available for review each Material Contract, as applicable), (ii) the Borrower is in compliance with the terms of the Material Contracts, (iii) the Borrower is not aware of any existing breach or other event that provides a counterparty to any Material Contract with the right (with or without notice) to terminate such Material Contract, and (iv) the Borrower is not aware of any other obligation, undertaking, arrangement, document, commitment, entitlement or engagement to which the Borrower is a party or by which the Borrower is bound that is material to the business or financial condition of the Borrower;

(l) other than as set forth in the Disclosure Letter, the Borrower does not own or occupy any real property;

(m) a complete and correct copy of the Sublease dated July 11, 2016 as amended by a Sublease Extension Agreement dated June 30, 2017 has been provided to the Advisors prior to the date hereof. The names of the other parties to the Real Property Leases, the description of the Leased Premises, the term, rent and other amounts payable under the Real Property Leases are accurately described in the Disclosure Letter. The terms and conditions of the Real Property Leases will not be affected by, nor will the Real Property Leases be in default as a result of, the completion of the Transaction;

(n) other than as set forth in the Disclosure Letter, the Borrower is not party to or bound by any written employment, service or consulting agreement or other similar agreement that is material to the business or financial condition of the Borrower, and the Borrower is not aware of any other arrangement, plan, obligation or understanding to which the Borrower is a party or bound in respect of employment, service or consulting that is material to the business or financial condition of the Borrower. The Initial Consenting First Lien Lenders or the Advisors have been provided with copies of all written agreements between the Borrower and each director, officer, consultant and employee of the Borrower that provides for severance or termination or other payments in connection with the termination of the employment or engagement of, or resignation of, any such person following a change of control of the Borrower or a sale of all or substantially all of the assets of the Borrower;

(o) it has conducted its business in material compliance with all applicable laws and has not received any notice to the effect that, or has otherwise been advised that, it is not in material compliance with such laws. Without limiting the generality of the foregoing, the Borrower has not made any payment, directly or indirectly, on behalf of or for the benefit of the Borrower, in violation of any applicable laws prohibiting the payment of undisclosed commissions or bonuses or the making of bribe or incentive payments or other arrangements of a similar nature with respect to the conduct of the business of the Borrower, including the *Corruption of Foreign Public Officials Act* (Canada);

(p) all material Tax Returns required to be filed by the Borrower have been timely filed (taking into account extensions). All such Tax Returns were correct and complete in all material respects. Other than as set forth in the Disclosure Letter, as of the date of this Agreement, no audit (other than routine audits), administrative proceeding, or judicial proceeding that involves a material amount of Tax insofar as they may affect the Restructuring Transaction is pending;

(q) to its knowledge, the assets of the Borrower have been insured against risks normally covered by insurance policies by companies carrying on business of a similar nature of the Borrower and all such insurance policies are in full force and effect, all premiums due and payable thereon have been paid, all material terms and conditions of such policies have been complied with, and no written notice of cancellation or termination has been received by the Borrower with respect to any such policy that is not replaceable by the Borrower on substantially similar terms prior to the date of such cancellation;

(r) except as set forth in the Disclosure Letter, since commencement of the CCAA Proceeding, it has not undergone an adverse change that is material to its business or financial condition, excluding any such effect or effects that result from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; and

(s) no representation or warranty of it contained in this Support Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein not misleading. All responses by it to the inquiries of the Initial Consenting First Lien Lenders and the Advisors concerning it and its business during the due diligence investigation of the Initial Consenting First Lien Lenders and the Advisors have been made in good faith and to the knowledge of the Borrower. To the knowledge of the Borrower, all documents provided to the Initial Consenting First Lien Lenders and the Advisors are true, accurate and complete copies in all material respects of the documents they purport to be.

5. Consenting First Lien Lenders' Covenants and Consents

In each case subject to applicable law and any order that may be granted by a court of competent jurisdiction:

(a) Each Consenting First Lien Lender, severally, and not joint and severally, consents and agrees to the terms of this Support Agreement.

(b) Each Consenting First Lien Lender agrees to take all commercially reasonable actions necessary to consummate the Transaction in accordance with the terms and conditions set forth in this Support Agreement (including the Term Sheet and the SISP) and for certainty, including without limitation, as may be applicable, (i) causing the Credit Bid Purchaser to execute, deliver and perform its obligations under the PSA, (ii) supporting the Borrower's request for an Approval and Vesting Order (or sanction order, as applicable) approving the Transaction, the request for the Releases, the funding in full of any priority claims (including claims arising under the Court-ordered charges), and the funding of the Administrative Reserve, (iii) supporting the Borrower's request for approval of the Distribution Order (as applicable), and (iv) such other actions as may be reasonably required to complete the Transaction.

(c) Each Consenting First Lien Lender agrees that between the date of execution of this Support Agreement and the termination of this Support Agreement, it shall not, directly or indirectly:

(i) sell, assign, lend, pledge, hypothecate (except with respect to security generally applying to its investments which does not adversely affect such Consenting First Lien Lender's ability to perform its obligations under this Support Agreement) or otherwise transfer (a "**Transfer**") any of its Relevant Loans, Debt or Additional Claims or any rights or interests therein (or permit any of the foregoing with respect to any of its Relevant Loans, Debt or Additional Claims) or enter into any agreement, arrangement or understanding in connection therewith, except that the Consenting First Lien Lender may Transfer its Relevant Loans, Debt or Additional Claims (x) to the extent the Consenting First Lien Lender is managing the Relevant Loans, Debt or Additional Claims on behalf of a fund, to another fund managed by the same Consenting First Lien Lender for which the Consenting First Lien Lender has sole voting and investment discretion, including sole discretionary authority to manage or administer funds and continues to exercise sole investment and voting authority with respect to the Relevant Loans, Debt or Additional Claims (a "**Managed Fund**") provided that such Consenting First Lien Lender shall continue to be, and the Managed Fund shall be, bound by the terms of this Support Agreement, (y) to another Consenting First Lien Lender or a Managed Fund of another Consenting First Lien Lender, or (z) to any other transferee provided that such transferee constitutes an "Eligible Assignee" (as that term is defined in the First Credit Agreement) and agrees pursuant to a duly executed Joinder Agreement prior to such Transfer to be bound by all of the terms of this Support Agreement as if such transferee had originally executed this Support Agreement (each such transferee, a "**Consenting Transferee**"). Within 5 Business Days of any Transfer, each of the transferor and the transferee shall provide the Borrower and the Advisors with written notice of such Transfer (including the principal amount of the Relevant Loans, Debt and/or Additional Claims affected by such Transfer) and, if applicable, a copy of the Joinder Agreement executed by the Consenting Transferee. Any Transfer that does not comply with this paragraph shall be void *ab initio*. For greater certainty, if a Consenting First Lien Lender assigns all of its Relevant Loans, Debt and/or Additional Claims pursuant to this Section 5(c)(i) this Support Agreement shall continue to be binding upon such First Lien Lender with respect to any Relevant Loans, Debt or Additional Claims it subsequently acquires;

(ii) except as contemplated by this Support Agreement, deposit any of its Relevant Loans, Debt or Additional Claims into a voting trust, or grant (or permit to be granted) any proxies or powers of attorney or attorney in fact, or enter into a voting agreement, understanding or arrangement, with respect to the voting of its Relevant Loans, Debt or Additional Claims if such trust, grant, agreement, understanding or arrangement would in any manner restrict the ability of the Consenting First Lien Lender to comply with its obligations under this Support Agreement; or

(iii) take any action inconsistent with this Support Agreement that would frustrate or hinder the consummation of the Transaction.

(d) Each Consenting First Lien Lender agrees that to the extent such Consenting First Lien Lender acquires additional Loans or Additional Claims, such Loans or Additional Claims (as applicable) shall be subject to this Support Agreement and, with respect to such additional Loans or Additional Claims, shall become Relevant Loans or Additional Claims for the purposes hereunder, and further agrees that it shall direct the First Lien Agent with respect to any such additional Relevant Loans or such other applicable party with respect to Additional Claims in a manner consistent with this Support Agreement.

(e) If the Credit Bid Trigger Date occurs, each Consenting First Lien Lender shall (i) promptly deliver to the First Lien Agent, copied to the Borrower, an executed Direction for and in respect of all Relevant Loans then held by such Consenting First Lien Lender legally or beneficially and (ii) as soon as possible thereafter, cause the Credit Bid Purchaser to execute, enter into and deliver to the Borrower the PSA.

(f) Each Consenting First Lien Lender agrees that, until the termination of this Support Agreement, it shall, on and subject to the terms and conditions hereof:

(i) not revoke the Direction;

(ii) use commercially reasonable efforts and take all reasonable necessary actions to support the approval of the Transaction as promptly as practicable;

(iii) not propose, file, solicit, vote for or otherwise support any alternative offer, restructuring, liquidation, workout or plan of compromise or arrangement or reorganization of or for the Borrower;

(iv) support or instruct the Advisors to support all applications filed by the Borrower in any such court proceeding that are in furtherance of the Transaction;

(v) in the event that the Alternative Transaction is implemented through a plan of compromise, vote on a timely basis and in accordance with all applicable Court orders, all Relevant Loans, Debt and Additional Claims in favour of such plan;

(vi) not accelerate or enforce or take any action or initiate any proceeding to accelerate or enforce the payment or repayment of any of its Debt (including for greater certainty any due and unpaid interest on its Relevant Loans) or Additional Claims;

(vii) forbear from exercising, or directing the First Lien Agent to exercise, any default-related rights, remedies, powers or privileges, or from instituting any enforcement actions or collection actions with respect to any obligations under the First Lien Credit Agreement;

(viii) forbear from exercising, or directing the trustee of the Convertible Notes to exercise, any default-related rights, remedies, powers or privileges, or from instituting any enforcement actions or collection actions with respect to the Convertible Notes;

(ix) not take, or omit to take, any action, directly or indirectly, that is materially inconsistent with, or is intended or is likely to interfere with the approval or consummation of the Transaction; and

(x) execute any and all documents and perform any and all commercially reasonable acts required by this Support Agreement to satisfy all of its obligations hereunder including any consent, approval or waiver requested by the Borrower in furtherance of the Transaction, acting reasonably;

provided, however, that nothing contained herein shall limit the ability of a Consenting First Lien Lender to appear and be heard concerning any matter arising in the CCAA Proceeding so long as such appearance is not inconsistent with the Consenting First Lien Lender's obligations hereunder.

(g) Each Consenting First Lien Lender agrees, subject to Section 14, to the existence and factual details of this Support Agreement being set out in any public disclosure made by the Borrower, including press releases and Court materials, provided that such public disclosure is approved by the Borrower and Advisors, acting reasonably.

6. First Lien Agent's Covenants

In each case subject to applicable law and any order that may be granted by a court of competent jurisdiction:

(a) The First Lien Agent covenants and agrees that upon the Consenting First Lien Lenders delivering an executed Direction to it, the First Lien Agent shall, as soon as possible thereafter, promptly take all actions and steps and execute and deliver such documents as may be requested by the Consenting First Lien Lenders to effect the Credit Bid and complete the Restructuring Transaction, including without limitation, the Payment and Settlement Agreement (and including taking all actions that may be requested by the Consenting First Lien Lenders as contemplated by Section 8(a) and Section 16). For certainty, the First Lien Agent confirms and agrees that no other direction, undertaking or agreement, other than the signed Direction from the Consenting First Lien Lenders, shall be required from any of the First Lien Lenders or from any other Person to cause the First Lien Agent execute, deliver, enter into and perform its obligations in connection with the Restructuring Transaction. For greater certainty, notwithstanding anything in this Support Agreement or any other agreement related to the Transaction to the contrary, the First Lien Agent is acting in connection with the Transactions (including, without limitation, any Alternative Transaction and in connection with any Credit Bid) solely (i) in its capacity as First Lien Agent under the First Lien Credit Agreement and (ii) at the direction of the Consenting First Lien Lenders (who are, for certainty, the "Required Lenders" under and as defined in the First Lien Credit Agreement). As such, the Parties hereby agree that all provisions under the First Lien Credit Agreement (and any other loan document applicable to the First Lien Agent and the agency that the First Lien Agent is providing under and in connection with the First Lien Credit Agreement) continue to apply, including the provisions of Article VIII of the First Lien Credit Agreement (and, without limiting the generality of the foregoing, the First Lien Agent's right to delegate any of its duties and/or rights and powers to a sub-agent in accordance with the terms of Section 8.05 of the First Lien Credit Agreement), provided, however, that in the case of any delegation to a subagent, the First Lien Agent covenants and agrees to take all such steps as requested by the Consenting First Lien Lenders to cause the subagent to do such things as are necessary to effect the Credit Bid and complete the Restructuring Transaction.

(b) The First Lien Agent agrees that, until the termination of this Support Agreement, it shall, on and subject to the terms and conditions hereof:

(i) not oppose the approval of the Transaction;

(ii) support or instruct the Advisors to support all applications filed by the Borrower in any such court proceeding that are in furtherance of the Transaction;

(iii) in the event that the Transaction is implemented through a plan of compromise, vote on a timely basis and in accordance with all applicable Court orders, all Relevant Loans, Debt and Additional Claims in favour of such plan, if applicable;

(iv) forbear from exercising any default-related rights, remedies, powers or privileges, or from instituting any enforcement actions or collection actions with respect to any obligations under the First Lien Credit Agreement;

(v) not take, or omit to take, any action, directly or indirectly, that is materially inconsistent with, or is intended or is likely to interfere with the approval or consummation of the Transaction; and

(vi) execute any and all documents and perform any and all commercially reasonable acts required by this Support Agreement to satisfy all of its obligations hereunder including any consent, approval or waiver requested by the Borrower in furtherance of the Transaction, acting reasonably;

provided, however, that nothing contained herein shall limit the ability of the First Lien Agent to appear and be heard concerning any matter arising in the CCAA Proceeding so long as such appearance is not inconsistent with the First Lien Agent's obligations hereunder.

7. Borrower's Covenants

In each case subject to applicable law and any order that may be granted by a court of competent jurisdiction:

(a) The Borrower consents and agrees to the terms of this Support Agreement, including, for greater certainty, the terms of the Term Sheet.

(b) The Borrower shall comply with the FA Approval Order and the terms of the Houlihan Engagement Letter.

(c) The Borrower shall seek approval from the Court of the SISP no later than March 28, 2018.

(d) The Borrower agrees to use its reasonable best efforts (including taking all reasonable actions necessary to obtain any regulatory approvals for the Transaction) to achieve the timelines set out in the Term Sheet (which timelines may be extended at any time with the approval of the Borrower and the Majority Consenting First Lien Lenders). Notwithstanding the foregoing, the Borrower agrees that it shall submit (i) the applications to be submitted under the Competition Act (if required) and (ii) the license transfer applications to be submitted to the AER, in each case in strict accordance with the dates and/or timelines as specified in the Term Sheet. The Borrower agrees that it shall be responsible for the payment of any filing fees or other costs in connection with the foregoing filings and applications.

(e) The Borrower shall provide draft copies of all applications and other documents the Borrower intends to file with the Court to Bennett Jones at least three Business Days prior to the date when the Borrower intends to file such document (or as soon as possible where it is not reasonably practicable to provide copies three Business Days in advance), all such filings to be filed in form and substance reasonably acceptable to the Majority Consenting First Lien Lenders (except in the case of the Approval and Vesting Order in respect of the Restructuring Transaction which shall be in form and substance acceptable to the Borrower and Majority Consenting First Lien Lenders, in their sole discretion).

(f) The Borrower hereby agrees to promptly notify the Consenting First Lien Lenders if, at any time before the termination of this Support Agreement, the Borrower becomes aware (i) that any information disclosure for the First Lien Lenders, an application for a regulatory approval or any other order, registration, consent, filing, ruling, exemption or approval under applicable laws contains a statement which is inaccurate or incomplete in any material respect, or (ii) of information that otherwise requires an amendment or supplement to such information disclosure or such application, and (in such event) the Borrower shall co-operate in the preparation of such amendment or supplement as required.

(g) The Borrower hereby agrees to (A) indemnify and hold harmless the First Lien Agent, each Consenting First Lien Lender, and their respective subsidiaries and affiliates, and their respective funds, shareholders, officers, directors, employees, partners, advisors, legal counsel and agents (each an "**Indemnified Party**") from and against any and all liabilities or claims by Persons who are not party to this Support Agreement (other than liabilities or claims attributable to any of such Persons' gross negligence, fraud or willful misconduct as determined by the final, non-appealable judgment of a court of competent jurisdiction) arising on or prior to the earlier of (i) the Effective Date and (ii) the date on which this Support

Agreement is terminated, and (B) reimburse each Indemnified Party promptly upon demand for all reasonable legal and other expenses reasonably incurred by it in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any lawsuit, investigation, claim or other proceeding relating to any of the foregoing (including, without limitation, in connection with the enforcement of the indemnification obligations set forth herein).

(h) With respect to Material Contracts, the Borrower shall not, unless it has provided five Business Days notice of same to the Advisors and has not received an objection to same, materially amend, materially modify, replace, terminate, repudiate, disclaim, waive any material right under or take any other material steps or actions (other than a marketing contract consistent with the Borrower's past practice or as expressly required by such Material Contracts or in the ordinary course of performing its obligations under such Material Contracts) under or in respect of such Material Contracts in any manner.

(i) Except as agreed by the Majority Consenting First Lien Lenders, the Borrower shall not materially increase compensation or severance entitlements or other benefits payable to its directors, officers or employees, including by way of a key employee incentive plan, or pay any bonuses whatsoever, other than as required by law or as contemplated by the Term Sheet. The Borrower shall not amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another entity, or change the nature of its business or its corporate or capital structure, other than with the consent of the Majority Consenting First Lien Lenders or in accordance with the SISP.

(j) The Borrower shall not (i) prepay, redeem prior to maturity, defease, repurchase or make other prepayments in respect of any non-revolving indebtedness, (ii) directly or indirectly, create, incur, assume, guarantee or otherwise become directly or indirectly liable with respect to any indebtedness of any kind whatsoever, and (iii) create, incur, assume or otherwise cause or suffer to exist or become effective any lien, charge, mortgage, hypothec or security interest of any kind whatsoever on, over or against any of its assets or property, in each case other than with the consent of the Majority Consenting First Lien Lenders.

(k) Except in accordance with the SISP, the Borrower shall not transfer, lease, license or otherwise dispose of all or any part of its property, assets or undertakings outside the ordinary course consistent with past practice, other than with the consent of the Majority Consenting First Lien Lenders.

(l) The Borrower shall use commercially reasonable efforts to maintain its assets in a proper and prudent manner in accordance with past practices, and in the ordinary course of business, in material compliance with all laws and directions of governmental entities, and pay or cause to be paid all costs and expenses relating to its assets which become due from the date hereof to the Effective Date.

(m) Except in accordance with the SISP, the Borrower shall operate its business in the ordinary course of business, having regard to the Borrower's financial condition, and, in any event, the Borrower shall not, other than as contemplated by this Support Agreement, enter into any material agreement (other than agreements for sale of dilbit, purchase of condensate and purchase of natural gas consistent with the Borrower's past practice), unless it has provided five Business Days' notice of same to the Advisors and has not received an objection to same.

(n) Except in accordance with the SISP, the Borrower shall not, directly or indirectly, do any of the following, other than as consented to by the Majority Consenting First Lien Lenders:

(i) issue, sell, grant, pledge, assign, dispose of, encumber or agree to issue, sell, grant, pledge, assign, dispose of or encumber any shares or other securities of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any of its securities;

(ii) amend or propose to amend its certificate of incorporation, articles, by-laws or other constating documents;

(iii) declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to any of its shares;

(iv) redeem, purchase or offer to purchase any of its securities;

(v) reduce its capital or the stated capital;

(vi) (A) acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any Person or (B) make any investment either by purchase of securities, contributions of capital, property transfer or purchase of any property or assets of any other Person;

(vii) Other than as contemplated in its approved 2018 budget, make any commitment or propose, initiate or authorize any capital expenditures in excess of CAD$300,000, except in case of an emergency or in respect of amounts which the Borrower may be committed to expend or be deemed to authorize for expenditure without its consent;

(viii) waive, release, assign, settle or compromise any claims against or liabilities of the Borrower in excess of CAD$1,000,000; or

(ix) make any changes in accounting methods, principles, policies or practices, except insofar as may be required by generally accepted accounting principles as in effect from time to time in Canada or applicable laws.

(o) The Borrower shall promptly notify the Advisors of:

(i) any resignation of, or leave of absence taken by, any of its directors or senior officers;

(ii) any claims threatened or brought against it in excess of CAD$1,000,000; or

(iii) any event, condition or development that has resulted in the inaccuracy or breach of any representation or warranty, covenant or agreement contained in this Support Agreement made by or to be complied with by it.

(p) The Borrower shall at all times prior to the termination of this Support Agreement carry on its business only in the ordinary course consistent with past practice, in accordance with generally accepted oil and gas industry practices and in compliance with all laws, except as may be expressly otherwise provided for in this Support Agreement or as may be consented to by the Majority Consenting First Lien Lenders.

(q) The Borrower shall maintain and shall continue to maintain appropriate insurance coverage in amounts and on terms that are customary in the industry of the Borrower.

(r) The Borrower shall forthwith upon receipt pay the reasonable and documented fees of the First Lien Agent and the Advisors pursuant to and in accordance with the respective engagement letters or other arrangements or practices in place prior to the date hereof until the Effective Date or termination of this Support Agreement.

8. Negotiation of Documents

(a) The Parties shall cooperate with each other and shall coordinate their activities (to the extent reasonably practicable) in respect of (i) the timely satisfaction of conditions with respect to and the effectiveness of the Transaction, (ii) all matters concerning the implementation of the Transaction, and (iii) the pursuit and support of the Transaction. Furthermore, subject to the terms hereof, each of the Borrower and the Consenting First Lien Lenders shall take such actions as may be reasonably necessary to carry out the purposes and intent of this Support Agreement, including making and filing any required regulatory filings (provided that the Consenting First Lien Lenders shall not be required to incur any expense, liability or other obligation that is not reimbursed by the Borrower), and, as applicable, directing the First Lien Agent to take all such actions.

(b) Each Party hereby covenants and agrees (i) to cooperate and negotiate in good faith, and consistent with this Support Agreement, the definitive documents implementing, achieving and relating to the Transaction, all ancillary documents relating thereto, and any orders of the Court relating thereto, each of which shall contain terms and conditions consistent in all material respects with the Term Sheet, and (ii) to execute (to the extent they are a party thereto) and otherwise support such documents.

(c) The Borrower shall work cooperatively with the Advisors to prepare and, subject to approval of the Court as required, finalize all documentation (including, without limitation, the documents identified in the Term Sheet) utilized or required to effect the Transaction. In that the event that the Transaction pursued is the Restructuring Transaction, all such documentation shall be in form and substance acceptable to the Borrower and the Majority Consenting First Lien Lenders.

9. Conditions to Consenting First Lien Lenders' Obligations

Notwithstanding anything to the contrary contained in this Support Agreement and without limiting any other rights of the Consenting First Lien Lenders hereunder, the obligations of the Consenting First Lien Lenders shall be specifically and expressly subject to each and all of the following conditions:

(a) approval of this Support Agreement by the Court in the CCAA Proceeding in form satisfactory to the Consenting First Lien Lenders;

(b) the Borrower shall have executed this Support Agreement and delivered its signature pages hereto to the Consenting First Lien Lenders;

(c) all material agreements, consents and other material documents relating to the Transaction shall be in form and substance reasonably satisfactory to the Majority Consenting First Lien Lenders;

(d) all orders made and judgments rendered by any competent court of law, and all rulings and decrees of any competent regulatory body, agent or official in relation to the Transaction shall be satisfactory to the Majority Consenting First Lien Lenders, acting reasonably;

(e) all actions taken by the Borrower in furtherance of the Transaction shall be consistent in all material respects with this Support Agreement;

(f) the Borrower shall have complied in all material respects with its covenants and obligations under or in respect of this Support Agreement (including, for greater certainty, the Term Sheet);

(g) in the case of the Restructuring Transaction, there shall not have occurred, after the date hereof, any change, effect, event, occurrence or state of facts (other than matters related to the First Lien Credit Agreement) that, individually or in the aggregate, is, or could reasonably be expected to be, materially adverse to the business, properties, assets (tangible or intangible), liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise), capitalization, operation or results of operations of the Borrower, taken as a whole but excluding any such effect or effects that result from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; and

(h) in the case of the Restructuring Transaction, following the execution of the PSA, such PSA shall be in full force and effect and the Borrower shall be in compliance in all material respects with each of its covenants and obligations thereunder.

10. Conditions to the Borrower's Obligations

Notwithstanding anything to the contrary contained in this Support Agreement and without limiting any other rights of the Borrower hereunder, the obligations of the Borrower under this Support Agreement shall be specifically and expressly subject to each and all of the following conditions:

(a) approval of this Support Agreement by the Court in the CCAA Proceeding in form satisfactory to the Borrower;

(b) the Consenting First Lien Lenders and First Lien Agent shall have executed this Support Agreement and delivered their signature pages hereto to the Borrower;

(c) the Consenting First Lien Lenders and First Lien Agent shall have complied in all material respects with each of their covenants and obligations in this Support Agreement (including, for greater certainty, the Term Sheet) that is to be performed on or before the implementation of the Transaction;

(d) following the execution of the PSA by the Credit Bid Purchaser, the PSA shall be in full force and effect and the Credit Bid Purchaser shall be in compliance in all material respects with its covenants and obligations thereunder;

(e) all actions taken by the Consenting First Lien Lenders or First Lien Agent in furtherance of the Transaction shall be consistent in all material respects with this Support Agreement; and

(f) all orders made and judgments rendered by any competent court of law, and all rulings and decrees of any competent regulatory body, agent or official in relation to the Transaction shall be satisfactory to the Borrower, acting reasonably.

11. Information and Access

The Borrower shall provide to each Consenting First Lien Lender and the Advisors on a timely basis in accordance with the terms of any applicable Court orders, including any order approving the SISP: (a) any and all information, documents, materials, and access reasonably requested by the Majority Consenting First Lien Lenders or the Advisors, including without limiting the generality of the foregoing, any information, documents, materials, and access in relation to the SISP, and (b) any and all other information which might be reasonably expected to be of material interest to them in relation to this Support Agreement or the Transaction. The Borrower shall promptly notify the Consenting First Lien Lenders if there has been any material change in any of the information the Borrower has provided to the Consenting First Lien Lenders and/or the Advisors in connection with the transactions contemplated by this Support Agreement or the

Transaction. The Borrower agrees that if at any time during the term of this Support Agreement the Borrower has actual knowledge of the fact that any of the material assumptions upon which any Projections provided to the Consenting First Lien Lenders and/or the Advisors are based are no longer reasonable if they were being furnished at such time, then the Borrower will promptly supplement, or cause to be supplemented, such Projections.

12. Superior Proposal

(a) The Borrower shall diligently and in good faith pursue the SISP pursuant to and in accordance with the terms of the SISP and shall take such steps in furtherance of consummation of an investment or a sale of all or substantially all of its assets pursuant to such process in lieu of the Restructuring Transaction, provided that any such sale or investment is a Superior Offer and provided further that the Borrower does not otherwise repay all obligations under the First Lien Credit Agreement in accordance with the terms of the Term Sheet.

(b) Subject to Section 12(a), in the event the Transaction to be implemented under this Support Agreement is the Restructuring Transaction, the Borrower shall, subject to approval and authorization of the Court in the CCAA Proceeding, pursue and support the Restructuring Transaction promptly in good faith upon the terms and conditions set forth herein and in the PSA, and the Borrower shall not take any steps or actions that could reasonably be expected to prevent, delay or impede the successful and timely implementation of the Restructuring Transaction, or take any other action that is inconsistent with, or that could reasonably be expected to impede the consummation or effectiveness of the Restructuring Transaction, except, in each case, with the approval of the Majority Consenting First Lien Lenders.

(c) Other than through and in accordance with the SISP and this Support Agreement, the Borrower shall not directly or indirectly through any representative: (i) solicit, initiate, knowingly facilitate or knowingly encourage (including by way of furnishing information or entering into any agreement) any inquiries or proposals regarding any other transaction (an "**Other Transaction**"); (ii) participate in any substantive discussions or negotiations with any Person regarding any Other Transaction; (iii) accept, approve, endorse or recommend or propose publicly to accept, approve, endorse or recommend any Other Transaction; or (iv) enter into, or publicly propose to enter into, any agreement in respect of any Other Transaction; provided for greater certainty that nothing in this Section 12(c) shall prohibit or restrict in any way the Borrower's rights under the SISP to solicit, discuss, negotiate and implement a Superior Offer, in each case in accordance with the terms of the SISP and this Support Agreement.

13. Termination

(a) This Support Agreement may be terminated by the Majority Consenting First Lien Lenders or First Lien Agent, in their sole discretion, by providing written notice to the other Parties hereto, upon:

(i) the Borrower failing to meet any of the timeline requirements set forth in the Term Sheet within the times set forth therein (as such times may be extended in accordance with the terms hereof);

(ii) the Borrower breaching any of its material obligations, covenants, representations or warranties under this Support Agreement (including the Term Sheet), provided that if such obligation, covenant, representation or warranty is curable, it remains uncured for 5 Business Days after receipt by the Borrower of written notice thereof;

(iii) the issuance of any preliminary or final decision, order or decree by a governmental entity, or the commencement of an action or investigation by any governmental entity, in consequence of or in connection with the Restructuring Transaction, which restrains, impedes or prohibits the Restructuring Transaction;

(iv) the appointment of a receiver, interim receiver, receiver and manager, trustee in bankruptcy, liquidator or administrator with respect to the Borrower, unless such appointment is made with the prior written consent of the Majority Consenting First Lien Lenders;

(v) any of the conditions set out in Section 9 not being waived, or satisfied and discharged in accordance with the terms thereof; or

(vi) if the Transaction has not been completed by the Outside Date,

in each case unless the event giving rise to the termination right is waived or cured in accordance with the terms hereof.

(b) This Support Agreement may be terminated by the Borrower, by providing written notice to the Consenting First Lien Lenders and First Lien Agent, upon:

(i) (A) with respect to any Consenting First Lien Lender, if such Consenting First Lien Lender has materially breached any of its obligations, covenants, representations or warranties under this Support Agreement, provided that if such obligation, covenant, representation or warranty is curable, it remains uncured for 5 Business Days after receipt by the applicable Consenting First Lien Lender of written notice thereof, and

(B) with respect to all of the Consenting First Lien Lenders if at any time the aggregate outstanding principal amount of the Loans held by all Consenting First Lien Lenders does not equal more than 50% of the aggregate outstanding principal amount of the Loans, and remains uncured for 5 Business Days;

(ii) in the event the Transaction to be implemented pursuant to this Support Agreement is the Restructuring Transaction, (a) the PSA is not executed and delivered on or before August 17, 2018; (b) the PSA not being approved by the Court by August 30, 2018; or (c) following the execution of such document, the PSA being terminated in accordance with its terms;

(iii) upon the issuance of any preliminary or final decision, order or decree by a governmental entity, or the commencement of an action or investigation by any governmental entity, in consequence of or in connection with the Transaction, which restrains, impedes or prohibits the Transaction;

(iv) any of the conditions set out in Section 10 not being waived, or satisfied and discharged in accordance with the terms thereof; or

(v) if the Transaction has not been completed by the Outside Date.

(c) This Support Agreement may be terminated at any time by written consent of the Borrower, each Consenting First Lien Lender, and the First Lien Agent.

(d) This Support Agreement shall automatically terminate following the completion of the Transaction on the Effective Date.

(e) Subject to Sections 13(f) and 13(g) below, this Support Agreement, upon its termination, shall be of no further force and effect and each Party hereto shall be automatically and simultaneously released from its commitments, undertakings, and agreements under or related to this Support Agreement.

(f) Each Party shall be responsible and shall remain liable for any breach of this Support Agreement by such Party (but not, in the case of Consenting First Lien Lenders, the breach by any other Consenting First Lien Lender) occurring prior to the termination of this Support Agreement.

(g) Notwithstanding the termination of this Support Agreement pursuant to this Section 13, the agreements and obligations of the Parties in Sections 7(g), 7(r), 14, 17(m) through 17(v) shall survive such termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof.

14. Confidentiality

The Borrower agrees to maintain the confidentiality of the identity and the specific holdings of each Consenting First Lien Lender, provided however, that such information may be disclosed: (i) to the Borrower's directors, trustees, executives, officers, auditors, employees and financial and legal advisors or other agents (collectively referred to herein as the "**Representatives**" and individually as a "**Representative**") provided that each such Representative is informed of, and directed to comply with, this confidentiality provision; (ii) to the First Lien Agent, (iii) the Monitor appointed in the CCAA Proceeding and the Monitor's legal counsel; (iv) the Court, provided that the Borrower shall make reasonable efforts to obtain an order of the Court sealing such information; and (v) to Persons in response to, and to the extent required by, (x) any subpoena, or other legal process, including, without limitation, by a court of competent jurisdiction or applicable rules, regulations or procedures of a court of competent jurisdiction, or (y) any regulatory agency or authority. If the Borrower or any of its Representatives receive a subpoena or other legal process as referred to in clause (v)(x) above in connection with this Support Agreement, the Borrower shall provide the applicable Consenting First Lien Lenders with prompt written notice of any such request or requirement, to the extent permissible and practicable under the circumstances, so that the Consenting First Lien Lenders may seek a protective order or other appropriate remedy. Each Consenting First Lien Lender agrees that the Borrower is permitted to publicly disclose the existence, content, terms and factual details of this Support Agreement, including the aggregate holdings of the Consenting First Lien Lenders, (but not the identity and specific individual holdings of, any Consenting First Lien Lender), including, without limitation, in press releases and court materials, produced by the Borrower in connection with seeking approval of the Support Agreement or the Restructuring Transaction.

15. Additional Consenting First Lien Lenders

Each Party hereby acknowledges that additional First Lien Lenders may join this Support Agreement at any time by agreeing pursuant to the Joinder Agreement to be bound by all of the terms of this Support Agreement as if such First Lien Lender had originally executed this Support Agreement in respect of all Loans beneficially owned and/or managed by such First Lien Lender (each such First Lien Lender, an "**Additional Consenting First Lien Lender**" and all such Additional Consenting First Lien Lenders together with the Consenting Transferees, the "**Joining Consenting First Lien Lenders**").

16. Further Assurances

The Borrower and each Consenting First Lien Lender shall do all such things in their control, take all such actions as are commercially reasonable, deliver to the other Parties such further information and documents and execute and deliver to the other Parties such further instruments and agreements as another Party shall reasonably request to consummate or confirm the transactions provided for in this Support Agreement, to accomplish the purpose of this Support Agreement or to assure to the other Party the benefits of this Support Agreement, including, as applicable, directing the First Lien Agent to take all such actions.

17. Miscellaneous

(a) Any reference to "CAD$" refers to lawful currency of Canada. Any reference to "US$" refers to lawful currency of the United States of America.

(b) The agreements, representations, warranties and covenants of the Consenting First Lien Lenders herein are, in all respects, several, and not joint or joint and several.

(c) Nothing in this Support Agreement is intended to preclude the Consenting First Lien Lenders or their respective affiliated funds, investment vehicles, managed accounts or portfolio companies from engaging in any securities transactions, subject to the agreements set forth in Section 5 with respect to the Relevant Loans and Debt.

(d) The headings in this Support Agreement are for reference only and shall not affect the meaning or interpretation of this Support Agreement.

(e) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

(f) This Support Agreement (including all schedules hereto) and all other agreements entered into in connection with the Transaction constitutes the entire agreement and supersedes all prior agreements and understandings, both oral and written, among the Parties with respect to the subject matter hereof.

(g) For purposes of this Support Agreement, the SISP or the Transaction, the Borrower shall be entitled to rely on written confirmation from Bennett Jones that the Majority Consenting First Lien Lenders have agreed, waived, consented to or approved a particular matter. Bennett Jones shall be entitled to rely on a communication in any form acceptable to Bennett Jones, in its sole discretion, from any Initial Consenting First Lien Lenders for the purpose of determining whether such Initial Consenting First Lien Lender has agreed, waived, consented to or approved a particular matter, and the principal amount of Loans held by such Initial Consenting First Lien Lender.

(h) No director, officer or employee of the Borrower or any of the Borrower's legal, financial or other advisors shall have any personal liability to any of the Consenting First Lien Lenders or the First Lien Agent under this Support Agreement or as a result of the execution or delivery of items required by this Agreement. No director, officer or employee of any of the Consenting First Lien Lenders or the First Lien Agent shall have any personal liability to the Borrower, the other Consenting First Lien Lenders or First Lien Agent under this Support Agreement.

(i) For purposes of this Support Agreement, the SISP or the Transaction, where a matter shall have been agreed, waived, consented to or approved by the Borrower, or a matter must be satisfactory or acceptable to the Borrower, such agreement, waiver, consent, approval or other action shall be determined by the Special Committee. The Consenting First Lien Lenders shall be entitled to reply on written confirmation from Cassels that the Special Committee has agreed, waived, consented to or approved a particular matter.

(j) This Support Agreement may be modified, amended or supplemented as to any matter in writing signed by the Borrower, the Majority Consenting First Lien Lenders and First Lien Agent; provided however, that any amendment to the definitions of "Minimum Consideration Threshold" or "Superior Offer" under the SISP shall require the written approval of all of the Initial Consenting First Lien Lenders.

(k) Any provision of this Support Agreement may be waived if, and only if, such waiver is in writing and signed by the Party against whom the waiver is to be effective (or, in the case of the Majority Consenting First Lien Lenders, Bennett Jones). A waiver by the Consenting First Lien Lenders will require the agreement of the Majority Consenting First Lien Lenders in order to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise.

(l) Any date, time or period referred to in this Support Agreement shall be of the essence except to the extent to which the Parties agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.

(m) This Support Agreement is to be governed and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein applicable to contracts made and to be performed in such province, without giving effect to the conflict of laws principles thereof, and all actions or proceedings arising out of or relating to this Support Agreement shall be heard and determined exclusively in the courts of the Province of Alberta.

(n) It is understood and agreed by the Parties that money damages would not be a sufficient remedy for any breach of Sections 5(b), 5(c), 5(d), 5(e) and/or 5(f) by any of the Consenting First Lien Lenders and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy of any such breach, including an order by a court of competent jurisdiction requiring any Party to comply promptly with any of such obligations.

(o) In the event of a material breach of this Support Agreement by any of the Consenting First Lien Lenders, the Consenting First Lien Lenders and the First Lien Agent agree that the breaching Consenting First Lien Lender shall be stayed from any action to (i) accelerate or enforce or take any action or initiate any proceeding to accelerate or enforce the payment or repayment of any Debt (including for greater certainty any due and unpaid interest on its Relevant Loans) or Additional Claims for a period of 6 months or (ii) object to a reasonable extension of the stay of proceedings in the CCAA Proceedings.

(p) Unless expressly stated otherwise herein, this Support Agreement is intended to solely bind and inure to the benefit of the Parties and their respective successors, permitted assigns, heirs, executors, administrators and representatives, and, with respect to Section 7(g) to also inure to the benefit of the respective Persons named therein and their respective successors, permitted assigns, heirs, executors, administrators and representatives. No other Person or entity shall be a third party beneficiary hereof.

(q) No Party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Support Agreement without the prior written consent of the other Parties hereto, except by the Consenting First Lien Lenders with respect to a Transfer of Relevant Loans and Debt in compliance with and to the extent permitted by Section 5(c)(i).

(r) All notices, requests, consents and other communications hereunder to any Party shall be deemed to be sufficient if contained in a written instrument delivered in person or sent by facsimile, internationally-recognized overnight courier or email. All notices required or permitted hereunder shall be deemed effectively given: (i) upon personal delivery to the Party to be notified; (ii) when sent by facsimile or email if sent during normal business hours of the recipient, if not, then on the next Business Day of the recipient; or (iii) one Business Day after deposit with an internationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All deliveries required or permitted hereunder shall be deemed effectively made: (i) upon personal delivery to the Party receiving the delivery; (ii) one Business Day after deposit with an internationally recognized overnight courier, specifying next day delivery, with written verification of receipt; or (iii) upon receipt of delivery in accordance with instructions given by the Party receiving the delivery. Any Party may change the address to which notice should be given to such Party by providing written notice to the other Parties hereto of such change. The address, facsimile and email for each of the Parties shall be as follows:

(i) If to the Borrower:

Connacher Oil and Gas Limited
Suite 1040, 640 5th Avenue SW
Calgary, AB T2P 3G4
Attention: Suzanne Loov

Email: sloov@connacheroil.com

with a copy (which shall not constitute notice) given in like manner to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King St West
Toronto, ON M5H 3C2
Attention: Ryan Jacobs and Joseph Bellissimo

Facsimile: 416.640.3189
Email: rjacobs@casselsbrock.com; jbellissimo@casselsbrock.com

(ii) If to one or more Initial Consenting First Lien Lenders or Consenting First Lien Lenders at:

The address set forth for each applicable Initial Consenting First Lien Lender or Consenting First Lien Lenders at the address shown for it beside its signature.

with a copy (which shall not constitute notice) given in like manner to:

Bennett Jones LLP
3400 One First Canada Place
Toronto, ON M5X 1A4
Attention: Sean Zweig and Luke Morrison

Facsimile: 416.863.1716
Email: zweigs@bennettjones.com; morrisonl@bennettjones.com

(iii) If to the First Lien Agent:

Wilmington Trust, National Association
Rodney Square North, 1100 North Market Street
Wilmington, DE 19890
Attention: Jennifer K. Anderson

Facsimile: 302.636.4145
Email: jkanderson@wilmingtontrust.com

with a copy (which shall not constitute notice) given in like manner to:

Jones Day
222 East 41st Street
New York, NY 10017-6702
Attention: Lewis Grimm and Pedro Jimenez

Facsimile: 212.755.7306
Email: lgrimm@jonesday.com; Pjimenez@jonesday.com

with a copy (which shall not constitute notice) given in like manner to:

Bennett Jones LLP
3400 One First Canada Place
Toronto, ON M5X 1A4
Attention: Sean Zweig and Luke Morrison

Facsimile: 416.863.1716
Email: zweigs@bennettjones.com; morrisonl@bennettjones.com

(s) The payment and issuance of fees, costs, expenses, compensation and other amounts under this Support Agreement will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charged (including penalties, interest and other liabilities, or expenses related thereto) imposed or levied by or on behalf of any authority or agency having power to tax.

(t) If any term, provision, covenant or restriction of this Support Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions, including terms, covenants and restrictions, of this Support Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the Parties shall negotiate in good faith to modify this Support Agreement to preserve each Party's anticipated benefits under this Support Agreement.

(u) Except as explicitly provided for herein, and notwithstanding any termination of this Support Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair or restrict the ability of any Consenting First Lien Lender or the Borrower to protect and preserve its rights, remedies and interests (including, with respect to the Consenting First Lien Lenders, their claims against the Borrower), and each Party fully reserves any and all of its rights. Nothing herein shall be deemed an admission of any kind.

(v) This Support Agreement may be executed by facsimile or other electronic means and in one or more counterparts, all of which shall be considered one and the same agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Support Agreement to be duly executed and delivered by its proper and duly authorized officer as of the date first written above.

CONNACHER OIL AND GAS LIMITED

By: ______________________________

Name: Merle Johnson

Title: CEO

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Administrative Agent

By: ______________________________

Name:

Title:

IN WITNESS WHEREOF, each of the undersigned has caused this Support Agreement to be duly executed and delivered by its proper and duly authorized officer as of the date first written above.

CONNACHER OIL AND GAS LIMITED

By: ______________________________

Name:

Title:

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Administrative Agent

By: J. Anderson

Name: Jennifer Anderson

Title: Vice President

STRICTLY CONFIDENTIAL

Name of Consenting First Lien Lender: Rimrock Capital Management, LLC

Per: ______________________

Name: Chris Chester

Title: Managing Director

Address:

100 Innovation Dr.

Irvine, CA 92617

____

____

Aggregate Principal amount of Loans held by the Consenting First Lien Lender pursuant to the First Lien Credit Agreement	
Aggregate Principal amount of Additional Claims held by the Consenting First Lien Lender	

STRICTLY CONFIDENTIAL

Name of Consenting First Lien Lender:

____

Per: ______________________________

Name:

Title:

Address:

____

____

____

____

Aggregate Principal amount of Loans held by the Consenting First Lien Lender pursuant to the First Lien Credit Agreement	
Aggregate Principal amount of Additional Claims held by the Consenting First Lien Lender	

STRICTLY CONFIDENTIAL

Name of Consenting First Lien Lender: **Avenue Energy Opportunities Fund, L.P.**

By: Avenue Energy Opportunities Partners, LLC, its General Partner

By: GL Energy Opportunities Partners, LLC, its Managing Member

By: ____________________
Name: Sonia Gardner
Title: Member

Address:

399 Park Avenue

NY, NY 10022

Aggregate Principal amount of Loans held by the Consenting First Lien Lender pursuant to the First Lien Credit Agreement	

STRICTLY CONFIDENTIAL

Name of Consenting First Lien Lender: **Trilogy Capital Management, LLC**

Per: Jonathan Rosenstein

Name: JONATHAN ROSENSTEIN

Title: MANAGING PARTNER

Address:

800 Westchester Avenue

Suite N 517

Rye Brook NY 10573

Aggregate Principal amount of Loans held by the Consenting First Lien Lender pursuant to the First Lien Credit Agreement	
Aggregate Principal amount of Additional Claims held by the Consenting First Lien Lender	

STRICTLY CONFIDENTIAL

Name of Consenting First Lien Lender: Credit Suisse Loan Funding, LLC

Per: [signature]

Name: Robert Healey

Title: Authorized Signatory

Address:

11 Madison Ave.

New York, NY 10010

Aggregate Principal amount of Loans held by the Consenting First Lien Lender pursuant to the First Lien Credit Agreement	
Aggregate Principal amount of Additional Claims held by the Consenting First Lien Lender	

STRICTLY CONFIDENTIAL

Name of Consenting First Lien Lender: Greywolf CLO II, Ltd.

Per: Troy

Name: William Troy

Title: Authorized Signatory

Address:

Greywolf Loan Management LP
4 Manhattanville Road, Suite 201
Purchase, New York 10577

Aggregate Principal amount of Loans held by the Consenting First Lien Lender pursuant to the First Lien Credit Agreement	
Aggregate Principal amount of Additional Claims held by the Consenting First Lien Lender	

STRICTLY CONFIDENTIAL

Name of Consenting First Lien Lender: Greywolf CLO III, Ltd.

Per:

Name: William Troy

Title: Authorized Signatory

Address:

Greywolf Loan Management LP
4 Manhattanville Road, Suite 201
Purchase, New York 10577

Aggregate Principal amount of Loans held by the Consenting First Lien Lender pursuant to the First Lien Credit Agreement	
Aggregate Principal amount of Additional Claims held by the Consenting First Lien Lender	

STRICTLY CONFIDENTIAL

Name of Consenting First Lien Lender: Greywolf CLO IV, Ltd.

Per:

Name: William Troy

Title: Authorized Signatory

Address:

Greywolf Loan Management LP
4 Manhattanville Road, Suite 201
Purchase, New York 10577

Aggregate Principal amount of Loans held by the Consenting First Lien Lender pursuant to the First Lien Credit Agreement	
Aggregate Principal amount of Additional Claims held by the Consenting First Lien Lender	

STRICTLY CONFIDENTIAL

Name of Consenting First Lien Lender: Greywolf Event Driven Master Fund

Per:

Name: William Troy

Title: Authorized Signatory

Address:

Greywolf Capital Management LP
4 Manhattanville Road, Suite 201
Purchase, New York 10577

Aggregate Principal amount of Loans held by the Consenting First Lien Lender pursuant to the First Lien Credit Agreement	
Aggregate Principal amount of Additional Claims held by the Consenting First Lien Lender	

<u>**STRICTLY CONFIDENTIAL**</u>

Name of Consenting First Lien Lender: Greywolf Strategic Master Fund SPC, Ltd. - MSP4

Per: ______________________

Name: William Troy

Title: Authorized Signatory

Address:

Greywolf Capital Management LP
4 Manhattanville Road, Suite 201
Purchase, New York 10577

Aggregate Principal amount of Loans held by the Consenting First Lien Lender pursuant to the First Lien Credit Agreement	
Aggregate Principal amount of Additional Claims held by the Consenting First Lien Lender	

STRICTLY CONFIDENTIAL

Name of Consenting First Lien Lender: Greywolf Overseas Intermediate Fund

Per:

Name: William Troy

Title: Authorized Signatory

Address:

Greywolf Capital Management LP
4 Manhattanville Road, Suite 201
Purchase, New York 10577

Aggregate Principal amount of Loans held by the Consenting First Lien Lender pursuant to the First Lien Credit Agreement	
Aggregate Principal amount of Additional Claims held by the Consenting First Lien Lender	

TAB A

SCHEDULE "A"

DEFINITIONS

Definition	Section
"Additional Claims"	Section 2(a)
"Additional Consenting First Lien Lender"	Section 15
"Advisors"	Section 2(e)
"Alternative Transaction"	Recitals
"Borrower"	Recitals
"CCAA"	Recitals
"CCAA Proceeding"	Recitals
"Consenting First Lien Lenders"	Recitals
"Consenting Transferee"	Section 5(c)(i)
"Court"	Recitals
"Credit Bid"	Recitals
"FA Approval Order"	Recitals
"First Lien Agent"	Recitals
"First Lien Credit Agreement"	Recitals
"First Lien Lenders"	Recitals
"Houlihan"	Recitals
"Houlihan Engagement Letter"	Recitals
"Indemnified Party" or "Indemnified Parties"	Section 7(g)
"Initial Consenting First Lien Lenders"	Recitals
"Initial Order"	Recitals
"Joining Consenting First Lien Lenders"	Section 15
"Loans"	Recitals
"Managed Fund"	Section 5(c)(i)
"Other Transaction"	Section 12(c)
"Party" or "Parties"	Recitals
"PSA"	Recitals
"Relevant Loans"	Section 2(a)
"Representative(s)"	Section 14
"Restructuring Transaction"	Recitals
"Security"	Section 4(a)
"SISP"	Recitals
"Support Agreement"	Recitals

"Term Sheet"	Recitals
"Transaction"	Recitals
"Transfer"	Section 5(c)(i)

"**Administrative Reserve**" has the meaning ascribed to that term in the Term Sheet.

"**AER**" means the Alberta Energy Regulator, or any successor thereto having jurisdiction over the assets of the Borrower or certain of them or the operation thereof.

"**Approval and Vesting Order**" means an order of the Court, substantially in the form attached to the PSA.

"**Audited Financial Statements**" means the audited balance sheets, and the related statements of operations and comprehensive income (loss), statements of changes in shareholders' equity, and statements of cash flows, of the Borrower as of and for the fiscal year ended December 31, 2016, together with the notes thereto.

"**Bennett Jones**" means Bennett Jones LLP, counsel to the Initial Consenting First Lien Lenders and the First Lien Agent.

"**Business Day**" means each day, other than a Saturday or Sunday or a statutory or civic holiday, that banks are open for business in Toronto, Ontario, or Calgary, Alberta Canada.

"**Cassels**" means Cassels Brock & Blackwell, LLP, counsel to the Borrower.

"**Competition Act**" means the *Competition Act* (Canada), R.S.C. 1985, c. C-35.

"**Contingent Liabilities**" means, with respect to a Person, any agreement, undertaking or arrangement by which the Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or other, to provide funds for payment, to supply funds to, or otherwise to invest in a debtor, or otherwise to assure a creditor against loss) the obligation, debt or other liability of any other Person or guarantees the payment of dividends or other distributions upon the shares (or other ownership interests) of any Person. The amount of any contingent liability will, subject to any limitation contained therein, be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the obligation, debt or other liability to which the contingent liability is related.

"**Contract(s)**" means all agreements, contracts, leases (whether for real or personal property), purchase orders, undertakings, covenants not to compete, employment agreements, confidentiality agreements, licenses, instruments, obligations and commitments to which a Person is a party or by which a Person or any of its assets are bound or affected, whether written or oral.

"**Convertible Notes**" means the convertible notes issued to certain participating holders pursuant to an indenture dated May 8, 2015 among the Borrower and Wilmington Trust, National

Association, as trustee, having a face value of US$35 million and a maturation date of August 31, 2018, which are secured on a second priority basis.

"**Credit Bid Purchaser**" means the Person (referred to in the Term Sheet as "**Newco**") incorporated and organized at the instruction of the Consenting First Lien Lenders to act as the "Purchaser" as defined in and under the PSA.

"**Credit Bid Trigger Date**" has the meaning ascribed to that term in the Term Sheet.

"**Debt**" means the Relevant Loans, together with the aggregate amount owing in respect of the Relevant Loans, including accrued and unpaid interest and any other amount that such Consenting First Lien Lender is entitled to claim in respect of the Relevant Loans pursuant to the First Lien Credit Agreement.

"**Direction**" means a direction substantially in the form attached hereto as Schedule "G".

"**Disclosure Letter**" means a letter from the Borrower to the Advisors dated the date hereof, all or any portion of which the Advisors shall be entitled to share with the Consenting First Lien Lenders which they represent, subject to the terms of the confidentiality provisions contained in the First Lien Credit Agreement.

"**Distribution Order**" has the meaning ascribed to that term in the Term Sheet.

"**Effective Date**" means the date on which a Transaction is implemented.

"**First Lien Obligations**" means all obligations and liabilities owing by the Borrower under the First Lien Credit Agreement.

"**GAAP**" means International Financial Reporting Standards, as adopted by the Canadian Accounting Standards Board, being Canadian generally accepted accounting principles for publicly accountable enterprises, as in effect from time to time.

"**Joinder Agreement**" means the joinder agreement, in the form attached hereto as Schedule "E".

"**Leased Premises**" means the premises leased by the Borrower under the Real Property Leases;

"**Majority Consenting First Lien Lenders**" means (i) as of the date of execution hereof, the Initial Consenting First Lien Lenders holding not less than a majority of the principal amount of Loans held by all Initial Consenting First Lien Lenders, and (ii) after the date hereof, in the event that there are Joining Consenting First Lien Lenders, the Consenting First Lien Lenders holding not less than a majority of the principal amount of Loans held by all Consenting First Lien Lenders.

"**Material Contract**" means each Contract and other instrument or document (including any amendment to any of the foregoing) of the Borrower:

(i) with any director, officer or affiliate of the Borrower;

(ii) that in any way purports to materially restrict the business activity of the Borrower or to limit the freedom of the Borrower to engage in any line of business or to compete with any Person or in any geographic area or to hire or retain any Person;

(iii) that could reasonably be expected to have a material effect on the business, affairs, condition, capitalization, properties, assets, liabilities, prospects, operations or financial performance of the Borrower, or on the Transaction; and

(iv) any other Contract, if a breach of such Contract could reasonably be expected to result in a material adverse effect.

"**Outside Date**" means September 30, 2018, or such other date as the Majority Consenting First Lien Lenders and the Borrower may agree.

"**Person**" means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated association, a governmental entity or any agency, instrumentality or political subdivision of a governmental entity, or any other entity or body.

"**Projections**" means all forward looking information and future oriented financial information and all other financial projections.

"**PSA**" has the meaning given to it in the recitals of this Support Agreement.

"**Real Property Leases**" means the leases and agreements to lease real property of the Borrower listed in the Disclosure Letter.

"**Releases**" shall have the meaning ascribed to that term in the Term Sheet.

"**SISP Approval Order**" means the order of the Court approving the SISP, in the form attached hereto as Schedule "F".

"**Special Committee**" means the Special Committee of the board of directors of the Borrower.

"**Superior Offer**" has the meaning ascribed to the term Superior Transaction in the SISP.

"**Tax**" or "**Taxes**" includes all present and future taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other changes of any nature imposed by any governmental authority, including income, capital, withholding, consumption, sales, use, transfer, goods and services, harmonized or other value added, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment health, education, business, school, property, local improvement, development, education development and occupation taxes, surtaxes, duties, levies, imposts rates, fees, assessments, withholdings, dues and charges, and other assessments or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance premiums and workers compensation premiums, together with all fines, interest, penalties on or in respect of, or in lieu of or for non-collection of, those taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other changes, whether disputed or not.

"**Tax Return**" or "**Tax Returns**" means all returns, declarations of estimated tax payments, reports, estimates, information returns, and statements, including any related or supporting information with respect to any of the foregoing, filed or required to be filed with any taxing authority.

TAB B

SCHEDULE "B"

TERM SHEET

SCHEDULE B

CONNACHER OIL AND GAS LIMITED

RECAPITALIZATION TERM SHEET

OUTLINE OF KEY TERMS AND CONDITIONS

*This summary of terms and conditions (the "**Term Sheet**") is not exhaustive or definitive as to the terms and conditions which would govern any transactions referred to herein. This Term Sheet does not give rise to any legally binding obligations, and no term or condition provided herein shall be effective except as may be specifically provided in definitive written agreements entered into by the applicable parties that have become effective in accordance with their terms.*

*Capitalized terms used herein but not otherwise defined herein have the meaning ascribed to them in the First Lien Credit Agreement dated as of May 23, 2014 among Connacher Oil and Gas Limited, as borrower (the "**Borrower**"), the lenders party thereto and Wilmington Trust, National Association, as successor administrative agent (as such agreement has been and may be amended, modified and supplemented from time to time, including by the Amendment No. 1 dated May 8, 2015, the "**First Lien Credit Agreement**" and all obligations and liabilities owing thereunder in connection therewith, the "**First Lien Obligations**") or the Support Agreement between the Borrower, the Consenting First Lien Lenders and the First Lien Agent dated March 19, 2018 (the "**Support Agreement**") to which this Term Sheet is attached as Schedule "B".*

I. PURPOSE OF TERM SHEET

This Term Sheet describes the material terms of the Alternative Transaction and the Restructuring Transaction, which the Consenting First Lien Lenders have confirmed their support of pursuant to the Support Agreement.

In the event of a conflict between the terms of this Term Sheet and the Support Agreement, the terms of the Support Agreement shall govern.

II. PARTIES

BORROWER (UNDER FIRST LIEN CREDIT AGREEMENT):	Connacher Oil and Gas Limited
FIRST LIEN ADMINISTRATIVE AGENT:	Wilmington Trust, National Association ("**Wilmington**"), as administrative agent under the First Lien Credit Agreement (in such capacity, and together with any sub-agent appointed by Wilmington to effect certain steps of the Restructuring Transaction on Wilmington's behalf, including entering into certain of the Definitive Documents (as defined below) the "**First Lien Agent**").
FIRST LIEN LENDERS:	Lenders under the First Lien Credit Agreement (the "**First Lien Lenders**")
CONSENTING FIRST LIEN	Certain funds managed by Credit Suisse, Trilogy Capital

LENDERS:	Management, LLC, Rimrock Capital, Greywolf Capital Management LP, Avenue Capital, and VR Capital (the "**Initial Consenting First Lien Lenders**"), together with Joining Consenting First Lien Lenders (the "**Consenting First Lien Lenders**").[1]
NEWCO:	A newly incorporated company ("**Newco**") to be organized in a jurisdiction acceptable to the Consenting First Lien Lenders. Newco will not be a "reporting issuer" (or the equivalent) in any jurisdiction of Canada or the United States.

III. SISP PROCESS

SALE AND INVESTMENT SOLICITATION PROCESS:	The Borrower shall forthwith, and in any event by March 28, 2018, make an application to the Court in the CCAA Proceeding for an order (a) authorizing and directing it to commence and implement the SISP and (b) approving the Support Agreement, pursuant to which the parties thereto agree to, and agree to implement, the matters set out therein, herein and in the SISP. The purpose of the SISP will be to solicit a sale or investment proposal acceptable to the Borrower by the Phase II Bid Deadline (as defined in the SISP) pursuant to the terms of the SISP, or such later date as may be agreed to by the Borrower with the consent of the Consenting First Lien Lenders, which must provide for net sale or investment proceeds at least equal to CAD$90 million, exclusive of the Borrower's cash on hand, plus cash consideration sufficient to indefeasibly pay all claims ranking *pari passu* or in priority to the claims of the First Lien Lenders and First Lien Agent (the "**Superior Offer**"). If (i) no Superior Offer is received pursuant to the SISP by the Phase II Bid Deadline, (ii) a Superior Offer is received by the Phase II Bid Deadline and accepted by the Borrower as a Successful Bid (as defined in the SISP) but is not approved by the Court by July 17, 2018 or does not close by August 17, 2018 (as such dates may be amended pursuant to the SISP), or (iii) the SISP is otherwise terminated in accordance with its terms (including following Phase I of the SISP) (any of the foregoing, the "**Credit Bid Trigger Date**"), the First Lien Agent and the Consenting First Lien Lenders shall take such steps as are required to promptly cause Newco to execute and deliver the PSA to the Borrower and to proceed in respect of the implementation of the Restructuring Transaction as soon as possible thereafter in

[1] Matters in this Term Sheet requiring the acceptance or agreement of the First Lien Agent shall require the acceptance or agreement of the Required Lenders, it being understood that the Initial Consenting First Lien Lenders own and control sufficient First Lien Obligations such that they are Required Lenders. Matters in this Term Sheet requiring the acceptance or agreement of the Consenting First Lien Lenders shall require the acceptance or agreement of the Consenting First Lien Lenders holding a majority of the principal amount of the Loans held by all the Consenting First Lien Lenders at the relevant time.

accordance with the terms specified herein.

IV. EFFECTIVE CONVERSION OF EXISTING FIRST LIEN DEBT

RESTRUCTURING TRANSACTION:

The Restructuring Transaction shall include the following transactions whereby:

(a) (i) all or substantially all of the Borrower's assets (including all cash of the Borrower, less such cash (A) necessary to satisfy in full any claims (including any claims under the CCAA Court-ordered charges established in the CCAA Proceeding) which are *pari passu* with or have priority over the claims under the First Lien Credit Agreement and (B) to fund the Administrative Reserve (as defined below) shall be transferred to Newco free and clear of all claims and encumbrances (other than such permitted encumbrances as may be specifically provided for in the Approval and Vesting Order (as defined below)), and (ii) Newco shall (A) assume all or substantially all of the Borrower's trade payables incurred on or after May 17, 2016, (B) assume all or substantially all of the Borrower's contractual obligations including the Royalty Agreement with Burgess Energy Holdings, LLC ("**BEH**") dated January 28, 2018 (the "**BEH Royalty Agreement**"), and (C) extend offers of employment to all of the Borrower's current employees and assume all obligations in respect thereof (the "**Newco Transfer and Assumption Transaction**"), which shall be effected by way of the PSA;

(b) the PSA will provide that Newco's obligation to pay the purchase price to the Borrower under the PSA will be satisfied at closing by: (i) Newco assuming the obligations and liabilities of the Borrower as described above in clause (a) above, (ii) Newco entering into the Newco First Lien Credit Agreement (as defined below) with the Borrower as the initial lender thereunder and issuing a term note to the Borrower in connection therewith in a principal amount equal to US$41,728,726.01[2] (the "**Term Note**"), and (iii) Newco issuing to the Borrower shares in the capital of Newco (the "**Newco Shares**");

(c) at closing, the Borrower and the First Lien Agent will enter into a "**Payment and Settlement Agreement**" (as defined in the PSA) whereby (i) the Borrower will transfer: (A) to the First Lien Agent on behalf of the First Lien Lenders all of the Borrower's rights and obligations under each of the Newco First Lien Credit Agreement and the Term Note; and (B) to the First Lien Agent on behalf of the First Lien Lenders, all

[2] US$ equivalent of CAD$50 million

of the Borrower's rights in the Newco Shares; and (ii) a portion of the First Lien Obligations shall be confirmed as repaid by the Borrower, with the remaining First Lien Obligations to be classified as residual debt;

(d) further to the transfer contemplated in subclause (c)(i)(A) above, each Tranche A Lender shall receive in respect of the principal amount (but not accrued interest) of its Tranche A Loans its *pro rata* share of the obligations under the Newco Senior Secured Term Facility (as defined below), based on the outstanding principal amount of Tranche A Loans owing to a Tranche A Lender in relation to the outstanding aggregate principal amount of Tranche A Loans owing to all Tranche A Lenders as of the Effective Date (as defined below);

(e) further to the transfer contemplated in subclause (c)(i)(B) above, each Tranche A Lender and Tranche B Lender shall receive in respect of, in the case of a Tranche A Lender, the accrued interest on its Tranche A Loans, and in the case of a Tranche B Lender, the principal and accrued interest of its Tranche B Loans, its *pro rata* share of the Newco Shares issued to First Lien Lenders, based on the outstanding accrued interest of Tranche A Loans and the outstanding principal and accrued interest of Tranche B Loans owing to a First Lien Lender in relation to the outstanding aggregate accrued interest of Tranche A Loans and principal and accrued interest of Tranche B Loans owing to all First Lien Lenders as of the Effective Date; and

(f) Newco will be the operating entity of the Borrower's business upon successful completion of the Restructuring Transaction.

NEWCO SHARES: The number of Newco Shares to be issued upon or in connection with implementation of the Restructuring Transaction will be determined by the Consenting First Lien Lenders, in consultation with the Borrower, prior to execution of the PSA. No fractional Newco Shares shall be issued. Any fractional Newco Shares that would have otherwise been issued shall be rounded down to the nearest whole number.

V. NEWCO SENIOR SECURED TERM FACILITY

NEWCO SENIOR SECURED TERM FACILITY: US$41,728,726.01[3] first lien term facility (the "**Newco Senior Secured Term Facility**"). A new first lien credit agreement will be entered into with respect to the Newco Senior Secured Term

[3] US$ equivalent of CAD$50 million

	Facility (the "**Newco First Lien Credit Agreement**").
MATURITY:	5 years from the Effective Date.
INTEREST RATE OPTIONS:	Term Loans will bear interest at LIBOR plus 6% or US Base Rate plus 5%, payable in cash quarterly in arrears, or, at Newco's option, LIBOR plus 2% cash and 6% PIK.
BORROWER:	Newco.
AGENT:	The First Lien Agent or such other agent acceptable to the Consenting First Lien Lenders (in such capacity, the "**New Agent**").
AMORTIZATION:	US$104,321.82 payable on the last Business Day of each fiscal quarter during the term of the Newco Senior Secured Term Facility.
GUARANTORS:	Any existing and future subsidiaries of Newco (the "**Guarantors**").
SECURITY AND RANKING:	First lien security interest in substantially all assets of Newco and the Guarantors, subject to the terms of any intercreditor agreement entered into in connection with any ABL Facility (as defined below) (if any) and subject to permitted encumbrances to be defined in the Newco First Lien Credit Agreement, including (i) Alberta Treasury Branches' ("**ATB**") security interest in certain cash collateral (the "**ATB Security**") held by ATB in connection with credit facilities provided by ATB to the Borrower which will be assigned and transferred from the Borrower to Newco pursuant to the terms of the PSA, and (ii) the security interests granted in connection with the BEH Royalty Agreement.
MANDATORY PREPAYMENTS:	Subject to any intercreditor agreement, amounts outstanding under the Newco Senior Secured Term Facility will be subject to mandatory prepayments from equity financings, debt issuances and asset dispositions under provisions consistent with the comparable provisions of the First Lien Credit Agreement, and annual mandatory prepayments in amount equal to 25% of Excess Cash Flow (to be defined in the Newco First Lien Credit Agreement).
VOLUNTARY PREPAYMENTS:	Voluntary prepayments allowed at any time without penalty.
REPRESENTATIONS AND WARRANTIES:	Similar to those set forth in the First Lien Credit Agreement, or as otherwise required by the Consenting First Lien Lenders.
AFFIRMATIVE COVENANTS:	Similar to those set forth in the First Lien Credit Agreement, or as otherwise required by the Consenting First Lien Lenders.

NEGATIVE COVENANTS:	Similar to those set forth in the First Lien Credit Agreement, or as otherwise required by the Consenting First Lien Lenders.
FINANCIAL COVENANTS:	To be mutually agreed upon by the parties.
UNRESTRICTED SUBSIDIARIES:	None.
EVENTS OF DEFAULT:	Similar to those set forth in the First Lien Credit Agreement, or as otherwise required by the Consenting First Lien Lenders.
DEFAULT RATE:	Any principal or interest payable under or in respect of the Newco Senior Secured Term Facility not paid when due shall, to the extent permitted by law, bear interest at the applicable interest rate plus 2% per annum.
REPORTING:	Newco shall (i) provide annual and interim financial reports (including, for certainty, customary management and discussion analysis, reporting of reserves data and other information regarding oil and gas activities) in the form prescribed for US registrants together with, in connection with the annual reports, copies of independent evaluation report(s) in respect of Newco's reserves, and (ii) forthwith thereafter host quarterly calls with the lenders to discuss the foregoing, which calls will include a question and answer period.
VOTING OF LENDERS UNDER NEWCO FIRST LIEN CREDIT AGREEMENT:	Substantially the same as under the First Lien Credit Agreement.
COST AND YIELD PROTECTION:	Usual and customary provisions requiring Newco to reimburse the Newco Senior Secured Term Facility lenders for any increased costs incurred as a result of regulatory changes announced subsequent to the Effective Date.
ASSIGNMENTS AND PARTICIPATIONS:	Substantially the same as under the First Lien Credit Agreement.
EXPENSES AND INDEMNIFICATION:	Substantially the same as under the First Lien Credit Agreement.
OTHER TERMS:	Other terms generally consistent with the First Lien Credit Agreement and as agreed to by the Consenting First Lien Lenders.
GOVERNING LAW AND FORUM:	Alberta.

VI. OTHER RESTRUCTURING TRANSACTION TERMS

EFFECTIVE DATE:	If (a) a Superior Offer is not received by the Phase II Bid Deadline pursuant to the SISP, (b) a Superior Offer is received by the Phase II Bid Deadline and accepted by the Borrower but is not approved by the Court by July 17, 2018 or does not close by August 17, 2018, or (c) the SISP is otherwise terminated in accordance with its terms (including following Phase I of the SISP) (or, with respect to each such specified date, such later date as may be agreed to by the Borrower with the consent of the Consenting First Lien Lenders), then the Restructuring Transaction shall promptly proceed and become effective on the date provided for under the Definitive Documents (as defined below) (the "**Effective Date**") and, as applicable, in accordance with any sequence specified therein.
ABL CREDIT FACILITY:	Newco may procure a senior secured multi-currency "first out" asset-based revolving credit facility in an amount up to CAD$37.5 million (the "**ABL Facility**"), which amount may be increased with the consent of lenders holding more than 50% of the principal amount outstanding under the Newco Senior Secured Term Facility, which may include the following terms: • Available for general corporate and/or operating purposes. • Loans under the ABL Facility will be available at any time prior to the maturity of the ABL Facility and amounts repaid under the ABL Facility may be re-borrowed. • Subject to the priority of the ATB Security, as may be applicable, first lien priority ranking on account receivable of Newco and any Guarantor, and deposit accounts and general intangibles related thereto, and second lien priority ranking on all other collateral, all in accordance with an intercreditor agreement to be agreed. • Other terms acceptable to the Consenting First Lien Lenders.
CONDITIONS PRECEDENT:	The Restructuring Transaction will be subject to the following closing conditions: A Superior Offer shall not have been received and consummated pursuant to the SISP. Receipt by the First Lien Agent (and New Agent, if applicable), and the Consenting First Lien Lenders of definitive legal documentation (the "**Definitive Documents**") implementing the

Restructuring Transaction (including, without limitation, the Newco First Lien Credit Agreement and any related guarantees, security documents, and intercreditor agreement (as applicable), which Definitive Documents shall be in form and substance acceptable to the Borrower and Consenting First Lien Lenders, acting reasonably.

All necessary governmental or regulatory approvals shall have been received on terms and conditions satisfactory to the Borrower and the Consenting First Lien Lenders, including without limitation:

- all necessary approvals of the Alberta Energy Regulator (the "**AER**") including approvals of any license transfer applications, and any approvals of any other governmental or regulatory authority having or exercising jurisdiction with respect to the transfer, ownership or operation of the assets proposed to be transferred to Newco under the PSA; and
- if required, approval under the *Competition Act* (Canada) (the "**Competition Act**").

Without limiting the foregoing, execution and delivery of (i) the PSA between the Borrower and Newco providing for the Newco Transfer and Assumption Transaction and (ii) the Payment and Settlement Agreement between the Borrower and the First Lien Agent, on terms and conditions acceptable to the Borrower and the Consenting First Lien Lenders, acting reasonably.

Receipt by the First Lien Agent of all unpaid fees up to the Effective Date owing to the First Lien Lenders under and in connection with the First Lien Credit Agreement, to be paid in full in cash.

Payment by the Borrower of all accrued and unpaid fees and expenses incurred by the Borrower's legal counsel, Cassels Brock & Blackwell LLP and Akin Gump Strauss Hauer & Feld LLP, as well as those incurred by Ernst & Young Inc. in its capacity as Court-appointed monitor (the "**Monitor**") and the Monitor's legal counsel, that have been invoiced prior to the Effective Date, including an estimate of fees and expenses through the Effective Date.

Payment by the Borrower of all accrued and unpaid expenses of the First Lien Agent, including the professional fees and expenses of Bennett Jones LLP, Jones Day and PricewaterhouseCoopers Inc. that have been invoiced prior to the Effective Date, including an estimate of fees and expenses through the Effective Date.

A unanimous shareholder agreement shall have been entered into in respect of Newco, such agreement in form and substance acceptable the Consenting First Lien Lenders.

Entry of an order of the Court, among other things, approving the Restructuring Transaction and the PSA and vesting the Borrower's assets in Newco free and clear of all liens and encumbrances except for permitted liens (the "**Approval and Vesting Order**"), which Approval and Vesting Order shall be in form and substance acceptable to the Borrower, the Consenting First Lien Lenders and the First Lien Agent, and shall not have been reversed, amended or stayed. The application for the Approval and Vesting Order shall include a request for a release to be effective on the Effective Date of each Consenting First Lien Lender, the First Lien Agent and the Borrower and their respective present and former shareholders, members, partners, officers, directors, employees, auditors, financial advisors, legal counsel and agents (the "**Released Parties**") from and against any and all demands, claims, liabilities, causes of action, debts, accounts, covenants, damages, executions and other recoveries based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Date, relating to, arising out of or in connection with the First Lien Credit Agreement, the CCAA Proceeding, the SISP, the Restructuring Transaction (including the PSA) and the Support Agreement; provided that nothing herein or in any such requested release shall release or discharge the Released Parties if it is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed gross negligence, fraud or wilful misconduct (the "**Releases**").

If required, obtaining an order of the Court assigning to Newco any or all of the Borrower's agreements that constitute assets subject to the PSA and not excluded therefrom (the "**Assignment Order**"), which Assignment Order shall be in form and substance acceptable to the Borrower and the Consenting First Lien Lenders and shall not have been reversed, amended or stayed.

No material adverse change in the business, operations, profits, assets or prospects of the Borrower shall have occurred since the date of the Support Agreement, and from the date of the Support Agreement to the closing, there shall be no new material, litigation, proceeding, injunction, order or claims against the Borrower that are not specifically contemplated by this Term Sheet.

Newco shall not be, and as a consequence of the Restructuring Transaction will not thereupon become, a "reporting issuer" (or the equivalent) under the securities laws of any jurisdiction of Canada or the United States.

CORPORATE GOVERNANCE:	The board of directors of Newco upon or promptly following implementation of the Restructuring Transaction (the "**New Board**") will be comprised of 5 directors, or such higher number of directors as may be determined by the Consenting First Lien Lenders, who will be initially selected as follows: • The Chief Executive Officer of Newco (who shall be Merle Johnson) shall occupy one position on the New Board. • Each person (or group of persons acting jointly or in concern for this purpose) that upon implementation of the Restructuring Transaction will hold at least 20% of the Newco Shares will be entitled to select one of the initial members of the New Board, and thereafter such level of share ownership shall entitle the holder or holders, as applicable, to director nomination rights. • To the extent not all of the initial members of the New Board are selected based in accordance with the bullets above, the Consenting First Lien Lenders, in consultation with the Borrower, shall designate the remaining members of the New Board.
EMPLOYEE MATTERS:	A management incentive plan shall be in place on terms acceptable to the Consenting First Lien Lenders and management on the Effective Date. Key management employment agreements shall be in place on terms acceptable to Consenting First Lien Lenders and such key management employees on the Effective Date. The Borrower's obligations to its non-executive employees shall be assumed by Newco and shall otherwise remain unaffected by the Restructuring Transaction. Executive employment arrangements will be as provided in the key management employment agreements referred to in the preceding paragraph.
TAX CONSIDERATIONS:	The Restructuring Transaction will be structured in a manner acceptable to the Borrower and the Consenting First Lien Lenders to effectuate the terms and conditions outlined herein in a tax efficient and acceptable manner for the Borrower and the Consenting First Lien Lenders.
DEFINITIVE DOCUMENTS:	The legal and financial advisors to the Borrower, the First Lien Agent and the Consenting First Lien Lenders shall work cooperatively with one another to prepare and finalize, as applicable, all documentation to effect the Transaction (including, without limitation and as applicable, the Definitive Documents, any Court documents, the Newco First Lien Credit Agreement, and the PSA) during the period of the SISP and through the

	closing of a Transaction. All such documentation relating to the Restructuring Transaction shall be in form and substance acceptable to the Borrower, the First Lien Agent and the Consenting First Lien Lenders, acting reasonably. The Borrower shall provide the legal and financial advisors to the First Lien Agent with all information related to the Borrower or its business necessary for the preparation or settlement of such documentation, as well as the drafts of such documentation.

VII. TRANSACTION – IMPLEMENTATION

TRANSACTION:	The Borrower, the Consenting First Lien Lenders, the First Lien Agent and their respective legal and financial advisors, shall work cooperatively with each other in respect of all matters necessary to implement the Transaction.
SUPPORT AGREEMENT	The Borrower, First Lien Agent and Consenting First Lien Lenders have signed the Support Agreement to support and facilitate the closing of either an Alternative Transaction identified pursuant to the SISP or the Restructuring Transaction, and agree to take such necessary steps to promptly implement the SISP and the completion of the Transaction.

VIII. SISP – TIMELINES

As set forth in the SISP attached at Schedule "D" to the Support Agreement.

IX. RESTRUCTURING TRANSACTION – TIMELINES[4]

Execution of PSA	Promptly after the occurrence of the Credit Bid Trigger Date
Application for Approval and Vesting Order (and Assignment Order, if required)	Within 12 business days after execution of the PSA
Filing of Competition Act application (if required)	Within 10 days after Approval and Vesting Order is granted
Submission of AER license transfer applications	Contemporaneously with/same day as execution of PSA
Deadline for occurrence of Effective Date (i.e. "Closing" under the PSA and completion of all other Restructuring Transaction steps)	Within 45 days after Approval and Vesting Order is granted

[4] Applicable if Restructuring Transaction proceeds as contemplated under Part V above.

X. ADDITIONAL MATTERS

REPAYMENT:	Notwithstanding anything else contained herein, the Borrower may repay in cash all First Lien Obligations under the First Lien Credit Agreement at any time prior to the consummation of any transaction, in which case the Support Agreement and the obligations thereunder shall be terminated and of no force and effect, except such agreements and obligations of the parties that by their terms expressly survive termination of the Support Agreement.
POST-TRANSACTION CLOSE TRANSITION MATTERS	In the event the Restructuring Transaction is to be effected, the PSA and the Approval and Vesting Order shall provide, that the Borrower shall retain from existing cash on hand at closing, (i) such amounts as are necessary to satisfy in full any claims (including any claims under the CCAA Court-ordered charges established in the CCAA Proceeding) which are *pari passu* with or have priority over the claims under the First Lien Credit Agreement, and (ii) a cash reserve in the amount set forth on Schedule H to the PSA or such other amount as may be agreed to by each of the Borrower, the Monitor and the Consenting First Lien Lenders (the "**Administrative Reserve**")[5] in order to facilitate an orderly wind-down of the Borrower and/or the monetization or distribution of any assets of the Borrower not otherwise acquired by Newco. In the event that the Transaction is to be effected through a Superior Offer, contemporaneously with seeking court approval of the Superior Offer, the Borrower shall seek Court approval of a distribution order in form and substance acceptable to the Borrower, the First Lien Agent, the Consenting First Lien Lenders and Monitor, which order shall provide for the distribution of a portion of the sale proceeds from the Transaction and the establishment of a reserve of such required funds to address priority or *pari passu* claims in full (including all Court-ordered charges) and the funding of the Administrative Reserve (the "**Distribution Order**").

[5] It is assumed that the cash-on-hand at closing will be sufficient to satisfy all priority or *pari passu* claims.