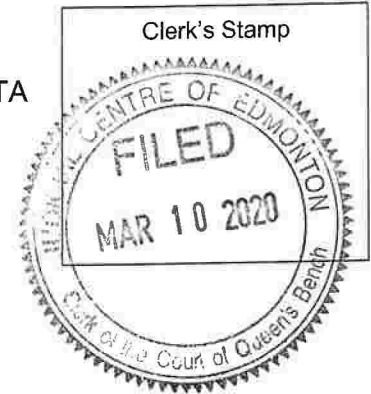


COURT FILE NUMBER 1803-22289
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF ATB FINANCIAL
DEFENDANT D.L.M. OILFIELD ENTERPRISES LTD.
DOCUMENT **AFFIDAVIT OF IAN MARK PHILIP**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY
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AFFIDAVIT OF IAN MARK PHILIP
Sworn on March 10, 2020

I, **IAN MARK PHILIP**, of the City of Edmonton, in the Province of Alberta, **SWEAR AND SAY THAT:**

1. I am a Director of Corporate Credit and was previously a Director of the Turnaround and Restructuring Group of ATB Financial ("**ATB**"). I was directly involved with the account of D.L.M. Oilfield Enterprises Ltd. (the "**Debtor**") and was responsible for: (i) managing the secured credit facilities provided to the Debtor by ATB at the time of ATB's Receivership Application; and, (ii) negotiating the Forbearance Amending Agreement and the proposed Assignment of Debt and Security with the Debtor's subordinate lender, Bond Mezzanine Capital III Limited Partnership ("**Bond**"). Additionally, I have reviewed the books and records maintained by and in the possession of ATB in the ordinary course of business and the Holland Affidavits (as defined below) and was personally involved in the matters set out therein. Based on the aforementioned and upon such review, I have personal knowledge of the matters and facts hereinafter sworn to, except where stated to be based on information and belief, in which case, I believe the same to be true.

2. This Affidavit is sworn in support of the application (the "**Distribution Application**"), filed November 25, 2019, in the within proceedings, by Ernst & Young Inc. (the "**Receiver**"), in its

capacity as the Court-appointed receiver and manager of the Debtor's property, seeking: (i) approval of the distribution of various proceeds to ATB and other secured creditors; and, (ii) the discharge of the Receiver.

Background

3. Evidence concerning:

- (a) the Debtor's capital structure and ATB's interests in and under the Commitment Letter, the Equipment Loan and Security Agreements, the GSA, the Intercreditor Agreements, the Forbearance Agreement, and other agreements, documents, and interests, as between the Debtor, ATB and Bond, are set out and defined in the Affidavit of Trina Holland, sworn on December 10, 2018 (the "**First Holland Affidavit**"). Now shown to me and market as **Exhibit "A"** to this, my Affidavit, is a true copy of the body of the First Holland Affidavit; and,
- (b) the Forbearance Amending Agreement, the adjournment of ATB's Receivership Application to allow time for ATB and Bond to enter into the Debt and Security Assignment Agreement, the five (5) extensions to the time frame within which ATB and Bond could enter into the Debt and Security Assignment Agreement, the additional Notice of Default and Demand provided by ATB to the Debtor and Bond informing same of the Forbearance Defaults and advising of ATB's intention to seek entry of the Consent Receivership Order, and other related matters, are set out and defined in the Supplemental Affidavit of Trina Holland, sworn on February 5, 2019 (the "**Supplemental Holland Affidavit**", the Supplemental Holland Affidavit and the First Holland Affidavit are collectively referred to as, the "**Holland Affidavits**"). Now shown to me and market as **Exhibit "B"** to this, my Affidavit, is a true copy of the body of the Supplemental Holland Affidavit.

(i) Equipment Loan and Security Agreements

4. All of the Equipment Loan and Security Agreements are set out in the First Holland Affidavit. A number of pages from ELSA #2, attached as Exhibit "D" to the First Holland Affidavit were accidentally omitted. Attached hereto and marked as **Exhibit "C"** to this, my Affidavit, is a true copy of ELSA #2 and all amendments thereto.

(ii) Commitment Letter

5. ATB replaced PNC Bank Canada as the Debtor's operating lender pursuant to and by providing the Debtor with additional availments under the Commitment Letter, dated July 9, 2015 (the "**Initial ATB Operating CL**"). Now shown to me and attached as **Exhibit "D"** to this, my Affidavit, is a true copy of the Initial ATB Operating CL.

6. Since entering into the Initial ATB Operating CL, the Debtor and ATB entered into the following amended and restated commitment letters:

- (a) Amended and Restated Commitment Letter, dated May 20, 2016, between ATB, as lender, and the Debtor, as borrower;
- (b) Amended and Restated Commitment Letter, dated January 12, 2017, between ATB, as lender, and the Debtor, as borrower;
- (c) Amended and Restated Commitment Letter, dated March 30, 2017, between ATB, as lender, and the Debtor, as borrower;
- (d) Amended and Restated Commitment Letter, dated July 26, 2017, between ATB, as lender, and the Debtor, as borrower;
- (e) Amended and Restated Commitment Letter, dated February 8, 2018, between ATB, as lender, and the Debtor, as borrower; and,
- (f) Amended and Restated Commitment Letter, dated May 30, 2018 (the "**Commitment Letter**"), between ATB, as lender, and the Debtor, as borrower;

Now shown to me and attached as **Exhibits "E" to "J"** to this, my Affidavit, are copies of the above-referenced amended and restated commitment letters, in the same order as set out above.

7. In addition to the various default notices and correspondence set out in the Holland Affidavits, ATB also provided the Debtor and Bond with notice that the Debtor had committed an event of default under the Commitment Letter, by having a fixed charge ratio of less than 1.20:1, pursuant to the letter, dated September 18, 2018 (the "**September 2018 Default Notice**"). Pursuant to the September 2018 Default Notice, ATB also stated that it was prepared to waive its rights pursuant to the Commitment Letter for enforcement in relation to such breach but not any

other future or unknown current breaches. Now shown to me and attached as **Exhibit "K"** to this, my Affidavit, is a true copy of the September 2018 Default Notice.

Outstanding Indebtedness

8. As at March 10, 2020, the Debtor is indebted to ATB in the amount of \$15,862,439.93, plus all accruing interest, fees, costs, and expenses, pursuant to and in accordance with the terms of the relevant agreements between ATB and the Debtor (collectively, the "**Indebtedness**"). The Indebtedness includes obligations owing under the following credit facilities:

- (a) \$1,506,087.01 under a revolving operating loan facility, bearing account number 765-27855318100 ("**Facility #1**");
 - (b) \$5,266,793.26 under a non-revolving term facility in connection with ELSA #1;
 - (c) \$2,182,739.57 under a non-revolving term facility in connection with ELSA #2
 - (d) \$337,221.06 under a non-revolving term facility in connection with ELSA #3;
 - (e) \$2,573,118.88 under a non-revolving term facility in connection with ELSA #4; and,
 - (f) \$2,674,302.17 under a non-revolving term facility in connection with ELSA #5,
- (collectively, the "**ATB Credit Facilities**").

9. In addition to the ATB Credit Facilities, the Indebtedness also includes the debts and liabilities associated with an overage provided under the Debtor's Deposit Account (as defined below), which as at March 10, 2020, amounted to \$1,322,177.98.

10. Now shown to me and marked, as **Exhibits "L" to "Q"** to this, My Affidavit, are account statements, for the period of December 2018 to January 2020, for each of Facility #1, ELSA #1, ELSA #2, ELSA #3, ELSA #4, and ELSA #5, respectively.

Bond's involvement with the Forbearance Amending Agreement

11. The Debtor's receivership proceedings commenced pursuant to the Consent Receivership Order, granted February 8, 2019 (the "**Consent Receivership Order**"). The Consent Receivership Order was executed and provided by the Debtor, pursuant to and in accordance with the Forbearance Amending Agreement, dated December 20, 2018 (the "**Forbearance**

Amending Agreement”), between ATB and the Debtor. Now shown to me and attached as **Exhibit “R”** to this, my Affidavit, is a true copy of the Forbearance Amending Agreement.

12. Bond and its counsel were directly involved in the ongoing negotiation of the Forbearance Amending Agreement which, among other things, contemplated the delivery and the form of the Consent Receivership Order, the margining requirements, and the maximum amount allowed under Facility #1.

13. Specifically, pursuant to the Forbearance Amending Agreement:

- (a) ATB agreed to allow Facility #1 to revolve in accordance with a margin calculation, the effect of which was to provide an additional \$903,222 (the “**Additional ATB Overage Margin**”) of availability over the Debtor’s then maximum availability under its borrowing base, as contemplated and calculated under the Commitment Letter (collectively, the “**Maximum Forbearance Facility #1 Availability**”); and,
- (b) all availments and corresponding funding requests under the Commitment Letter were to be available solely under Facility #1; and,
- (c) in the event the Debtor’s Indebtedness under Facility #1 exceeded the Maximum Forbearance Facility #1 Availability, the Debtor was required to repay such overage amount (the “**Overage Amount**”) by obtaining, from Bond, a subordinated advance of the necessary funds required to pay the Overage Amount.

Attached hereto and collectively marked as **Exhibit “S”**, to this, my Affidavit, is a copy of the email correspondence between Bond’s Counsel and ATB’s Counsel concerning execution and delivery of the Forbearance Amending Agreement.

14. Following the occurrence of numerous defaults under the Forbearance Amending Agreement and the delivery of the Notice of Default and Demand (as defined and set out in the Supplemental Holland Affidavit), by ATB, to both the Debtor and Bond, ATB applied for and obtained the Consent Receivership Order, on February 8, 2019. The Consent Receivership Order was obtained on notice to both the Debtor and Bond. Attached hereto and marked as **Exhibit “T”**, to this my Affidavit, is a copy of an email dated February 8, 2019, wherein Bond’s counsel advised ATB’s counsel that he would not be appearing at the Receivership Application.

The February 5 Payment

15. The amount outstanding under Facility #1, as at January 25, 2019, as communicated to Bond pursuant to the Notice of Default and Demand, amounted to \$2,037,222, which included an Overage Amount of \$37,222.

16. Following the Notice of Default and Demand, which terminated any further availability of the Debtor under Facility #1 and the Forbearance Amending Agreement, the Additional ATB Overage Margin, of \$903,222, was also terminated and became immediately due and payable.

17. The Affidavit of Corry Silbernagel, sworn on December 6, 2019 (the "**Silbernagel Affidavit**"), refers to a loan payment of \$900,000 issued from the Debtor's business deposit account (the "**Deposit Account**") on or around February 5, 2019 (the "**February 5 Payment**").

18. Approximately \$894,568.74 of the total \$900,000 payment was by way of an overdraft advance from the Deposit Account, rather than actual amounts on deposit. The February 5 Payment was applied to the Debtor's outstanding Indebtedness under Facility #1. A copy of the Deposit Account statement is attached as Exhibit "E" to the Silbernagel Affidavit.

19. The net effect of the February 5 Payment was to reduce the amount outstanding under Facility #1 while creating a corresponding overdraft in the Debtor's Deposit Account.

Personal Property Registrations

20. ATB registered its security interests granted under the Equipment Loan and Security Agreements and the GSA, against the Debtor, in the Alberta Personal Property Registry (the "**AB PPR**").

21. Pursuant to the debtor name AB PPR Searches, dated October 4, 2019 (attached as Schedule "C" to the Supplement to the Receiver's Third Report, dated December 4, 2019), ATB registered serial number registrations, against:

- (a) all of the ATB Equipment subject to the Equipment Loan and Security Agreements. Attached hereto and marked as **Exhibit "U"** to this, my Affidavit, is a list of the ATB Equipment organized by Equipment Loan and Security Agreement and the corresponding AB PPR registration number concerning ATB's registration against same; and,

- (b) all other serial number goods of the Debtor, as set out in Schedule "E" (the "**Non-ELSA Equipment**") the Non-ELSA Equipment and the ATB Equipment are collectively referred to as, the "**Equipment**") of the Second Supplement to the Third Receiver's Report, dated January 13, 2020 (the "**Second Supplement**"). Attached hereto and marked as **Exhibit "V"** to this, my Affidavit, is a list of the Non-ELSA Equipment and the corresponding AB PPR registration numbers concerning ATB's serial number registrations against same.

(collectively, the "**ATB Serial Number Registrations**")

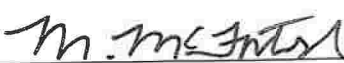
22. Following the auction and sale of the Equipment, the Receiver, by and through its counsel, discharged the ATB Serial Number Registrations (the "**PPR Discharges**"), so as to facilitate the transfer of assets, pursuant to the Auction Agreement and Auction Sale (both as defined in the Sale Approval and Vesting Order, granted on June 27, 2019), and the Amended Auction Agreement (as defined in the Amended Sale and Vesting Order, granted on October 29, 2019).

23. The authorization to complete the PPR Discharges was subject to certain conditions. Attached hereto and marked as **Exhibit "W"**, to this, my Affidavit, is a copy of the email correspondence dated September 24, 2019, setting out the authorization and the corresponding conditions associated with the PPR Discharges.

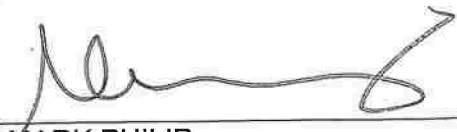
Conclusion

24. I swear this Affidavit in support of the Distribution Application and in opposition to Bond purporting to argue that it is entitled to priority over ATB, on any basis, and despite Bond's covenant not to challenge ATB's security, as set out in Section 2(b) of the Intercreditor Agreements, as defined in and attached as Exhibits "M" and "N" to the First Holland Affidavit.

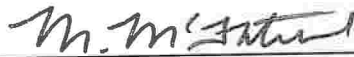
SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
10th day of March, 2020.)
)
)
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(Commissioner for Oaths in and for the)
Province of Alberta))

Molly McIntosh
Barrister & Solicitor


IAN MARK PHILIP

This is Exhibit "A" referred to in the Affidavit of
Ian Mark Philip
sworn before me this 10th day of March, 2020.



A Commissioner for Oaths in and for the Province of Alberta

Molly McIntosh
Barrister & Solicitor

COURT FILE NUMBER 1803- 22289
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF ATB FINANCIAL
DEFENDANT D.L.M. OILFIELD ENTERPRISES LTD.
DOCUMENT AFFIDAVIT OF TRINA HOLLAND

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AFFIDAVIT OF TRINA HOLLAND
Sworn on December 10, 2018

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

1. I am a Director with the Turnaround and Restructuring Group of ATB Financial ("ATB"). I have been directly involved with the account of D.L.M. Oilfield Enterprises Ltd. (the "**Debtor**") and am responsible for managing the secured credit facilities provided to the Debtor by ATB. Additionally, I have reviewed the books and records maintained by and in the possession of ATB in the ordinary course of business. Based on the aforementioned and upon such review, I have personal knowledge of the matters and facts hereinafter sworn to, except where stated to be based on information and belief, in which case, I believe the same to be true.

The Defendant

2. The Debtor is a body corporate, incorporated pursuant to the laws of the Province of Alberta, carrying on business in the City of Edmonton and elsewhere in the Province of Alberta. Attached hereto and marked as **Exhibit "A"** to this my affidavit, is a copy of the Alberta Corporate Registry search in respect of the Debtor, dated November 29, 2018.

Summary of Relief Sought

3. As of December 10, 2018, the Debtor is indebted to ATB in the amount of \$14,162,556.24, plus all accruing interest, fees, costs, and expenses, pursuant to and in accordance with the terms of the relevant agreements between ATB and the Debtor (collectively, the "**Indebtedness**"). The Indebtedness is repayable upon demand. Moreover, the Debtor recently agreed to repay the Indebtedness on November 30, 2018. The Debtor did not repay the Indebtedness on November 30, 2018 and, for the reasons set out below, the Debtor has no access to further credit with ATB and seemingly has no ability to fund its working capital requirements.

4. The value of ATB's security is less than what is owed to ATB. The Debtor has proposed that ATB forego payments on the principal amounts outstanding to ATB while the Debtor attempts to liquidate its assets. ATB does not support the Debtor's plan. This affidavit is thus sworn in support of an application by ATB to:

- (a) abridge, if necessary, the 10 day period required by section 244(2) of the *Bankruptcy and Insolvency Act* (the "**BIA**") for the delivery of a notice prior to the appointment of a receiver and manager (the "**Receiver**");
- (b) appoint Ernst & Young Inc. ("**EY**") as receiver and manager over all of assets, properties, and undertaking (collectively, the "**Property**") of the Debtor pursuant to section 243(1) of the BIA and section 13(2) of the *Judicature Act*, RSA 2000, c J-2;
- (c) seal certain Confidential Exhibits (as defined below) on the Court file until the conclusion of the within proceedings; and,
- (d) such other and related relief as counsel for ATB may advise.

Overview

5. The Debtor provides oilfield services to heavy oil producers in the greater Bonnyville, Cold Lake, Elk Point, Frog Lake, Lloydminster, and Wabasca areas in northern Alberta. As part of its operations, the Debtor owns or has an interest in a number of pieces of heavy equipment necessary for the completion of the Debtor's ongoing day to day operations (collectively, the "**Equipment**").

6. The Debtor has experienced financial difficulty and liquidity issues since September 2018. Specifically, as of September 28, 2018 the Debtor no longer had any availability under the Commitment Letter nor any of the Equipment Loan and Security Agreements (both as defined below).

7. To resolve its financial difficulties and liquidity issues, the Debtor attempted to undertake a strategic review process in an effort to repay the Indebtedness owing to ATB. The Debtor no longer had any availability to request draws under its operating facility and ATB entered into a Forbearance Agreement (as defined below) pursuant to which ATB agreed to allow the Debtor: (i) additional time; and, (ii) the additional financing necessary for the Debtor to continue its operations while undertaking its strategic review process. The process was to have resulted in payment to ATB by November 30, 2018. The Debtor's strategic review process did not yield any refinancing or other executable transactions other than a Debtor-driven sales process to be undertaken by the Debtor with the assistance of PricewaterhouseCoopers Inc. LIT ("PwC"). ATB did not consent to the Debtor engaging PwC to liquidate its assets.

8. The forbearance period under the Forbearance Agreement expired no later than November 30, 2018. During the first week of December 2018, ATB voluntarily forbore from issuing a demand for repayment to permit the Debtor the opportunity to attempt to find a workable solution to its liquidity problems. No such solution has been found and, accordingly, ATB has demanded the immediate repayment of Indebtedness.

9. The Debtor lacks the liquidity necessary to pay the Debtor's obligations as they come due, including, but not limited to, the Debtor's payroll obligations due on December 10, 2018, of which \$190,000 has been funded by ATB and the Debtor's \$2,251,943.18 in accounts payable (as at October 31, 2018 of which \$429,542 is aged greater than 120 days), let alone undertake or complete any self-directed sales process.

The Confidential Exhibits

10. ATB seeks to seal certain confidential exhibits to this Affidavit as hereinafter indicated (collectively, the "**Confidential Exhibits**"). The Confidential Exhibits contain valuation and other confidential information with respect to Debtor's Property. The information is privileged and confidential (same having been obtained by ATB's counsel from EY) pursuant to ATB's counsel's engagement of EY to assist it in advising ATB. Moreover, if the information set out in the Confidential Exhibits becomes available in the public domain, the sale or any other

transaction involving the Debtor's Property will be prejudiced and, by extension, the interests of ATB and other stakeholders will be harmed. The proposed sealing order is appropriate in the circumstances and that the relief is necessary to preserve such confidential information and prevent a serious risk to the commercial interests of the Debtor, ATB, and the Debtor's stakeholders.

Debtor's Capital Structure

11. In order to fund its operations, the Debtor entered into the following financing agreements with ATB:

- (a) Amended and Restated Commitment Letter, dated May 30, 2018 (the "**Commitment Letter**"), between ATB Financial, as lender, and D.L.M. Oilfield Enterprises Ltd., as borrower.
- (b) Equipment Loan and Security Agreement [Loan No. 765-27351805100], dated June 10, 2015, between Alberta Treasury Branches, as creditor, and D.L.M. Oilfield Enterprises Ltd., as debtor, as subsequently amended, supplement, and restated from time to time ("**ELSA #1**");
- (c) Equipment Loan and Security Agreement [Loan No. 765-27853542600], dated August 25, 2015, between Alberta Treasury Branches, as creditor, and D.L.M. Oilfield Enterprises Ltd., as debtor, as subsequently amended, supplement, and restated from time to time ("**ELSA #2**");
- (d) Equipment Loan and Security Agreement [Loan No. 765-31354982800], dated April 21, 2017, between Alberta Treasury Branches, as creditor, and D.L.M. Oilfield Enterprises Ltd., as debtor, as subsequently amended, supplement, and restated from time to time ("**ELSA #3**");
- (e) Equipment Loan and Security Agreement [Loan No. 765-31808875600], dated June 8, 2017, between Alberta Treasury Branches, as creditor, and D.L.M. Oilfield Enterprises Ltd., as debtor, as subsequently amended, supplement, and restated from time to time ("**ELSA #4**"); and,
- (f) Equipment Loan and Security Agreement [Loan No. 765-33262211400], dated March 14, 2018, between Alberta Treasury Branches, as creditor, and D.L.M.

Oilfield Enterprises Ltd., as debtor , as subsequently amended, supplement, and restated from time to time ("**ELSA #5**", ELSA #1, ELSA #2, ELSA #3, ELSA #4, and ELSA #5 are collectively referred to as the "**Equipment Loan and Security Agreements**").

Attached hereto and marked as **Exhibits "B", "C", "D", "E", "F", and "G"**, respectively, to this my Affidavit are copies of the Commitment Letter and each of the Equipment Loan and Security Agreements including all amendments and supplements thereto.

12. ATB made certain availments to the Debtor under and pursuant to the Commitment Letter and the Equipment Loan and Security Agreements. Specifically, ATB made available to the Debtor, pursuant to: (i) the Commitment Letter, a revolving operating loan facility, in the maximum amount \$4,000,000 ("**Facility #1**"); (ii) ELSA #1, a non-revolving term facility in the initial amount of \$8,000,000; (iii) ELSA #2, a non-revolving term facility in the initial amount of \$3,150,000; (iv) ELSA #3, a non-revolving term facility in the initial amount of \$1,000,000; (v) ELSA #4, a non-revolving term facility in the initial amount of \$3,300,000; and, (vi) ELSA #5, a non-revolving term facility in the initial amount of \$2,728,875 (collectively, the "**ATB Credit Facilities**").

13. Facility #1 is limited to the lesser of: (i) Cdn.\$4,000,000.00; or, (ii) the aggregate of (a) 75% of Good Accounts Receivable A of Borrower plus (b) 85% of Good Accounts Receivable B of Borrower. Borrowings under Facility #1 are repayable at any time upon ATB's demand. Notwithstanding the fact that Facility #1 is repayable upon demand, ATB established certain covenants under the Commitment Letter. The purpose of incorporating financial covenants in the Commitment Letter does not derogate from the demand nature of the Commitment Letter. Rather, the purpose of incorporating such financial covenants is to provide certain bench-marks against which ATB is able to monitor the Debtor's financial performance and to continually assess the Debtor's ability to perform its obligations to ATB.

14. The Debtor has incurred additional junior secured debts and liabilities to Bond Mezzanine Fund III Limited Partnership (the "**Subordinated Lender**") in the approximate amount of \$9,900,000 (collectively, the "**Subordinated Debt**").

Security

15. The financing provided by ATB to the Debtor under to the Equipment Loan and Security Agreements was to facilitate the purchase of certain Equipment. As security for such obligations, the Debtor granted to ATB, under and pursuant to the terms and conditions of the Equipment Loan and Security Agreements, a: (i) specific security interest over the Equipment subject to each of the Equipment Loan and Security Agreements; and, (ii) continuing and collateral security interest in the Equipment subject to each of the Equipment Loan and Security Agreements, as security for the repayment of all obligations, indebtedness, and liabilities of the Debtor to ATB. Attached hereto and marked as **Exhibit "H"** to this my Affidavit is a list of Equipment subject to the Equipment Loan and Security Agreements (collectively, the "**ATB Equipment**").

16. In addition to the security interests granted pursuant to the Equipment Loan and Security Agreements, the Debtor also executed, a General Security Agreement, dated August 25, 2015, as granted by the Debtor to and in favour of ATB, as subsequently amended pursuant to the Amending Agreement (General Security Agreement), dated April 21, 2017 (collectively referred to as, the "**GSA**"). Attached hereto and collectively marked as **Exhibit "I"** to this my Affidavit, is a copy of the GSA.

17. Pursuant to the GSA, as general and continuing collateral security for the payment and performance of all debts, liabilities, and obligations of the Debtor, the Debtor granted to ATB, a mortgage, pledge, charge, and security interest to and in favour of ATB, in all of the Debtor's present and after-acquired personal property (including all such property, assets, and undertakings owned or leased by or licensed to the Debtor and in which the Debtor at any time has an interest or to which the Debtor is or at any time may become entitled to) and in all proceeds and renewals thereof, accessions thereto and substitutions therefor (collectively and including the ATB Equipment, the "**Collateral**").

18. ATB's rights and remedies under the Equipment Loan and Security Agreements and the GSA are enforceable, *inter alia*, upon the Debtor's default, which includes, among others, the Debtor failing to pay the Indebtedness due and owing to ATB. Additionally, the GSA and the Equipment Loan and Security Agreements provide that upon a default or event of default, ATB is entitled to apply for the appointment of a Receiver.

Postponement and Assignment of Claims

19. In consideration of ATB extending credit to or otherwise dealing or continuing to deal with the Debtor, the following parties: (i) 297879 Alberta Ltd.; (ii) DLM GP LLC, in its capacity as General Partner of DLM Holdco L.P.; (iii) DLM GP LLC; (iv) DLM GP II LLC, in its capacity as General Partner of DLM Investco (US) II LP; (v) DLM GP II LLC; (vi) DLM GP II LLC, in its capacity as General Partner of DLM Investco (Can) II L.P.; (vii) Deerborn Oilfield Services Ltd.; (viii) DLM GP II LLC, in its capacity as general partner of DLM Investco (US) IV L.P.; (ix) Robert Duval; (x) Brant Evans; and, (xi) DLM GP II LLC, in its capacity as General Partner of DLM Investco (US) V LP (collectively, the "**Assignors**"), each, individually, entered into a Postponement Agreement to and in favour of ATB. Collectively marked as **Exhibit "J"** to this my Affidavit are copies of the Postponement and Subordination Agreements granted by each of the Assignors to and in favour of ATB (collectively, the "**Postponement Agreements**").

20. Pursuant to the Postponement Agreements, the Assignors each, individually, agreed that all indebtedness, present or future, of the Debtor to each respective and corresponding Assignor, together with each and every security therefor, is assigned to ATB and postponed to the present and future debts and liabilities of the Debtor to ATB.

PPR Search Results

21. ATB perfected its security interests, as granted under the Equipment Loan and Security Agreements, and the GSA, against the Debtor and the Collateral in the Alberta and British Columbia Personal Property Registries. Attached hereto and marked as **Exhibit "K"** and **Exhibit "L"**, to this my Affidavit, is a copy of the Alberta PPR and British Columbia PPR debtor name search results with respect to the Debtor, respectively.

Intercreditor Agreements

22. In connection with the Subordinated Loan Agreements and the Subordinated Debt, the Debtor, the Subordinated Lender, and ATB entered into:

- (a) Intercreditor and Subordination Agreement, dated June 12, 2015, between ATB, as equipment lender, the Subordinated Lender, as subordinated lender, and the Debtor, as borrower, as amended pursuant to: (i) the First Amending Agreement, dated August 25, 2015; (ii) the Second Amending Agreement, dated April 21, 2017; (iii) the Third Amending Agreement, dated June 8, 2017; (iv) the Fourth

Amending Agreement, dated March 14, 2018; and, (v) the Fifth Amending Agreement, dated June 27, 2018 (collectively, the "**Equipment Intercreditor Agreement**"); and,

- (b) Intercreditor and Subordination Agreement, dated August 25, 2015, between ATB, the Subordinated Lender, as subordinated lender, and the Debtor, as borrower as supplemented pursuant to the Acknowledgment and Confirmation of Priority Agreement, dated June 17, 2016, between ATB and the Subordinated Lender, as subordinated Lender (collectively, the "**Operating Intercreditor Agreement**", the Equipment Intercreditor Agreement and the Operating Intercreditor Agreement are collectively referred to as, the "**Intercreditor Agreements**").

Attached hereto and marked as **Exhibits "M" and "N"**, to this my Affidavit, are copies of the Equipment Intercreditor Agreement and the Operating Intercreditor Agreement, respectively.

23. Pursuant to the terms of the Intercreditor Agreements, the Subordinated Lender agreed that all debts, liabilities, and obligations due and owing to the Subordinated Lender by the Debtor, including but not limited to the Subordinated Debt, are deferred, postponed, and subordinated, in all respects, to the prior repayment, in full, of all of the Indebtedness due and owing to ATB and that ATB's security interests against all of the Debtor's Property has priority over the Subordinated Lender's security.

24. In addition to the subordination of the Subordinated Lender's security interests and the Subordinated Debt, the Subordinated Lender also agreed, pursuant to the Intercreditor Agreements, to not: (i) take any action that would hinder, delay, limit, impede, restrict, or prohibit any exercise of ATB's rights or remedies; or, (ii) contest, challenge, protest, or object (and the Subordinated Lender, for itself and its agents, expressly consented to) any foreclosure, enforcement, exercise, remedies, or realization proceedings or other action brought by ATB in respect of the applicable security interests covered by each of the Operating Intercreditor Agreement and the Equipment Intercreditor Agreement.

Default Events

25. While there is no requirement for a default to have occurred under the Commitment Letter in order for ATB to exercise its demand rights, the Debtor has defaulted on its obligations to ATB. Specifically, as at September 28, 2018, the total availability under Facility #1 was \$1,9750,000 while the Debtor's borrowings thereunder amounted to \$2,200,000 (the "**Margin Default**"). As a result of the Margin Default, ATB issued a Notice of Default and Reservation of Rights Letter, dated October 25, 2018 (the "**Reservation of Rights Letter**") informing the Debtor: (i) of the Margin Default and reserving ATB's rights and remedies in connection with same; and, (ii) that there was no further availability under Facility #1. Attached hereto and marked as **Exhibit "O"**, to this my Affidavit, is a copy of the Reservation of Rights Letter.

26. Following the issuance of the Reservation of Rights Letter, the Debtor subsequently informed ATB that, as at September 30, 2018, the Debtor had also committed certain additional defaults under the terms of the Commitment Letter by: (i) having a Debt to EBITDA Ratio of 4.14, being over the covenanted amount of 3.50 required under the Commitment Letter; and, (ii) having a Fixed Charge Coverage Ratio of 0.69, being less than the covenanted amount of 1.10 required under the Commitment Letter (collectively, the "**Financial Covenant Defaults**", the Financial Covenant Defaults and the Margin Default are collectively referred to as, the "**Default Events**").

27. The Default Events constitute defaults or events of default under the Commitment Letter, the Equipment Loan and Security Agreements, and the GSA.

28. As a result of the liquidity issues arising in September 2018, counsel to ATB retained EY to act as financial advisor (the "**Financial Advisor**", when acting in such capacity), to provide privileged and confidential advice to counsel to ATB, in connection with such counsel's advice to ATB.

Forbearance Agreement & Restructuring Proposal

29. The Debtor and ATB entered into a Forbearance Agreement, dated November 9, 2018 (the "**Forbearance Agreement**"), between ATB and the Debtor to allow the Debtor additional time to pursue a strategic review process and ultimately present a restructuring proposal (the "**Restructuring Proposal**") to ATB. Attached hereto and marked as **Exhibit "P"**, to this my Affidavit, is a copy of the Forbearance Agreement.

30. In order to allow the Debtor time to formulate its Restructuring Proposal, ATB not only allowed the Debtor the requested additional time but also made available to the Debtor, under Facility #1, an additional \$500,000 bulge (the "**Forbearance Bulge**") in available funds over and above the Debtor's borrowing base under the Commitment Letter. The Forbearance Bulge was to be provided in accordance with the terms, conditions, and availability provided for under the Forbearance Agreement.

31. On November 23, 2018, the Debtor provided ATB with its Restructuring Proposal. The Restructuring Proposal, among other things: (i) contained an update of recent financing and customer discussions undertaken by the Debtor's management; and, (ii) outlined the Debtor's plan to proceed with a self-directed liquidation / sales process with the assistance of PwC, as its financial advisor. Marked as **Confidential Exhibit "1"**, to this my Affidavit, but not attached hereto, is a copy of the Debtor's Restructuring Proposal.

32. All of the Debtor's refinancing discussions, as set out in the Restructuring Proposal, have turned out to be unsuccessful.

33. In order for the Debtor's to pursue its self-directed liquidation / sales process with PwC, as contemplated in the Restructuring Proposal, the Debtor requires a further forbearance of approximately one (1) year. Specifically, the Debtor proposed, among other things, that ATB: (i) extend the forbearance period for another year; (ii) allow access to the Forbearance Bulge throughout the such period; (iii) relax the Debtor's financial covenants; (iv) adjust the Debtor's borrowing base calculation, under the Commitment Letter, to address availability and covenant concerns; and, (iv) decrease all principal payments by (a) 100% in Q1 of 2019; (b) 75% in Q2 of 2019; and, (c) 50% in Q3 of 2019. In the event that ATB agreed to all aforementioned conditions, the Debtor noted that an additional \$500,000 would be provided by the Subordinated Lender, on a subordinated basis, as additional liquidity.

34. The Restructuring Proposal is not viable and requires ATB to shoulder the vast majority of the ongoing risk and burden, in addition to the ongoing Collateral impairment (as discussed below). Considering how the Debtor had utilized the entire Forbearance Bulge within the month of November and still was \$190,000 short on the December 10, 2018 payroll, \$500,000 in additional financing is insufficient to ensure the Debtor will continue to meets its ongoing obligations, outside a receivership process, during the one (1) year self-directed liquidation /

sales process. As a result of the aforementioned, ATB did not support the Debtor's self-directed sales process with PwC, as provided for in the Restructuring Proposal.

Unsecured Creditors

35. The Debtor reported to ATB that, as at October 31, 2018, the Debtor has approximately \$2,358,974.39 of unsecured accounts payable owing to trade creditors and accrued liabilities. The Debtor's accounts payable that are over 60 days, as at October 31, 2018, was \$924,541.88. Marked as **Confidential Exhibit "2"**, to this my Affidavit, but not attached hereto, is a copy of the Debtor's Accounts Payable, as at November 27, 2018, as provided to the Lender as part of the Debtor's reporting obligations under the Commitment Letter and the Forbearance Agreement. I am advised by EY, and do verily believe, that a number of the Debtor's trade counterparties have placed the Debtor on COD.

Demand

36. On December 10, 2018, ATB sent the Debtor a letter (the "**Demand**"): (i) demanding repayment of the Indebtedness, in full; and, (ii) terminating all availability under the Commitment Letter, the Equipment Loan and Security Agreements, the ATB Credit Facilities, and the Forbearance Agreement. Together with the Demand ATB also issued a Notice of Intention to Enforce Security, in accordance with Section 244 of the BIA. Attached hereto and marked as **Exhibit "Q"** to this my Affidavit is a copy of the Demand and the corresponding 244 notice.

Collateral Impairment

37. Since September 2018, the Debtor has continued to utilize and deplete ATB's Collateral as a means of continuing to fund its ongoing operations. Specifically, the Debtor continues to utilize and depreciate the Equipment. Marked as **Confidential Exhibit "3"** to this my Affidavit, but not attached hereto, is a copy of the liquidation values prepared by the Financial Advisor.

38. The Debtor is currently utilizing its accounts receivable in order to fund its operations. It is anticipated that during the month of December 2018, the Debtor will lose at least \$660,000. Additionally, based on the Debtor's cash flows, as provided by the Debtor and reviewed by the Financial Advisor, it is anticipated that the Debtor will require additional financing, of up to \$500,000 during the course of the receivership proceedings.

39. The estimated ongoing erosion of ATB's Collateral is in addition to any further prejudice to be suffered by ATB as a result of the Debtor being unable to meet its obligations as they come due, including further increases in the Debtor's: (i) source deductions, of which it is estimated that approximately \$120,989.47 remains outstanding as at the Debtor's last pay period in November plus approximately \$93,000 associated with the December 10, 2018 payroll; (ii) GST, of which it is estimated that approximately \$60,000 remains outstanding as at November 30, 2018; (iii) WCB, of which it is estimated that approximately \$37,600 remains outstanding as of November 30, 2018; and, (iv) any other obligations which may potentially have priority over ATB's first security position.

Necessity of the Appointment of a Receiver

40. The Debtor currently has no access or availability under the ATB Credit Facilities, the Commitment Letter, the Equipment Loan and Security Agreements, or the Forbearance Agreement. ATB is not prepared to extend any further credit to Debtor. Absent further funding, the Debtor is unable to meet its obligations as they become due, which necessitated ATB injecting \$190,000 on an emergency basis so that the Debtor's December 10, 2018 payroll obligations could be satisfied.

41. ATB is only prepared to fund go forward critical payment obligations through receiver's borrowings.

42. Due to the Debtor's liquidity issues and its inability to meet its obligations as they become due, absent further funding and extensions from ATB, the Debtor will be unable to continue its operations. ATB therefore has serious and valid concerns regarding the protection and preservation of its Collateral which includes any value attributed to the Debtor's ongoing operations.

43. The granting of the relief sought by ATB will preserve and protect ATB's first security position and allow go-forward decisions in respect of the Debtor's business to be made by a court-appointed officer for the benefit of all stakeholders.

44. EY is a licensed trustee in bankruptcy and has consented to being appointed as Receiver of Debtor. Matt McCulloch is responsible for this mandate and is a licensed trustee in bankruptcy. Attached hereto and marked as **Exhibit "R"** is a copy of the consent of EY to act as Receiver of the Debtor.

Conclusion

45. It is just, convenient, and appropriate for a Receiver to be appointed over the Debtor, and the Property, for the following reasons:

- (a) the Debtor has no capacity to meet critical payment obligations and will likely cease to function as a going-concern entity. This will prevent any ordinary course wind-down under the control of the Receiver and cause severe, irreparable, and unnecessary prejudice to the first security position of ATB;
- (b) the Debtor has a history of financial difficulty and has not presented ATB with a viable plan or course of action to address the repayment of the Indebtedness, in whole or in part; and
- (c) ATB has valid and serious concerns regarding the preservation and protection of the Collateral, particularly due to the Debtor's liquidity issues and its inability to meets its obligations as they become due.

46. I swear this affidavit in support of an application to appoint EY as Receiver of the Debtor and the Property together with such powers, as set out in the corresponding draft Receivership Order.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
10 day of December, 2018.)

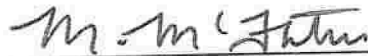
(Commissioner for Oaths in and for the)
Province of Alberta))

Pantelis Kyriakakis
Barrister and Solicitor



TRINA HOLLAND

This is Exhibit "B" referred to in the Affidavit of
Ian Mark Philip
sworn before me this 10th day of March, 2020.

A handwritten signature in dark ink, appearing to read "M. McIntosh", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Molly McIntosh
Barrister & Solicitor

COURT FILE NUMBER 1803-22289
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE EDMONTON
 PLAINTIFF ATB FINANCIAL
 DEFENDANT D.L.M. OILFIELD ENTERPRISES LTD.
 DOCUMENT SUPPLEMENTAL AFFIDAVIT OF TRINA HOLLAND



ADDRESS FOR SERVICE
 AND CONTACT
 INFORMATION OF PARTY
 FILING THIS DOCUMENT

McCARTHY TÉTRAULT LLP
 Sean F. Collins / Pantelis Kyriakakis
 Suite 4000, 421 7th Avenue SW
 Calgary AB T2P 4K9
 Phone: 403 260 3531 / 3538
 Fax: 403 260 3501
 Email: scollins@mccarthy.ca / pkyriakakis@mccarthy.ca

SUPPLEMENTAL AFFIDAVIT OF TRINA HOLLAND
 Sworn on February 5, 2019

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

1. I am a Director with the Turnaround and Restructuring Group of ATB Financial ("ATB" or the "Lender"). I have been directly involved with the account of D.L.M. Oilfield Enterprises Ltd. (the "Debtor" or the "Borrower") and am responsible for managing the secured credit facilities provided to the Debtor by ATB. Additionally, I have reviewed the books and records maintained by and in the possession of ATB in the ordinary course of business. Based on the aforementioned and upon such review, I have personal knowledge of the matters and facts hereinafter sworn to, except where stated to be based on information and belief, in which case, I believe the same to be true.

2. This Supplemental Affidavit is sworn in connection with my Affidavit, sworn on December 10, 2018 (the "Initial Affidavit"), and filed on December 12, 2018, in the within proceedings. Any and all capitalized terms used herein and not otherwise defined shall have the same meaning as is ascribed to such terms in the Initial Affidavit.

3. This Supplemental Affidavit is sworn in support of ATB's application filed, in the within proceedings, on December 10, 2019, and originally returnable on December 21, 2018, as subsequently adjourned and rescheduled to be heard on February 8, 2019 (the "**Receivership Application**").

Forbearance Amending Agreement

4. The Debtor and ATB entered into a Forbearance Amending Agreement, dated December 20, 2018 (the "**Forbearance Amending Agreement**"), between ATB and the Debtor, which, among other things, amended and extended the Forbearance Period under the Forbearance Agreement to the earlier of: (i) February 28, 2019; or, (ii) the date that any Forbearance Default (as defined therein) occurs. Attached hereto and marked as **Exhibit "A"**, to this my Affidavit, is a true copy of the Forbearance Amending Agreement.

5. As a result of the extension of the Forbearance Period, ATB adjourned the Receivership Application, *sine die*.

6. In addition to amending and extending the Forbearance Period, the Forbearance Amending Agreement also contemplates, *inter alia*, the following:

4.1 This Amending Agreement shall not be effective, as against the Lender, unless and until each of the following conditions have been satisfied or waived:

(a) concurrent with the execution and delivery of this Amending Agreement, the Borrower shall execute and deliver to the Lender the consent receivership order and the corresponding affidavit of execution attached as Schedule "A" hereto (collectively, the "**Consent Receivership Order**");

...

6.4 On or before January 15, 2019, the Borrower shall ensure that the Borrower, the Subordinated Lender, and the Lender have entered into a definitive and fully executed purchase or assignment agreement (the "**Debt and Security Assignment Agreement**") concerning all outstanding indebtedness and all of the Lender's interests under the Loan Agreements, the Security, the Forbearance Agreement, and this Amending Agreement (collectively, the "**Credit Documents**") which Debt and Security Assignment Agreement shall: (i) be on an "as is, where is" basis; (ii) contemplate the payment of a \$1,000,000 non-refundable deposit to be paid by the Subordinated Lender to the Lender on or before January 31, 2019; and (iii) be on the terms and conditions substantially as set out in Schedule "C" hereto.

...

6.7 The Borrower acknowledges and agrees that the Borrower has no further availability, whatsoever, under any of the Equipment Loan and Security Agreements or the Equipment Credit Facilities and that the Equipment Credit Facilities have been terminated in accordance with the terms therein, pursuant to the Demand. Additionally, the Borrower and the Lender hereby agree that all availments and corresponding funding requests (which shall be reviewed by the Consultant) under the Commitment Letter shall be available solely under Facility 1 and which availability (the "**Maximum Facility 1 Availability**") shall be limited up to a maximum amount as determined by and in accordance with the Margin and Availability Calculation which shall be calculated on a weekly basis in accordance with Section 6.3 herein. For greater clarity, all availability and advances under Facility 1 shall continue to be uncommitted in nature and shall at all times be subject to the Lender's ongoing right to terminate all availability under Facility 1, the Credit Facilities, and the Loan Agreements and to demand the immediate repayment of all Indebtedness, at the Lender's sole and unfettered discretion.

6.8 Should the Borrower's Indebtedness to the Lender, under Facility 1, exceed the Maximum Facility 1 Availability (such amount due and owing under Facility 1 which is over the Maximum Facility 1 Availability is referred to as, the "**Overage Amount**"), the Borrower shall obtain such Overage Amount, from the Subordinated Lender, as and when required or, at the latest, within five (5) business days of the Borrower and the Subordinated Lender receiving notice from the Lender that the Lender requires the Borrower to obtain such funding. ...

7. The purpose of the Forbearance Amending Agreement was to provide for additional time, in accordance with the terms therein, for the Debtor, ATB, and Bond Mezzanine Fund III Limited Partnership (the "**Subordinated Lender**"), to negotiate and enter into the Debt and Security Assignment Agreement, wherein the Subordinated Lender would purchase ATB's Indebtedness and interests in and under the Commitment Letter, the Equipment Loan and Security Agreements, and the GSA.

8. Upon execution of the Forbearance Amending Agreement the Debtor concurrently provided an executed copy of the Consent Receivership Order. Attached hereto and marked as **Exhibit "B"**, to this my Affidavit, is a true copy of the Consent Receivership Order.

9. The Consent Receivership Order is enforceable in accordance with Section 7.2 of the Forbearance Amending Agreement, which states:

7.2 Upon the occurrence of: (i) a Forbearance Default, as determined by the Lender in its sole and unfettered discretion, and which Forbearance Default remains uncured for five (5) days after the Borrower has received written notice from the Lender of such Forbearance Default; or, (ii) the Lender providing the Borrower with a five (5) day notice and demand to indefeasibly and irrevocably repay the Indebtedness; or, (iii) the expiration of the Forbearance Period, the

Lender may immediately and without further notice pursue all rights and remedies that the Lender may have in connection with the Borrower, the Commitment Letter, the Equipment Loan and Security Agreements, the Forbearance Agreement, this Amending Agreement, or the Security, as the Lender deems appropriate and to the extent permissible by law, including, without limitation, entry of the Consent Receivership Order (and the Borrower authorizes the Lender to complete any blank information contained in the Consent Receivership Order), regardless of any other repayment or enforcement deadlines or periods, such as, but not limited to the period of repayment contained within the Demand Letter.

Debt and Security Assignment Agreement Extensions

10. The January 15, 2019 deadline contemplated under Section 6.4 of the Forbearance Amending Agreement (as reproduced above) was subsequently amended and extended to further allow ATB, the Debtor, and the Subordinated Lender additional time to complete, negotiate, and enter into the Debt and Security Assignment Agreement. Specifically, the January 15, 2019 deadline, was amended and extended:

- (a) from January 15, 2019 to January 18, 2019, by email, dated January 11, 2019, from Lender's counsel to the Subordinated Lender's counsel;
- (b) from January 18, 2019 to January 21, 2019, by email, dated January 17, 2019, from Lender's counsel to the Subordinated Lender's counsel;
- (c) from January 21, 2019 to January 23, 2019, by email, dated January 21, 2019, from Lender's counsel to the Subordinated Lender's counsel;
- (d) from January 23, 2019 to January 28, 2019, by telephone on January 23, 2019 between ATB's Ian Philip and the Subordinated Lender's Corry Silbernagel; and,
- (e) from January 28, 2019 to January 31, 2019, by email, dated January 28, 2019, from Lender's counsel to the Subordinated Lender's counsel,

(collectively, the "**Assignment Extensions**"). Attached hereto and marked collectively as **Exhibit "C"**, to this my Affidavit, are true copies of the email correspondence from Lender's counsel advising the Subordinated Lender's counsel of the Assignment Extensions.

11. The final Assignment Extension, to January 31, 2019, was intended to coincide with the \$1,000,000 non-refundable deposit (the "**Initial Deposit**") contemplated as a substantial term of

the Debt and Security Assignment Agreement, as specifically set out in Section 6.4 of the Forbearance Amending Agreement.

Forbearance Defaults

12. Despite the additional time provided for by the Assignment Extensions, the Borrower, the Subordinated Lender, and ATB failed, on or before January 31, 2019, to: (i) enter into the Debt and Security Agreement: and, (ii) pay the Initial Deposit (collectively, the **"Assignment Agreement Forbearance Defaults"**).

13. On or around January 25, 2019, in accordance with the terms and conditions of the Forbearance Amending Agreement, ATB provided the Subordinated Lender and the Borrower with notice of the existence of an Overage Amount. Specifically, ATB provided written notice to the Borrower and the Subordinated Lender that the Borrower's Maximum Facility 1 Availability, as at January 25, 2019, was \$2,000,000 but that the Borrower had drawn \$2,037,222, resulting in an Overage Amount of \$37,222. Attached hereto and marked as **Exhibit "D"**, to this my Affidavit, is a copy of the email sent to Ian Philip, a director with ATB's Turnaround and Restructuring Group, to Corry Silbernagel (Subordinated Lender) and Robert Duval (Debtor) informing such parties of the Overage Amount.

14. As February 4, 2019, the \$37,222 Overage Amount remains outstanding (the **"Overage Forbearance Default"**) and the Debtor continues to be overdrawn on Facility 1 by approximately \$895,000 (the **"Borrowing Base Forbearance Default"**)

Notice of Default and Forbearance Demand

15. As a result of the aforementioned, on February 2, 2019, ATB, in accordance with the terms and conditions set out in the Forbearance Amending Agreement, provided the Debtor and the Subordinated Lender with a letter (the **"Notice of Default and Demand"**): (i) providing notice of the Assignment Agreement Forbearance Defaults, the Overage Forbearance Default, and the Borrowing Base Forbearance Default (collectively referred to as, the **"Forbearance Defaults"**); (ii) demanding repayment of the Indebtedness, in full; (iii) terminating all remaining availability under Facility 1; and, (iv) advising that the Receivership Application has been rescheduled for February 8, 2019 at 10:00 a.m. and that ATB would seek entry of the Consent Receivership Order, if the Forbearance Defaults remained uncured and the Indebtedness was

not repaid, on such date. Attached hereto and marked as **Exhibit "E"** to this my Affidavit is a copy of the Notice of Default and Demand.

Necessity of the Appointment of a Receiver

16. Since the adjournment of the Receivership Application, the Debtor has continued to utilize and deplete ATB's Collateral as a means of continuing to fund its ongoing operations. Specifically, the Debtor continues to utilize and depreciate the Equipment and its accounts receivable in order to fund its ongoing operations.

17. The Debtor currently has no access or availability under the ATB Credit Facilities, the Commitment Letter, the Equipment Loan and Security Agreements, the Forbearance Agreement, or the Forbearance Amending Agreement. ATB is not prepared to extend any further credit to Debtor. Absent further funding, the Debtor is unable to meet its obligations as they become due.

18. ATB is only prepared to fund go forward critical payment obligations through receiver's borrowings.

19. Due to the Debtor's liquidity issues and its inability to meet its obligations as they become due, absent further funding and extensions from ATB, the Debtor will be unable to continue its operations. ATB therefore has serious and valid concerns regarding the protection and preservation of the Collateral; which includes any value attributed to the Debtor's ongoing operations.

20. The granting of the relief sought by ATB will preserve and protect ATB's first security position and allow go-forward decisions in respect of the Debtor's business to be made by a court-appointed officer, for the benefit of all stakeholders.

Conclusion

21. It is just, convenient, and appropriate for a Receiver to be appointed over the Debtor and the Property, for the following reasons:

- (a) the Debtor has no capacity to meet critical payment obligations and will likely cease to function as a going-concern entity. This will prevent any ordinary course wind-down under the control of the Receiver and cause severe,

irreparable, and unnecessary prejudice to the first security position of ATB;

- (b) the Debtor has a history of financial difficulty and no viable plan or course of action to address the repayment of the Indebtedness, in whole or in part, has been implemented;
- (c) ATB has valid and serious concerns regarding the preservation and protection of the Collateral, particularly due to the Debtor's liquidity issues and its inability to meet its obligations as they become due; and,
- (d) the Debtor has commitment multiple Forbearance Defaults, all of which remain uncured and, as a result of which, the Consent Receivership Order is now enforceable against the Debtor.

22. I swear this Supplemental Affidavit in support of the Receivership Application seeking to appoint EY as Receiver of the Debtor and the Property together with such powers, as set out in the corresponding Consent Receivership Order.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
5th day of February, 2019.)

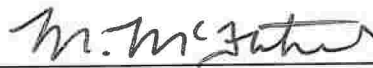
(Commissioner for Oaths in and for the)
Province of Alberta))

Pantelis Kyriakakis
Barrister and Solicitor



TRINA HOLLAND

This is Exhibit "C" referred to in the Affidavit of
Ian Mark Philip
sworn before me this 10th day of March, 2020.

A handwritten signature in cursive script, appearing to read "M. McIntosh", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Molly McIntosh
Barrister & Solicitor

EQUIPMENT LOAN AND SECURITY AGREEMENT

THIS AGREEMENT is dated as of the 25 day of AUGUST, 2015. **X**

BETWEEN:

ALBERTA TREASURY BRANCHES (the "Creditor") Address: 25th Floor, 10020 100 Street NW Edmonton, AB T5J 0N3 Attention: Stephen Karlowsky Tel. No: 780-442-3801	- and -	D.L.M. OILFIELD ENTERPRISES LTD. (the "Debtor") Address: P.O. Box 7616 Bonnyville, AB T9N 2H9 Attention: Robert Duval - CEO Tel. No: 780-573-1292
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SUMMARY OF MAJOR TERMS

Equipment Description:

Year	Make	Model	Description	Serial Number
			SEE ATTACHED SCHEDULE A	

Location of Equipment:

AB

Equipment Financing Details:

1. Amount to be Financed	\$3,150,000.00		2. Term (In months)	48	
3. Monthly Payment Date	30 DAYS AFTER FUNDING		4. First Payment Date	30 DAYS AFTER FUNDING	
5. Payment Amount	\$72,124.17		6. Variable or Fixed Interest	VARIABLE	
7. Annual Interest Rate	Fixed	Government of Canada	Year Bond	%	%
		Rate as at the	day of	, 20	
	Variable	Fixed Rate Margin		%	4.70%
		ATB Prime Rate		2.70%	
		Prime Rate Margin		2.00%	
8. Fee Due At Disbursement	\$7,875.00				
9. Additional Provision(s)	NOT APPLICABLE				

ATB Equipment Finance

ATB Financial®

***-ADDITIONAL PROVISIONS:**

1. Interpretation

1.1. Definitions

1.1.1. The defined terms used shall be interpreted pursuant to their respective meanings as defined herein. And, unless otherwise defined in this Agreement, all terms used in this Agreement that are defined within the *Personal Property Security Act* of the Province of Alberta (the "P.P.S.A.") will have the meanings provided to those terms in the P.P.S.A.

1.1.2. "**Affiliate**" means an affiliate as that term is defined in the *Canada Business Corporations Act*.

1.1.3. "**Agreement**" means this equipment loan and security agreement as the same may be amended, supplemented or restated from time to time and all associated ancillary documents.

1.1.4. "**Applicable Law**" means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations, guidelines, orders and policies of any governmental or regulatory body or Persons having authority over that Person, property, transaction or event.

1.1.5. "**ATB Prime Rate**" means a fluctuating interest rate per annum, in effect at any time, which is the Interest rate per annum announced and adjusted at any time by the Creditor as its reference rate then in effect for determining interest rates on commercial loans made by it in Canada, the initial rate for which is set out in the Annual Interest Rate section of the Summary of Major Terms.

1.1.6. "**Business Day**" means any day excluding a Saturday, Sunday or statutory holiday in the Province of Alberta.

1.1.7. "**Collateral**" is defined in Section 3.4.

1.1.8. "**Communication**" means any notice, demand, request, consent, approval, or other communication which is required or permitted by this Agreement to be given or made by a Party.

1.1.9. "**Creditor**" is defined above.

1.1.10. "**Debtor**" is defined above.

1.1.11. "**Default**" is defined in Section 5.2.

1.1.12. "**Encumbrances**" means all security interests, mortgages, liens, claims, taxes, assessments, charges, or other encumbrances.

1.1.13. "**Equipment**" means the equipment listed in the Equipment Description section of the Summary of Major Terms and all proceeds thereof.

1.1.14. "**Fixed Rate Margin**" means the amount by which the Annual Interest Rate, as set out in the Summary of Major Terms, exceeds the Government of Canada Bond Rate on the day of this Agreement.

1.1.15. "**Governmental Authority**" means:

1.1.15.1. any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory or taxing authority or power of any nature; and

1.1.15.2. any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

1.1.16. "**Government of Canada Bond Rate**" means the Government of Canada bond rate for the period of time as set out in the Annual Interest Rate section of the Summary of Major Terms and as of the date set out in the Annual Interest Rate section of the Summary of Major Terms;

1.1.17. "**GST**" means Goods and Services Tax as defined in the *Excise Tax Act* (Canada) or in any legislation in replacement thereof.

1.1.18. "**Indebtedness**" means all obligations, indebtedness and liabilities of the Debtor to the Creditor (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid amounts thereof including, without limitation, all future amounts, and whether such indebtedness is

from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety.

1.1.19. **"Insurance"** is defined in Section 6.1.

1.1.20. **"Interest Rate Differential"** means the Creditor's lost potential interest earning on the payments under Section 3.2 calculated by taking the Lost Earnings Rate and multiplying it by the amount that the Debtor prepays.

1.1.21. **"Loss"** means any loss, liability, damage, cost, expense, charge, fine, penalty or assessment, including the costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise, and all interest, punitive damages, fines, penalties and professional fees and disbursements, including legal costs on a solicitor and its own client basis.

1.1.22. **"Lost Earnings Rate"** is the difference between:

1.1.22.1. The Creditor's interest rate loan funding cost at the date of the funding of this Agreement, as evidenced by a notice of completion provided to the Debtor by the Creditor; and

1.1.22.2. The Creditor's interest rate loan funding cost at the time of prepayment as determined by the Creditor.

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

1.1.23.1. the business, financial condition, operations, property, assets or undertaking of the Debtor;

1.1.23.2. the ability of the Debtor to repay amount owing hereunder in accordance with the terms of this Agreement or as they become due;

1.1.23.3. the validity or enforceability of this Agreement or any Security Interest granted by the Debtor to the Creditor pursuant hereto or in connection herewith; or

1.1.23.4. the priority ranking of any of the Security Interests granted by the Debtor to the Creditor pursuant hereto or in connection herewith.

1.1.24. **"Parties"** means the Creditor and the Debtor, collectively, and **"Party"** means either of them.

1.1.25. **"Person"** shall be broadly interpreted and includes:

1.1.25.1. a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;

1.1.25.2. a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and

1.1.25.3. a Governmental Authority.

1.1.26. **"Prime Rate Margin"** means the amount by which the Annual Interest Rate, as set out in the Summary of Major Terms, exceeds the ATB Prime Rate on the day of this Agreement.

1.1.27. **"Representatives"** means the Affiliates of any Person, and the advisors, agents, consultants, directors, officers, management, employees, subcontractors, and other representatives, including accountants, auditors, financial advisors, lenders and lawyers of any Person and of that Person's Affiliates.

1.1.28. **"Security Interest"** means a continuing security interest by way of mortgage, charge, assignment, and transfer.

1.2. Certain Rules of Interpretation

1.2.1. In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words "including" or "includes" in this Agreement is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.

1.2.2. The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

1.2.3. References in this Agreement to a Section or Schedule are to be construed as references to a Section or Schedule of or to this Agreement unless otherwise specified.

1.2.4. Unless otherwise specified in this Agreement, time periods within which or following which any calculation or payment is to be made, or action is to be taken, shall be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period shall end on the next Business Day.

1.2.5. Unless otherwise specified, any reference in this Agreement to any statute includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.

1.3. Governing Law; Submission to Jurisdiction

1.3.1. This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Alberta and the laws of Canada applicable in that Province.

1.3.2. Each of the Parties irrevocably and unconditionally submits and attorns to the exclusive jurisdiction of the courts of the Province of Alberta to determine all issues, whether at law or in equity, arising from this Agreement. To the extent permitted by Applicable Law, each of the Parties:

1.3.2.1. irrevocably waives any objection, including any claim of inconvenient forum, that it may now or in the future have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of that Province, or that the subject matter of this Agreement may not be enforced in those courts;

1.3.2.2. irrevocably agrees not to seek, and waives any right to, judicial review by any court which may be called upon to enforce the judgment of the courts referred to in this Section 1.3.2.2, of the substantive merits of any suit, action or proceeding; and

to the extent a Party has or may acquire any immunity from the jurisdiction of any court or from any legal process, whether through service or notice, attachment

before judgment, attachment in aid of execution, execution or otherwise, with respect to itself or its property, that Party irrevocably waives that immunity in respect of its obligations under this Agreement.

1.4. Entire Agreement

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no representations, warranties or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement. No Party has been induced to enter into this Agreement in reliance on, and there shall be no liability assessed, either in tort or contract, with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Agreement.

1.5. Action on a Non-Business Day

Whenever any calculation or payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, the calculation or payment is to be made or action is to be taken on the next Business Day.

1.6. Currency

Unless otherwise specified, the word "dollar" and the "\$" sign refer to Canadian currency, and all amounts to be advanced, paid, tendered or calculated under this Agreement are to be advanced, paid, tendered or calculated in Canadian currency.

2. Representations and Warranties

Each Party represents and warrants in favour of the other Party as follows:

2.1. no authorization, consent, permit, exemption, approval or other action by, or filing with, or notice to, any Governmental Authority is required in connection with the execution and delivery by it of this Agreement or the performance of its obligations under this Agreement;

2.2. it has the full power and authority to conduct its business, own its properties, and to execute, deliver, and perform all its obligations as detailed in this Agreement;

2.3. to the best of its knowledge, all information furnished in respect of this Agreement is materially accurate and complete;

2.4. as necessary, it is duly incorporated or created and is validly existing and qualified to carry on business in a province of Canada and in each jurisdiction in

which it carries on material operations or owns material property;

- 2.5. the execution and delivery by it of this Agreement, and the performance of its obligations under this Agreement, do and shall not breach or result in a default under:

2.5.1. any laws, statutes or regulations to which it is subject;

2.5.2. any contract or covenant by which it is bound; or

2.5.3. the constating documents of the Debtor (including, to the extent applicable, any articles, by-laws, partnership agreement, limited partnership agreement or unanimous shareholder agreement to which the Debtor is subject);

- 2.6. to the best of its knowledge, there is no provision in any agreement to which it is a party, nor any judgment, decree or order of any court binding on it, which would be contravened by the execution and delivery of this Agreement; and

- 2.7. there is no action, litigation or other proceeding in progress, pending or, to its knowledge, threatened against it which would reasonably be expected to have a Material Adverse Effect.

3. Terms of the Loan

- 3.1. Upon the execution of this Agreement, the Creditor shall provide to the Debtor, any designees of the Debtor, or any combination thereof, a lump sum amount equal to the Amount to be Financed as set out in the Summary of Major Terms.

- 3.2. The Debtor shall make payments to the Creditor in the amounts, form, and manner set out in the Summary of Major Terms, and as further given meaning by any other section of this Agreement, and any additional reasonable out-of-pocket expenses, including:

3.2.1. legal fees and disbursements on a solicitor and its own client basis incurred in connection with the negotiation, preparation, and execution of this Agreement and the registration of the Security; the enforcement of this Agreement, including the items described more fully in Section 5.3.3;

3.2.2. the administration, periodic review, modification, amendment of this Agreement; any waiver, inspection, verification, or appraisal of the Equipment under this Agreement; any increased costs to Creditor as a result of change in any law or regulation,

including the items described more fully in Section 7.1.2; and

- 3.2.3. any other costs and expenses incurred in connection with establishing, exercising or preserving Creditor's rights or remedies under this Agreement.

- 3.3. No payment under Section 3.2 may be cancelled, netted, or otherwise set off against any amount owing from the Creditor to the Debtor.

- 3.4. As continuing and collateral security for payment and performance of all Indebtedness, and for value received, the receipt and sufficiency of which is hereby acknowledged, the Debtor hereby grants to the Creditor a Security Interest in the Equipment and all personal property derived directly or indirectly from any dealing with the Equipment, including, without limiting the generality of the foregoing, all goods, intangibles, money, documents of title, chattel paper, instruments, investment property and security interests and renewals, replacements, additions, substitutions thereof, parts, accessories, attachments and accessions thereto (collectively, the "Collateral") and shall provide all requested authorization and cooperation to the Creditor in the registration, perfection, and maintenance of the Security Interest in the Collateral. Subject to any applicable requirements of the P.P.S.A., all money collected or received by the Creditor pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied on account of Indebtedness in such manner as the Creditor deems best or, at the option of the Creditor, may be released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Creditor hereunder, and any surplus shall be accounted for as required by Applicable Law. The Security Interest granted by this Agreement secures payment and performance of the Indebtedness. The grant by the Debtor of the Security Interest in the Collateral to the Creditor in no way shall limit or restrict the rights and remedies of the Creditor to collect and enforce collection from the Debtor of any of the Indebtedness, and the Creditor shall not be required or obligated to enforce its rights or remedies under this Agreement before enforcing collection. When the Indebtedness and the granting of a Security Interest by the Debtor gives rise to a purchase-money security interest (as defined by the P.P.S.A. or any other Applicable Law) in and for the Equipment (or any part thereof), the Debtor does, without limitation, grant to the Creditor a purchase-money security interest in the Equipment in accordance with the P.P.S.A. or

any other Applicable Law. The Debtor hereby waives any right it may have to receive a financing statement, financing change statement or verification statement relating to this Agreement.

3.5. The Debtor may, over the course of this Agreement and when not in Default, pay its obligations before they come due on the following terms:

3.5.1. If the type of interest chosen, as further described in Section 4, is fixed, any prepayment shall count first toward a fee equal to the greater of the total interest that would accrue on the amount to be prepaid for the three months following the date of the prepayment and the Interest Rate Differential;

3.5.2. If the type of interest chosen, as further described in Section 4, is variable, any prepayment shall count first toward a fee equal to the total of interest that would accrue on the amount to be prepaid for the three months following the date of the prepayment;

3.5.3. Any prepayment in excess of the amount contemplated in Section 3.5.1 or 3.5.2, as applicable, shall then be applied to the principal amount owing, which shall be calculated by the Creditor based on the Summary of Major Terms; and

3.5.4. Any amount that has been prepaid under Section 3.5.3 shall be applied in inverse order of maturity.

3.6. The Debtor authorizes the Creditor to debit the Debtor's account in payment of any obligations under Section 3.2 using the information provided in ATB Pre-Authorized Debit Agreement (Form 20880) and recognizes that such payments shall be solely for business purposes. The Debtor acknowledges that the debit amount disclosed in ATB Pre-Authorized Debit Agreement (Form 20880) may be adjusted by the Creditor for reasons including:

3.6.1. A change in the applicable interest rate;

3.6.2. Any agreement or arrangement between the Creditor and the Debtor for a revised payment amount; and

3.6.3. Any direction Debtor provides to Creditor requesting Creditor issue a debit in a different amount.

The Debtor agrees to waive the Canadian Payments Association Pre-Notification requirements in respect of all debits drawn under this Section 3.6. The Debtor further agrees that in the event that a payment is dishonoured by the Debtor's financial institution, the

Creditor shall be entitled to issue another debit in substitution for the payment and the Creditor shall be under no liability whatsoever with regard to the dishonoured debit. Any payment made under this Section 3.6 shall be treated as if the Debtor had issued a cheque to the Creditor for the amount specified, which shall mean that the financial institution is not required to verify that a pre-authorized debit has been issued in accordance with Debtor's instructions or that any pre-condition to payment has been satisfied.

3.7. The Debtor shall not be entitled to any funds under this Agreement until the following items have been provided to the Creditor and are to the Creditor's satisfaction:

3.7.1. Corporate records of the Debtor or any Affiliate, as applicable;

3.7.2. Resolution of the directors of the Debtor authorizing the entering into of this Agreement and the loan and security documentation contemplated hereby, and the performance by the Debtor of its obligations hereunder and thereunder;

3.7.3. Security as further described in Section 3.4;

3.7.4. An insurance policy certificate as further described in Sections 6.1 and 6.2; and

3.7.5. Any other documentation that the Creditor may reasonably require to protect its security interest.

4. Interest

4.1. The Debtor shall pay interest to the Creditor on all amounts outstanding under Section 3.2 at any time in the type, fixed or variable, described in the Summary of Major Terms.

4.1.1. If the type chosen is fixed, Annual Interest Rate shall be equal to the sum of the Government of Canada Bond Rate as at the date of funding (notwithstanding the date provided in the definition of Government of Canada Bond Rate in Section 1.1.16) and the Fixed Rate Margin. Interest on all amounts outstanding under Section 3.2 shall accrue as of the date the funds are advanced, as evidenced by this Agreement including any notice of completion provided to the Debtor by the Creditor hereunder, and shall be calculated (but not compounded) daily on the principal amount of all amounts outstanding under Section 3.2 on the basis of the actual number of days all amounts outstanding under Section 3.2 are outstanding in a year of 365 or 366 days, as applicable, and shall be compounded and

ATB Financial

payable monthly in arrears on each Monthly Payment Date, as set out in the Summary of Major Terms, for all amounts outstanding under Section 3.2 at the Interest rate stated in the Summary of Major Terms. The Creditor will provide the Debtor with a notice of completion outlining the fixed Annual Interest Rate in the event the Government of Canada Bond Rate as at the date of funding (notwithstanding the date provided in the definition of Government of Canada Bond Rate in Section 1.1.16) either increases or decreases from the Government of Canada Bond Rate.

- 4.1.2. If the type chosen is variable, the Annual Interest Rate shall be equal to the sum of the ATB Prime Rate as of the date of funding and the Prime Rate Margin. Interest on all amounts outstanding under Section 3.2 shall accrue as of the date the funds are advanced, as evidenced by a notice of completion provided to the Debtor by the Creditor hereunder, and shall be calculated (but not compounded) daily on the principal amount of all amounts outstanding under Section 3.2 on the basis of the actual number of days all amounts outstanding under Section 3.2 are outstanding in a year of 365 or 366 days, as applicable, and shall be compounded and payable monthly in arrears on each Monthly Payment Date, as set out in the Summary of Major Terms, for all amounts outstanding under Section 3.2. Changes in the ATB Prime Rate shall cause an immediate adjustment of the Annual Interest Rate applicable to all amounts outstanding under Section 3.2 without the necessity of any notice to the Debtor. The Creditor will provide the Debtor with a notice of completion outlining the variable Annual Interest Rate in the event the ATB Prime Rate as at the date of funding (notwithstanding the date provided in the definition of ATB Prime Rate in Section 1.1.5) either increases or decreases from the ATB Prime Rate.
- 4.2. Notwithstanding the Payment Amount in the Summary of Major Terms, the Payment Amount shall be calculated on the date of funding, as evidenced by a notice of completion provided to the Debtor by the Creditor, based on the Annual Interest Rate as determined in Section 4.1.
- 4.3. In the event that any amount outstanding under Section 3.2 is not paid as it becomes due, the interest calculated and compounded on this amount shall be set at the Annual Interest Rate plus an additional 10% per annum, but otherwise shall follow the procedure set out in Section 4.1.

5. Duration, Default, and Termination

5.1. Duration

The duration of this Agreement shall begin on the date of this Agreement's execution. The duration of this Agreement shall end on the date of the discharge of the Debtor's final obligation under Section 3.2 of this Agreement.

5.2. Default

Each of the following shall be a default of the Debtor's obligations to the Creditor (a "Default") under this Agreement:

- 5.2.1. The Debtor fails to pay when due any amount payable hereunder;
- 5.2.2. The Debtor fails to comply with, observe, or perform any obligation, covenant, or agreement in this Agreement;
- 5.2.3. The Debtor or any guarantor to this Agreement becomes insolvent or makes an assignment for the benefit of creditors, or a trustee or a receiver is appointed for the Debtor or any guarantor to this Agreement or a substantial part of the Debtor's or any guarantor to this Agreement's assets, or bankruptcy, reorganization, or insolvency proceedings are instituted by or against the Debtor or any guarantor to this Agreement;
- 5.2.4. The Debtor attempts to abandon, remove from Canada for a period of greater than thirty (30) consecutive days, sell, rent, encumber, or lease the Equipment or any part thereof, or any item of the Equipment becomes subject to a lien without the express written consent of the Creditor;
- 5.2.5. The Creditor in good faith believes, and has commercially reasonable grounds to believe that, the prospect of payment or performance by the Debtor under this Agreement is or is about to be impaired or the Equipment is or is about to be placed in jeopardy;
- 5.2.6. The Debtor experiences a Material Adverse Effect;
- 5.2.7. The Debtor defaults in the observance or performance of any covenant, condition or obligation contained in any credit agreement between the Debtor and any Person;
- 5.2.8. Except with the prior written consent of the Creditor, there is any change in the ownership of the shares of the Debtor, or the Debtor amalgamates, merges or consolidates with any other Person, or the Debtor sells or otherwise

disposes of all or substantially all of its assets out of the ordinary course of business; or

5.2.9. Any statement, representation or warranty heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with this Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an Inducement to the Creditor to advance any funds to or to enter into this or any other agreement with the Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial, contingent or unliquidated liability or claim against the Debtor; or if upon the date of execution of this Agreement, there shall have been any material adverse change in any of the facts disclosed by any such representation, statement or warranty, which change shall reasonably be expected to have a Material Adverse Effect.

5.3. Termination

5.3.1. Joint Termination

The Parties may, upon mutual written consent, terminate this Agreement at any time.

5.3.2. Creditor's Option to Terminate

The Creditor may, in its sole discretion, terminate this Agreement in:

5.3.2.1. The event of a Default;

5.3.2.2. The event of the loss, material damage, destruction, confiscation, or theft of the Equipment; or

5.3.2.3. Upon ten days' written notice to the Debtor. Initial: REX

5.3.3. Consequences of Termination

5.3.3.1. Upon termination of this Agreement, the Creditor may, in its sole discretion, to the extent permitted and in conformity with Applicable Law, do any one or more of the following:

5.3.3.1.1. Demand the surrender of the Equipment by the Debtor to the Creditor;

5.3.3.1.2. Without demand or legal process, enter the premises where the Equipment is located and take immediate possession of and remove the same, without liability

for such entry or damage to property or otherwise;

5.3.3.1.3. Sell or lease the Equipment at a public or private sale on such terms and notice as Creditor shall deem reasonable;

5.3.3.1.4. Demand the immediate payment of all amounts outstanding under Section 3.2 of this Agreement and a prepayment fee under Section 3.4 of this Agreement on the amount being demanded; or

5.3.3.1.5. Exercise any other right or remedy available to Creditor under Applicable Law or proceed by court action to enforce the terms of this Agreement (including the rights of a secured creditor in respect of the Security Interest constituted hereby) or to recover damages or expenses resulting from the breach of this Agreement.

5.3.3.2. Debtor waives all claims for damages against Creditor arising out of the repossession, voluntary surrender, removal, or disposition of the Equipment; and

5.3.3.3. Debtor shall be liable for and shall pay to Creditor all legal fees on a solicitor and its own client basis, administrative fees, and other costs incurred by Creditor in respect of exercising Creditor's remedies under Sections 5.3.3.1.1, 5.3.3.1.2, 5.3.3.1.3, 5.3.3.1.4, and 5.3.3.1.5.

6. Obligations and Responsibilities of the Debtor

6.1. As reasonably required by Creditor, insure and maintain insurance on the Equipment for the greater of the Equipment's full replacement value and the total outstanding obligations under Section 3.2 of this Agreement during the duration as described under Section 5.1 of this Agreement (the "Insurance"). The Insurance shall be primary and non-contributory insofar as concerns the Creditor's Insurance program. Without limiting the foregoing, the Insurance must contain the following terms:

6.1.1. In the event of a cancellation of the Insurance, the provider of the Insurance must notify the Creditor in writing at least 30 days in advance of the cancellation of the Insurance;

- 6.1.2. Endorsements that protect the Debtor from financial exposure due to environmental liability issues including hazardous material handling. If the Debtor has other potential environmental exposure, the Debtor must carry appropriate coverage for that exposure;
- 6.1.3. Commercial general liability coverage insurance covering bodily injury or property damage to third parties caused by the Equipment, under which the Creditor is included as additional Insured, with a minimum limit of Insurance of \$2,000,000;
- 6.1.4. Property Insurance covering the Equipment from physical damage or loss, under which the Creditor is included as first loss payee;
- 6.2. Provide to the Creditor a certificate or policy of insurance for the Insurance indicating:
 - 6.2.1. The Creditor's name and address;
 - 6.2.2. The Insurer's name and address;
 - 6.2.3. A description of the Equipment including make, model, and serial number;
 - 6.2.4. The amount for which each piece of Equipment is insured and every deductible generally and for every Equipment. In the event that it is not possible for the Insurance to list each Equipment individually, the Creditor may, in its sole discretion, accept blanket insurance coverage;
 - 6.2.5. The effective date of the Insurance; and
 - 6.2.6. The expiry date of the Insurance.
- 6.3. Assume all risk of loss, damage to, or destruction, theft, or confiscation of the Equipment, including:
 - 6.3.1. the acceptance that the Creditor is under no obligation to replace the Equipment in the aforementioned circumstances; and
 - 6.3.2. the responsibility to notify the Creditor in writing if the Equipment is lost, damaged, destroyed, or confiscated.
- 6.4. Maintain and repair the Equipment, pay all operating expenses for the Equipment, and keep the Equipment in good operating condition and appearance in accordance with manufacturer's service requirements and warranties at Debtor's expense.
- 6.5. Observe the following rules in connection with the use of the Equipment:
 - 6.5.1. Keep the Equipment in good condition so as to continuously and fully comply with the requirements of all Governmental Authorities;
 - 6.5.2. Replace any part of the Equipment that becomes worn out, lost, stolen, destroyed, or otherwise rendered permanently unfit or unavailable with replacement and substitute parts and accessories that are original equipment from the manufacturer of the Equipment, or from commercially reputable providers with similar or superior value, serviceability, and warrant;
 - 6.5.3. Keep the Debtor's business located, under the deemed location rules of Section 7(1) of the P.P.S.A., in Canada;
 - 6.5.4. Not remove the Equipment from Canada except in the ordinary course of business;
 - 6.5.5. Not remove the Equipment from Canada for a period of greater than 30 consecutive days;
 - 6.5.6. Not operate the Equipment in, or permit the Equipment to be operated in, any jurisdiction not listed in the "Location(s) of Equipment" section of the Summary of Major Terms, for a period of greater than 30 consecutive days without the prior written consent of the Creditor; and
 - 6.5.7. Not allow the Equipment to be employed, used or otherwise engaged for consumer, household, or personal use, or in any way that, in the view of the Creditor, is not the intended and conventional use of the Equipment.
- 6.6. Permit a representative of the Creditor at any time to inspect the Equipment and permit entrance into any location where the Equipment may be situated and the Debtor shall pay the Creditor's expenses incurred in this regard;
- 6.7. Notify the Creditor in writing upon the occurrence of any Material Adverse Effect.
- 6.8. Provide to the Creditor, on the date noted at the beginning of this Agreement, documentation in a form satisfactory to the Creditor indicating that the Equipment is owned by the Debtor and is free of all Encumbrances other than any permitted Encumbrances set forth in this Agreement (or in any equipment security agreement taken from the Debtor by the Creditor in connection herewith);
- 6.9. Defend the Equipment against the claims and demands of all other parties claiming the same or an interest therein;
- 6.10. Notify the Creditor in writing immediately of:
 - 6.10.1. any change in the information contained and provided herein or in the schedules hereto

- relating to the Debtor, the Debtor's affairs, or the Equipment; and
- 6.10.2. the details of any claims or litigation affecting the Equipment or which would reasonably be expected to have a Material Adverse Effect;
- 6.10.3. the return to, or repossession by the Debtor of any of the Equipment;
- 6.11. Provide to the Creditor all requested information on accrual, notice of, and payment of any taxes or other remittances with regard to the Equipment;
- 6.12. Pay all obligations and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or the Equipment as and when they become due and payable and provide the Creditor all information as the Creditor deems necessary to show payment of all of the obligations and other charges in this subsection;
- 6.13. Agree that the Creditor, in its sole discretion may pay or satisfy any Encumbrance created in respect of any Equipment or any sum necessary to be paid to clear title to such Equipment, and the Debtor agrees to repay the same on demand, plus interest thereon at a rate equal to the Annual Interest Rate;
- 6.14. Prevent the Equipment from being or becoming an accession or fixture to other property not covered by this Agreement;
- 6.15. Deliver to the Creditor from time to time promptly upon request:
- 6.15.1. any documents of title, instruments, investment property and chattel paper constituting, representing or relating to the Equipment;
- 6.15.2. all files, books and all records, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Equipment or copies thereof for the purpose of inspecting, auditing or copying the same; and
- 6.15.3. such other information concerning the Equipment, the Debtor and the Debtor's affairs as the Creditor may reasonably request;
- 6.16. Provide, to the Creditor, annual financial statements of the Debtor, any Affiliates of the Debtor and any guarantors to this Agreement, each in a form satisfactory to the Creditor, within 120 days of the applicable entity's fiscal year end. The Creditor, acting in a commercially reasonable manner, reserves the right to request audited financial statements.
- 6.17. Not make any change to Debtor's primary business activity without the Creditor's express prior written consent.
- 6.18. Perform the following actions pertaining to tax compliance:
- 6.18.1. Pay and remit all sums when due to tax and other governmental authorities including any sums in respect of employees, and provide proof to Creditor upon request;
- 6.18.2. Provide Creditor with such information and documentation as Creditor may require from time to time in respect of the collection and payment of GST or any applicable harmonized sales tax, as the case may be, including information concerning the amount of taxable supplies, GST or any applicable harmonized sales tax, as the case may be, collected, input tax credits received and GST or any applicable harmonized sales tax, as the case may be, paid during each reporting period; and
- 6.18.3. Forward to Creditor a copy of any GST or any applicable harmonized sales tax, as the case may be, election forms filed with Canada Revenue Agency upon request.
- 6.19. Perform all other obligations to be performed under this Agreement.

7. Indemnification, Limitation of Liability

7.1. Debtor's Indemnification of Creditor

- 7.1.1. The Debtor shall and does indemnify the Creditor and its Affiliates and their Representatives for any Loss which may be incurred by the Creditor arising out of any misrepresentation, failure to perform or breach of this Agreement by the Creditor and its Affiliates and their Representatives or arising from any claim of product liability or any similar claim relating to the quality of the Equipment or an alleged defect or deficiency in the Equipment or relating to the operation of the Debtor's business, to the extent that the claim relates directly or indirectly to any matter within the control of the Debtor.
- 7.1.2. The Debtor also shall and does indemnify the Creditor and its Affiliates and their Representatives for any Loss that may occur due to any introduction of, change in, or implementation of any Applicable Law that:
- 7.1.2.1. Subjects the Creditor to any tax, changes the basis of taxation of payments due to the Creditor, or increase in any existing tax on payments of principal, interest, or

other amounts payable by the Debtor to the Creditor under this Agreement;

- 7.1.2.2. Imposes, modifies, or deems applicable any reserve, special deposit, capital adequacy, regulatory, or similar requirement against assets or liabilities held by the Creditor, or deposits of or for the account of the Creditor, or loans by the Creditor, or any other acquisition of funds for loans by the Creditor, or commitments by the Creditor to fund loans or obligations of the Creditor in respect of bankers' acceptances accepted by such Creditor; or

- 7.1.2.3. Imposes on the Creditor any other condition with respect to this Agreement.

The applicability of this Section 7.1.2 shall be at the sole discretion of the Creditor acting reasonably.

7.2. Disclaimer and Release

To the maximum extent permitted by any Applicable Law, and except as otherwise set out expressly in this Agreement, the Debtor waives, releases and disclaims, all undertakings representations, warranties (express or implied), obligations and liabilities of the Creditor and all other remedies, rights and claims against the Creditor, arising by law, statute or otherwise, with respect to the Equipment, including any warranty of merchantability or fitness for a particular purpose, any warranty arising from course of performance, course of dealing or usage of trade, and any obligation, liability, right, remedy or claim in tort, despite any fault, negligence, omission or strict liability of the Creditor (whether active, passive or imputed). No claims of any kind, whether as to materials delivered or for non-delivery of materials from the Creditor, and whether arising in tort or contract, shall be greater in amount than the purchase price of the Equipment in respect of which such damages are claimed.

8. Assignment

- 8.1. Debtor unconditionally agrees that Creditor may assign all or part of its interest in the Agreement, Debtor's payments, and the Equipment to others without notice to or consent of the Debtor.
- 8.2. Debtor consents to the dissemination, for the purposes of an assignment, to any assignee of any confidential information given to the Creditor or any assignees.
- 8.3. Debtor acknowledges that it may not assign this Agreement under any circumstance.

9. Know Your Client & Anti-Money Laundering Provisions

- 9.1. The Debtor recognizes and accepts that the Creditor shall take all necessary steps to comply with all Applicable Law and internal policies on issues characterized as know your client or anti-money laundering issues.
- 9.2. The Debtor consents to provide all necessary information and undertakes to engage in all necessary action, at its own expense, to assist the Creditor with the Creditor's compliance under Section 9.1.

10. General

10.1. Third Party Indemnification

To ensure that the indemnities provided by the Debtor to the Creditor's and its Affiliates and their Representatives are enforceable, it is agreed by the Parties that the Creditor is acting as agent for those Persons with respect to the indemnities intended to be given to those Persons under this Agreement. The Creditor agrees that it shall hold any right to indemnification that any of those Persons is intended to have under this Agreement in trust for them and that funds received by the Creditor in respect of any claims by any of those Persons shall be held in trust for those Persons.

10.2. Relationship Between the Parties

The Creditor and the Debtor are independent contractors. This Agreement does not constitute the Creditor and the Debtor as agents, legal representatives, sales representatives, partners, employees, servants or joint venturers of each other for any purpose. The Debtor agrees to defend, indemnify, and hold Creditor harmless from and against any and all claims or third parties that would not have arisen but for an act or omission by the Debtor that is contrary to the above-acknowledged relationship or any other term of this Agreement.

10.3. Notices

Any Communication must be in writing and either:

- 10.3.1. Delivered personally or by courier; or

- 10.3.2. Transmitted by facsimile, e-mail or functionally equivalent electronic means of transmission, charges (if any) prepaid.

Any Communication must be sent to the intended recipient at its address as listed in the recitals or at any other address as any Party may at any time advise the other by Communication given or made in accordance with this Section 10.3. Any Communication delivered to the Party to whom it is addressed shall be deemed to have been given or made and received on the day it is delivered at that Party's address, provided that if that day

is not a Business Day then the Communication shall be deemed to have been given or made and received on the next Business Day. Any Communication transmitted by facsimile, e-mail or other functionally equivalent electronic means of transmission shall be deemed to have been given or made and received on the day on which it is transmitted; but if the Communication is transmitted on a day which is not a Business Day or after 6 pm (local time of the recipient), the Communication shall be deemed to have been given or made and received on the next Business Day.

10.4. Severability

Each Section of this Agreement is distinct and severable. If any Section of this Agreement, in whole or in part, is or becomes illegal, invalid, void, voidable or unenforceable in any jurisdiction by any court of competent jurisdiction, the illegality, invalidity or unenforceability of that Section, in whole or in part, shall not affect:

10.4.1. the legality, validity or enforceability of the remaining Sections of this Agreement, in whole or in part; or

10.4.2. the legality, validity or enforceability of that Section, in whole or in part, in any other jurisdiction.

10.5. Privacy

Creditor may collect, use, and disclose Debtor's personal information in accordance with law. A copy of Creditor's "Collection, Use, and Disclosure" brochure can be obtained from any of Creditor's branches and a copy of Creditor's complete privacy code may be obtained from www.atb.com or at any of Creditor's branches.

10.6. Conduct of Parties

All requests, consents, approvals, opinions and decisions given or made by either Party as permitted by this Agreement must be reasonable, not be unreasonably withheld or delayed, not be subject to unreasonable conditions or qualifications, be based on good and sound business judgment, and be consistent with the terms of this Agreement. Whenever a Section of this Agreement or a Schedule requires a consent or approval by a Party and notification of the consent or approval is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its consent or approval.

10.7. Amendment and Waiver

No amendment, discharge, modification, restatement, supplement, termination or waiver of this Agreement or any Section of this Agreement is binding unless it is in writing and executed by the Parties to be bound. No waiver of, failure to exercise, or delay in exercising, any

Section of this Agreement constitutes a waiver of any other Section (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

10.8. Succession

This Agreement shall apply to and bind the Debtor's heirs, executors, liquidators, administrators, successors, and assigns and shall enure to the benefit of and be enforceable by Creditor, its successors and assigns.

10.9. Further Assurances

Each Party shall, at the requesting Party's cost and expense, execute and deliver any further agreements and documents and provide any further assurances, undertakings and information as may be reasonably required by the requesting Party to give effect to this Agreement and, without limiting the generality of this Section 10.9, shall do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide any assurances, undertakings and information as may be required at any time by all Governmental Authorities having jurisdiction over the affairs of a Party or as may be required at any time under Applicable Law.

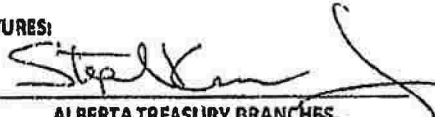
10.10. Counterparts

This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which shall be an original, and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission, and those counterparts shall together constitute one and the same instrument, but the party delivering such facsimile or other electronic copy shall deliver an original copy of this Agreement as soon as reasonably possible after delivery of the facsimile or other electronic copy.

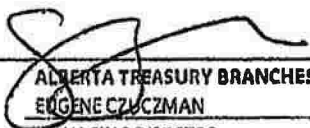
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties have executed and delivered this Agreement, as of the date noted at the beginning of this Agreement.

SIGNATURES:


Per: ALBERTA TREASURY BRANCHES
Name: STEPHEN KARLOWSKY
Title: RELATIONSHIP MANAGER

 X
Per: D.L.M. OILFIELD ENTERPRISES LTD.
Name: BLAKE ARAKI
Title: DIRECTOR


Per: ALBERTA TREASURY BRANCHES
Name: EUGENE CZUCZMAN
Title: MANAGING DIRECTOR

Per: _____
Name: _____
Title: _____

EQUIPMENT LOAN AND SECURITY AGREEMENT **SCHEDULE A**

THIS SCHEDULE is dated as of the 25 day of AUGUST, 2015, pursuant to the terms of the Equipment Loan and Security Agreement between Creditor and Debtor dated as of the 25 day of AUGUST, 2015.

EQUIPMENT DESCRIPTION:

Year	Make	Model	Description	Serial Number
2005	PETERBILT	378	TRUCK C/W TANK TC-406 S/N 2AESTDB0965000290	1NPFLU9X85D844255
2007	PETERBILT	378	TRUCK C/W TANK TC-406 S/N 2AESTDB0965000290	1NPFLB0X17D669805
2008	PETERBILT	367	TRUCK C/W TANK TC-406 S/N 2AESTDB0975000206	1NPFLB0X08D737855
2008	PETERBILT	367	TRUCK C/W TANK TC-406 S/N 2AESTDB0575000210	1NPFLB0X78D767600
2008	PETERBILT	367	TRUCK C/W TANK TC-406 S/N 2AESTDB0775000211	1NPFLB0X48D767599
2014	KENWORTH	T800	TRUCK C/W TANK TC-406 S/N 2AATDB04D5000173	1NKDL49X3EJ965936
2014	KENWORTH	T800	TRUCK C/W TANK TC-406 S/N 2AATDB0XD5000175	1NKDL49X5EJ965937
2007	WESTERN STAR	4900FA	TRUCK C/W TANK TC-406 S/N 2AESTEA077E000179	5KKHAEDE87PX84897
2006	KENWORTH	T800	FLUSHBY TRUCK C/W TANK S/N 2AATCB076R000107	1NKDLB0X26R984059
2007	PETERBILT	378	FLUSHBY TRUCK C/W TANK S/N 2W9063B17TA041642	1NPFL40XX7D682158
2005	KENWORTH	T800B	FLUSHBY TRUCK C/W TANK S/N 4M8TZ062AE1328812	1NKDXUEX65R978062
2008	SCONA	TRI-AXLE	VACUUM TRAILER C/W TANK TC-412 S/N PRTSVAC462-02-08	2E9H45D3X83003484
2008	SCONA	TRI-AXLE	VACUUM TRAILER C/W TANK TC-412 S/N PRTSVAC463-02-08	2E9H45D3183003485
2007	PETERBILT	379	TRUCK	1XP5D49X27D745884
2007	PETERBILT	378	TRUCK	1XP5DB9X47D738570
2007	PETERBILT	378	TRUCK	1XP5DB9X97D673302
2014	KENWORTH	T800	TRUCK	1KKDD40X8EJ965933
2013	MAGNUM	25TM-37	TRAILER C/W FOREMOST VACUUM SYSTEM S/N 02131697	2P9ST2MR4DA015153
2013	DODGE RAM	D5500	TRUCK	3C7WRNBL3DG581857
2004	DODGE RAM	9500	TRUCK	3D7MU46C24G134451
2011	DODGE RAM	1500	TRUCK	1D7RV1CT785605571
2008	DODGE RAM	3500	TRUCK	3D7MX38A78G208501
2006	DODGE RAM	3500	TRUCK	3D7LX38C26G242159
2011	GMC	YUKON XL	TRUCK	1GKS2KE34BR212646
2006	DODGE RAM	1500	TRUCK	1D7HU18216J125956
2010	DODGE RAM	1500	TRUCK	1D7RV1GT3A5133118
2012	DODGE RAM	1500	TRUCK	1C6RD7LT8CS288506
2012	DODGE RAM	1500	TRUCK	1C6RD7KTCS120643

ATB Equipment Finance™

ATB Financial™

2012	DODGE RAM	2500	TRUCK	3C6UDSDL3CG106294
2012	DODGE RAM	3500	TRUCK	3C63D3DL4CG234107
2012	DODGE RAM	3500	TRUCK	3C63D3DL8CG234109
2001	ALTA-FAB		CAMP TRAILER	011256S3562WSMB
2010	BOBCAT	S250	SKID STEER LOADER	A5GM36557
2008	BOBCAT	T300	MULTI TERRAIN LOADER	532040140
2009	BOBCAT	S330	SKID STEER LOADER	ASHA35103
2014	FOREST RIVER	CARGO MATE	TRAILER	5NHUCHG29ET445243
2014	LOAD TRAIL	TANDEM	TRAILER	42ETD1828E1049957
2011	KAUFMAN	TANDEM	TRAILER	5SHFP2227BB000122
2011	KAUFMAN	TANDEM	TRAILER	2SHFD2221BB000125

SIGNATURES:


 Per: ALBERTA TREASURY BRANCHES
 Name: STEPHEN KARLOWSKY
 Title: RELATIONSHIP MANAGER


 Per: D.L.M. OILFIELD ENTERPRISES LTD.
 Name: BLAKE ARAKI
 Title: DIRECTOR

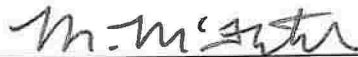

 Per: ALBERTA TREASURY BRANCHES
 Name: EUGENE CZUCZMAN
 Title: MANAGING DIRECTOR

Per: _____
 Name: _____
 Title: _____

ATB Financial Group

ATB Financial™

This is Exhibit "D" referred to in the Affidavit of
Ian Mark Philip
sworn before me this 10th day of March, 2020.

A handwritten signature in dark ink, appearing to read "M. McIntosh", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Molly McIntosh
Barrister & Solicitor

Phone: 780-422-8440
Fax: 780-422-4998

July 9, 2015

D.L.M. Oilfield Enterprises Ltd.
P.O. Box 7616
Bonnyville, AB T9N 2H9

Attn: Robert Duval and Erik Tolzmann

Dear Sirs:

Alberta Treasury Branches has approved and offers financial assistance on the terms and conditions in the attached Commitment Letter.

You may accept our offer by returning the enclosed duplicate of this letter, signed as indicated below, by 4:00 p.m. on or before July 23, 2015 or our offer will automatically expire. We reserve the right to cancel our offer at any time prior to acceptance.

Thank you for your business.

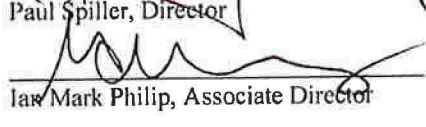
Yours truly,

ALBERTA TREASURY BRANCHES

By:


Paul Spiller, Director

By:


Ian Mark Philip, Associate Director

Encl.

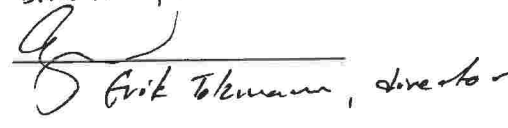
Accepted this ____ day of _____, 2015

D.L.M. Oilfield Enterprises Ltd.

Per:


Blake Anst, Director

Per:


Erik Tolzmann, Director

ATB Corporate
Financial Services™

25th Floor, 10020-100 Street Edmonton, AB T5J 0N3

CAPITAL SOLUTIONS | FINANCIAL MARKETS | CASH MANAGEMENT

COMMITMENT LETTER

LENDER: ALBERTA TREASURY BRANCHES

BORROWER: D.L.M. OILFIELD ENTERPRISES LTD.

1. AMOUNTS AND TYPES OF FACILITIES (each referred to as a "Facility")

Facility #1 - Operating Loan Facility (Revolving) – Cdn. \$5,000,000.00

- Facility #1 is available by way of:
 - Prime-based loans in Canadian dollars
 - Letters of Credit (to an aggregate maximum of \$100,000) in Canadian dollars
 - Corporate MasterCard (to a maximum of \$75,000)
- Facility #1 is to be used for the general operating purposes of Borrower.
- Notwithstanding the amount of Facility #1 (and except as otherwise provided in the Repayment section hereof), advances will be limited to the amount (the "Margin Limit") equal to the lesser of:
 - the maximum principal amount of Facility #1; and
 - the aggregate of (a) 75% of Good Accounts Receivable A of Borrower plus (b) 85% of Good Accounts Receivable B of Borrower.

Other Facilities – Foreign Exchange, Interest Rate and Commodity Derivatives

- At Borrower's request, Lender may enter into foreign exchange forward contracts and/or interest rate and commodity derivatives with Borrower from time to time. Lender makes no commitment to enter into any such contract or derivative and may at any time in its sole discretion decline to enter into any such contract or derivative. Any Security Documents will also secure Borrower's liability and obligations pursuant to any such contracts or derivatives.

2. INTEREST RATES AND PREPAYMENT:

Facility #1:

- Pricing applicable to Facility #1 is as follows:
 - Prime-based loans: Interest is payable in Canadian dollars at Prime plus 1.00% per annum
 - Letters of Credit: Fee is 0.25% per annum with a minimum fee of \$500.00.
 - Corporate MasterCard: Fees are detailed in the Corporate MasterCard documentation.
- Non-refundable facility fee calculated at a rate of 0.20% per annum is payable monthly in Canadian dollars on the last day of each month, calculated daily on the unused portion of the authorized amount of Facility #1.
- Facility #1 may be prepaid in whole or in part at any time (subject to the notice periods provided hereunder) without penalty.

3. REPAYMENT:

Facility #1:

- Facility #1 is payable in full on demand by Lender, and Lender may terminate the availability thereof (including any undrawn portion) at any time without notice.
- Facility #1 may revolve in multiples as permitted hereunder, and Borrower may borrow, repay, reborrow and convert between types of Borrowings, up to the amount and subject to the notice periods provided hereunder.

4. FEES:

- Non-refundable new monies fee of \$12,500.00 is payable on acceptance of this offer. Lender is hereby authorized to debit Borrower's current account for any unpaid portion of the fee.
- Any amount in excess of established credit facilities may be subject to a fee where Lender in its sole discretion permits excess Borrowings, if any.
- For reports or statements not received within the stipulated periods (and without limiting Lender's rights by virtue of such default), Borrower will be subject to a fee of \$50 per month (per monthly or quarterly report or statement) and \$250 per month (per annual report or statement) for each late reporting occurrence, which will be deducted from Borrower's account.

5. SECURITY DOCUMENTS:

All security documents (whether held or later delivered) (collectively referred to as the "**Security Documents**") shall secure all Facilities and all other obligations of Borrower to Lender (whether present or future, direct or indirect, contingent or matured).

The Security Documents required at this time are as follows:

- (a) General Security Agreement from Borrower providing a first-ranking security interest over all present and after acquired personal property;
- (b) Postponement and Assignment of Claims from Deerborn Oilfield Services Ltd.;
- (c) Postponement and Assignment of Claims from 297879 Alberta Ltd.;
- (d) Postponement and Assignment of Claims from DLM Holdco L.P.;
- (e) Postponement and Assignment of Claims from DLM Investco (US) II L.P.;
- (f) Postponement and Assignment of Claims from DLM Investco (CAN) II L.P.;
- (g) Inter-Lender Agreement between Lender, Borrower and Bond Capital to be deemed satisfactory to Lender.

The Security Documents are to be registered in the following jurisdictions: Alberta.

6. REPRESENTATIONS AND WARRANTIES:

Borrower represents and warrants to Lender that:

- (a) if a Loan Party is a corporation, it is a corporation duly incorporated, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
- (b) if a Loan Party is a partnership, it is a partnership duly created, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
- (c) the execution, delivery and performance by each Loan Party of this agreement and each Security Document to which it is a party have been duly authorized by all necessary actions and do not violate its governing documents or any applicable laws or agreements to which it is subject or by which it is bound;
- (d) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any provision of this agreement or any Security Document given in connection herewith;
- (e) the most recent financial statements of Borrower and, if applicable, any Guarantor, provided to Lender fairly present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements, there has occurred no material adverse change in its business or financial condition;
- (f) each Loan Party has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than Permitted Encumbrances;
- (g) each Loan Party is in compliance in all material respects with all applicable laws including, without limitation, all environmental laws, and there is no existing material impairment to its properties and assets as a result of environmental damage, except to the extent disclosed in writing to Lender and acknowledged by Lender; and
- (h) Borrower has no Subsidiaries.

All representations and warranties are deemed to be repeated by Borrower on each request for an advance hereunder.

7. POSITIVE COVENANTS:

Borrower covenants with Lender that so long as it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will do and perform the following covenants. If any such covenant is to be done or performed by a Guarantor, Borrower also covenants with Lender to cause Guarantor to do or perform such covenant.

- (a) Borrower will pay to Lender when due all amounts (whether principal, interest or other sums) owing by it to Lender from time to time;
- (b) Borrower will deliver to Lender the Security Documents, in all cases in form and substance satisfactory to Lender and Lender's solicitor;

- (c) Borrower will ensure that at least 95% of its consolidated assets are held by those Loan Parties which have provided security in favour of Lender;
- (d) Borrower will use the proceeds of loans only for the purposes approved by Lender;
- (e) each Loan Party will maintain its valid existence as a corporation or partnership, as the case may be, and except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect, will maintain all licenses and authorizations required from regulatory or governmental authorities or agencies to permit it to carry on its business, including, without limitation, any licenses, certificates, permits and consents for the protection of the environment;
- (f) each Loan Party will maintain appropriate books of account and records relative to the operation of its business and financial condition;
- (g) each Loan Party will maintain and defend title to all of its property and assets, will maintain, repair and keep in good working order and condition all of its property and assets and will continuously carry on and conduct its business in a proper, efficient and businesslike manner;
- (h) each Loan Party will maintain appropriate types and amounts of insurance with Lender shown as first loss payee on any property insurance covering any assets on which Lender has security, and promptly advise Lender in writing of any significant loss or damage to its property;
- (i) each Loan Party will provide evidence of insurance to Lender:
 - i) in situations where Lender has taken a fixed charge on an asset or property whether on real property or personal property; and
 - ii) in all other situations, on request;
- (j) each Loan Party will permit Lender, by its officers or authorized representatives at any reasonable time and on reasonable prior notice, to enter its premises and to inspect its plant, machinery, equipment and other real and personal property and their operation, and to examine and copy all of its relevant books of accounts and records;
- (k) each Loan Party will remit all sums when due to tax and other governmental authorities (including, without limitation, any sums in respect of employees and GST), and upon request, will provide Lender with such information and documentation in respect thereof as Lender may reasonably require from time to time;
- (l) each Loan Party will comply with all applicable laws, including without limitation, environmental laws, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect;
- (m) Borrower will promptly advise Lender in writing, giving reasonable details, of (i) the discovery of any contaminant or any spill, discharge or release of a contaminant into the environment from or upon any property of a Loan Party which could reasonably be expected to result in a Material Adverse Effect, (ii) any event which constitutes, or which with notice, lapse of time or both, would constitute a breach of any provision hereof or of any Security Documents, and (iii) each event which has or is reasonably likely to have a Material Adverse Effect; and

- (n) Borrower undertakes that, upon request from Lender, Borrower will grant a fixed mortgage and charge to Lender on any or all real property of Borrower so designated by Lender. Borrower shall promptly provide to Lender all information reasonably requested by Lender to assist it in that regard. Borrower acknowledges that this undertaking constitutes present and continuing security in favour of Lender, and that Lender may file such caveats, security notices or other filings in regard thereto at any time and from time to time as Lender may determine.

8. NEGATIVE COVENANTS:

Borrower covenants with Lender that while it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will not do any of the following, without the prior written consent of Lender. If a Guarantor is not to do an act, Borrower also covenants with Lender not to permit Guarantor to do such act.

- (a) a Loan Party will not create or permit to exist any mortgage, charge, lien, encumbrance or other security interest on any of its present or future assets, other than Permitted Encumbrances;
- (b) a Loan Party will not create, incur, assume or allow to exist any Indebtedness other than:
 - i) trade payables incurred in the ordinary course of business;
 - ii) any Indebtedness owing to another Loan Party (but only if that Loan Party has provided security in favour of Lender);
 - iii) any Indebtedness secured by a Permitted Encumbrance;
 - iv) any unsecured advances from affiliates/shareholders which are postponed in all respects to the Facilities; and
 - v) any Indebtedness owing to Lender;
- (c) a Loan Party will not sell, lease or otherwise dispose of any assets except (i) inventory sold, leased or disposed of in the ordinary course of business, (ii) obsolete equipment which is being replaced with equipment of an equivalent value, (iii) assets sold, leased or disposed of to another Loan Party (but only if that Loan Party has provided security in favour of Lender), and (iv) assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding \$1,000,000 for such fiscal year;
- (d) a Loan Party will not provide financial assistance (by means of a loan, guarantee or otherwise) to any person (other than Lender) other than loans permitted under clause (b) above;
- (e) a Loan Party will not pay to or for the benefit of shareholders or persons associated with shareholders (within the meaning of the Alberta Business Corporations Act) by way of salaries, bonuses, dividends, management fees, repayment of loans or otherwise, any amount which would cause a breach of a provision hereof;
- (f) a Loan Party will not reduce its capital or redeem, purchase or otherwise acquire, retire or pay off any of its present or future share capital other than to another Loan Party;

- (g) a Loan Party will not amalgamate, consolidate, or merge with any person other than a Loan Party and then only if no default or event of default is then in existence or would thereafter be in existence, and will not enter into any partnership with any other person unless the partnership becomes a Loan Party hereunder and provides security in favour of Lender;
- (h) a Loan Party will not consent to or facilitate a change in the ownership of its shares or allow a material change in its management without the prior written consent of Lender;
- (i) a Loan Party will not acquire any assets in, or move or allow any of its assets to be moved to, a jurisdiction where Lender has not registered or perfected the Security Documents;
- (j) a Loan Party will not change the present nature of its business;
- (k) Borrower will not operate accounts with or otherwise conduct any banking business with any financial institution other than Lender, other than to the extent expressly permitted in the definition of Permitted Encumbrances hereunder;
- (l) a Loan Party will not enter into any Hedging Agreement which is not used for risk management in relation to its business or which is not entered into in the ordinary course of its business but is entered into for speculative purposes, or which, in the case of commodity swaps or similar transactions of either a financial or physical nature, have a term exceeding two years;
- (m) a Loan Party will not allow any pollutant (including any pollutant now on, under or about such land) to be placed, handled, stored, disposed of or released on, under or about any of its lands unless done in the normal course of its business and then only as long as it complies with all applicable laws in placing, handling, storing, transporting, disposing of or otherwise dealing with such pollutants, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect; and
- (n) Borrower will not utilize Borrowings to finance a hostile takeover.

9. REPORTING COVENANTS:

Borrower will provide to Lender:

- (a) within 120 days after the end of each of its fiscal years:
 - i) financial statements of Borrower on a review engagement basis prepared by a firm of qualified accountants. Lender reserves the right to require audited financial statements;
 - ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";
- (b) within 30 days after the end of each of its fiscal year ends, annual capital and revenue budgets including income statement, balance sheet, capex projection and statement of cash flow from Borrower for the next following fiscal year;
- (c) within 45 days following the end of each fiscal quarter:
 - i) internally produced financial statements of Borrower for that quarter, and

- ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";
- (d) within 30 days following the end of each calendar month, aged accounts payable and accounts receivables listings as at the end of such month, and giving separate listings for each business location of Borrower certified by a senior officer of Borrower;
- (e) on request, any further information regarding its assets, operations and financial condition that Lender may from time to time reasonably require.

10. FINANCIAL COVENANTS:

Borrower will not at any time, without the prior written consent of Lender, breach the following restrictions:

- (a) permit the Current Ratio to fall below 1.25:1 until Q3-15 (September 30, 2015) and 1.35:1 thereafter;
- (b) permit the ratio of Net Senior Funded Debt to EBITDA to exceed 3.00:1 until Q4-15 (December 31, 2015) and 2.50:1 thereafter;
- (c) permit the Fixed Charge Coverage Ratio to be less than 1.10:1 until Q4-16 (December 31, 2016) and 1.20:1 thereafter.

Each of the above financial ratios shall be maintained at all times and shall be detailed in the compliance certificate required to be delivered hereunder.

11. CONDITIONS PRECEDENT:

It is a condition precedent to each advance hereunder that, at the time of such advance, all representations and warranties hereunder must be true and correct in all material respects as if made on such date, and there must be no default hereunder or under any Security Document.

In addition, no Facilities will be available until the following conditions precedent have been satisfied, unless waived by Lender:

- (a) Lender has received all Security Documents and all registrations and filings have been completed in Alberta, in all cases in form and substance satisfactory to Lender;
- (b) Borrower and Guarantors (if any) have provided all authorizations and all financial statements, appraisals, environmental reports and any other information that Lender may require;
- (c) Lender has received payment of all fees due in respect hereof;
- (d) Lender is satisfied as to the value of Borrower's and any Guarantor's assets and financial condition, and Borrower's and any Guarantor's ability to carry on business and repay any amount owed to Lender from time to time; and
- (e) Repayment in full of the indebtedness with PNC Financial Services through disbursement of the term facility with ATB Equipment Finance.

12. AUTHORIZATIONS AND SUPPORTING DOCUMENTS

Borrower has delivered or will deliver the following authorizations and supporting documents to Lender:

- Corporate Borrower:
 - a) Incorporation documents including Certificate of Incorporation, Articles of Incorporation (including any amendments) and last Notice of Directors;
 - b) Business Corporation Agreement;
 - c) Corporate MasterCard documentation;
 - d) Environmental Questionnaire & Disclosure Statement;
 - e) Credit Information and Alberta Land Titles Office Name Search Consent Form;
- General:
 - a) Solicitor Opinion Letter from counsel to Borrower and any Guarantors;
 - b) Solicitor Opinion Letter from counsel to Lender.

13. DRAWDOWNS, PAYMENTS AND EVIDENCE OF INDEBTEDNESS

- Interest on Prime-based loans is calculated on the daily outstanding principal balance, and is payable on the last day of each month.
- If revolving of loans is permitted hereunder, principal advances and repayments on Prime-based loans are to be in the minimum sum of Cdn. \$25,000.00 or multiples of it.
- If Letters of Credit are available hereunder, the term of each Letter of Credit shall not exceed one (1) year, although automatic extensions thereof (unless notified by Lender) are permitted. On any demand being made by a beneficiary for payment under a Letter of Credit, the amount so paid shall be automatically deemed to be outstanding as a Prime-based loan under the relevant Facility.
- Borrower shall monitor its Borrowings (including the face amount and maturity date of each Letter of Credit) to ensure that the Borrowings hereunder do not exceed the maximum amount available hereunder.
- Borrower shall provide notice to Lender prior to requesting an advance or making a repayment or conversion of Borrowings hereunder, as follows:

For Borrowings:

 - under Cdn. \$5,000,000 – same day notice
 - Cdn. \$5,000,000 and over – one Business Day prior written notice
- Borrower may cancel the availability of any unused portion of a Facility on five Business Days' notice. Any such cancellation is irrevocable.
- The annual rates of interest or fees to which the rates calculated in accordance with this agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

- If the amount of Borrowings outstanding under any Facility, when converted to the Equivalent Amount in Canadian dollars, exceeds the amount available under such Facility, Borrower shall, unless Lender otherwise agrees in its sole discretion, immediately repay such excess to Lender.
- If any amount due hereunder is not paid when due, Borrower shall pay interest on such unpaid amount (including without limitation, interest on interest) if and to the fullest extent permitted by applicable law, at a rate per annum equal to Prime plus 5%.
- The branch of Lender (the "**Branch of Account**") where Borrower maintains an account and through which the Borrowings will be made available is located at TBD. Funds under the Facilities will be advanced into and repaid from account no. TBD at the Branch of Account, or such other branch or account as Borrower and Lender may agree upon from time to time.
- Lender shall open and maintain at the Branch of Account accounts and records evidencing the Borrowings made available to Borrower by Lender under this agreement. Lender shall record the principal amount of each Borrowing and the payment of principal, interest and fees and all other amounts becoming due to Lender under this agreement. Lender's accounts and records (and any confirmations issued hereunder) constitute, in the absence of manifest error, conclusive evidence of the indebtedness of Borrower to Lender pursuant to this agreement.
- Borrower authorizes and directs Lender to automatically debit, by mechanical, electronic or manual means, any bank account of Borrower for all amounts payable by Borrower to Lender pursuant to this agreement. Any amount due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day, and interest shall accrue accordingly.

14. MISCELLANEOUS:

- (a) All legal and other costs and expenses incurred by Lender in respect of the Facilities, the Security Documents and other related matters will be paid or reimbursed by Borrower on demand by Lender.
- (b) All Security Documents will be prepared by or under the supervision of Lender's solicitors, unless Lender otherwise permits. Acceptance of this offer will authorize Lender to instruct Lender's solicitors to prepare all necessary Security Documents and proceed with related matters.
- (c) Lender, without restriction, may waive in writing the satisfaction, observance or performance of any of the provisions of this Commitment Letter. The obligations of a Guarantor (if any) will not be diminished, discharged or otherwise affected by or as a result of any such waiver, except to the extent that such waiver relates to an obligation of such Guarantor. Any waiver by Lender of the strict performance of any provision hereof will not be deemed to be a waiver of any subsequent default, and any partial exercise of any right or remedy by Lender shall not be deemed to affect any other right or remedy to which Lender may be entitled.
- (d) Borrower shall reimburse Lender for any additional cost or reduction in income arising as a result of (i) the imposition of, or increase in, taxes on payments due to Lender hereunder (other than taxes on the overall net income of Lender), (ii) the imposition of, or increase in, any reserve or other similar requirement, (iii) the imposition of, or change in,

any other condition affecting the Facilities imposed by any applicable law or the interpretation thereof.

- (e) Lender is authorized but not obligated, at any time, to apply any credit balance, whether or not then due, to which Borrower or Guarantor is entitled on any account in any currency at any branch or office of Lender in or towards satisfaction of the obligations of Borrower or such Guarantor due to Lender under this agreement or any guarantee granted in support hereof, as applicable. Lender is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.
- (f) Words importing the singular will include the plural and vice versa, and words importing gender will include the masculine, feminine and neuter, and anything importing or referring to a person will include a body corporate and a partnership and any entity, in each case all as the context and the nature of the parties requires.
- (g) Where more than one person is liable as Borrower (or as a Guarantor) for any obligation hereunder, then the liability of each such person for such obligation is joint and several with each other such person.
- (h) If any portion of this agreement is held invalid or unenforceable, the remainder of this agreement will not be affected and will be valid and enforceable to the fullest extent permitted by law. In the event of a conflict between the provisions hereof and of any Security Document, the provisions hereof shall prevail to the extent of the conflict.
- (i) Where the interest rate for a credit is based on Prime, the applicable rate on any day will depend on the Prime rate in effect on that day, as applicable. The statement by Lender as to Prime and as to the rate of interest applicable to a credit on any day will be binding and conclusive for all purposes. All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well after as before maturity, default and judgment with interest on overdue interest at the applicable rate payable hereunder. To the extent permitted by law, Borrower waives the provisions of the *Judgment Interest Act* (Alberta).
- (j) Any written communication which a party may wish to serve on any other party may be served personally (in the case of a body corporate, on any officer or director thereof) or by leaving the same at or couriering or mailing the same by registered mail to the Branch of Account (for Lender) or to the last known address (for Borrower or any Guarantor), and in the case of mailing will be deemed to have been received two (2) Business Days after mailing except in the case of postal disruption.
- (k) Unless otherwise specified, references herein to "\$" and "dollars" mean Canadian dollars.
- (l) If for the purpose of obtaining judgment in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgment Currency**") any amount due hereunder in any currency other than the Judgment Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, rate of exchange means the rate at which Lender would, on the relevant date, be prepared to sell a similar amount of such currency against the Judgment Currency, in accordance with normal banking procedures. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgment is given and the date of payment of the amount due, Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such day is the amount in the Judgment Currency which, when converted at the rate of exchange

prevailing on the date of payment, is the amount then due under this Agreement in such other currency. Any additional amount due from Borrower under this paragraph will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due in connection with this Agreement.

- (m) Lender shall have the right to assign, sell or participate its rights and obligations in the Facilities or in any Borrowing thereunder, in whole or in part, to one or more persons, provided that the consent of Borrower shall be required if no default is then in existence, such consent not to be unreasonably withheld or delayed.
- (n) Borrower shall indemnify Lender against all losses, liabilities, claims, damages or expenses (including without limitation legal expenses on a solicitor and his own client basis) (i) incurred in connection with the entry into, performance or enforcement of this agreement, the use of the Facility proceeds or any breach by Borrower or any Guarantor of the terms hereof or any document related hereto, or (ii) arising out of or in respect of: (A) the release of any hazardous or toxic waste or other substance into the environment from any property of Borrower or any of its Subsidiaries, and (B) the remedial action (if any) taken by Lender in respect of any such release, contamination or pollution. This indemnity will survive the repayment or cancellation of any of the Facilities or any termination of this agreement.
- (o) For certainty, the permission to create a Permitted Encumbrance shall not be construed as a subordination or postponement, express or implied, of Lender's Security Documents to such Permitted Encumbrance.
- (p) Each accounting term used hereunder, unless otherwise defined herein, has the meaning assigned to it under GAAP consistently applied. If there occurs a change in generally accepted accounting principles (an "**Accounting Change**"), including as a result of a conversion to International Financial Reporting Standards, and such change would result in a change (other than an immaterial change) in the calculation of any financial covenant, standard or term used hereunder, then at the request of Borrower or Lender, Borrower and Lender shall enter into negotiations to amend such provisions so as to reflect such Accounting Change with the result that the criteria for evaluating the financial condition of Borrower or any other party, as applicable, shall be the same after such Accounting Change, as if such Accounting Change had not occurred. If, however, within 30 days of the foregoing request by Borrower or Lender, Borrower and Lender have not reached agreement on such amendment, the method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change.
- (q) Borrower's information, corporate or personal, may be subject to disclosure without its consent pursuant to provincial, federal, national or international laws as they apply to the product or service Borrower has with Lender or any third party acting on behalf of or contracting with Lender.
- (r) Borrower acknowledges that the terms of this agreement are confidential, and Borrower agrees not to disclose the terms hereof or provide a copy hereof to any person without the prior written consent of Lender, unless and to the extent required by applicable law.
- (s) Time shall be of the essence in all provisions of this agreement.
- (t) This agreement may be executed in counterpart.
- (u) This agreement shall be governed by the laws of Alberta.

- (v) Leah Tolton of Dentons LLP is designated as Lender's solicitor.

15. NEXT REVIEW DATE:

All demand Facilities are subject to review by Lender at any time in its sole discretion, and at least annually. The next annual review date has been set for April 30, 2016 but may be set at an earlier or later date at the sole discretion of Lender.

16. DEFINITIONS:

"Borrowings" means all amounts outstanding under the Facilities, or if the context so requires, all amounts outstanding under one or more of the Facilities or under one or more borrowing options of one or more of the Facilities.

"Business Day" means a day, excluding Saturday and Sunday, on which banking institutions are open for business in the province of Alberta.

"Current Assets" means for a day, the amount of current assets of Borrower as determined in accordance with GAAP on a consolidated basis.

"Current Liabilities" means, for a day, the amount of current liabilities of Borrower as determined in accordance with GAAP on a consolidated basis excluding the current portion of long-term debt and excluding the current portion of capital leases and excludes any amounts formally postponed to the Lender.

"Current Ratio" means, at any time, the ratio of (i) Current Assets to (ii) Current Liabilities.

"EBITDA" means, for any period, net income (excluding extraordinary items) from continuing operations plus, to the extent deducted in determining net income, Interest Expense and income taxes expensed during the period, and depreciation, depletion and amortization deducted for the period less cash taxes.

"Equity" means, at any time and as determined in accordance with GAAP on a consolidated basis, an amount equal to the amount of shareholders' equity of Borrower, including share capital, retained earnings and postponed advances from affiliates/shareholders (if postponed on terms and in a manner acceptable to Lender) but excluding:

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder to the extent they are included in Long Term Debt;
- (b) convertible debentures to the extent they are included in Long Term Debt;
- (c) advances to affiliates/shareholders;
- (d) goodwill; and
- (e) intangible assets.

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through Lender in accordance with normal banking procedures.

"Fixed Charge Coverage Ratio" means the ratio of (i) EBITDA minus distributions, minus Unfunded Capital Expenditures and minus cash taxes to (ii) Fixed Charges.

"Fixed Charges" means for any period, Interest Expense plus all scheduled principal payments in respect of Funded Debt.

"Funded Debt" means, in respect of Borrower, all outstanding non-postponed interest-bearing debt (but only excluding such postponed debt if it is postponed on terms and in a manner acceptable to Lender), including capital leases (as defined according to GAAP), debt subject to scheduled repayment terms and letters of credit/guarantees, plus (to the extent not included in Equity),

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder; and
- (b) the amount of any convertible debentures issued.

"Generally Accepted Accounting Principles" or **"GAAP"** means generally accepted accounting principles as may be described in the Canadian Institute of Chartered Accountants Handbook and other primary sources recognized from time to time by the Canadian Institute of Chartered Accountants.

"Good Accounts Receivable A" means unencumbered accounts receivable of Borrower from Canadian debtors excluding (i) bad or doubtful accounts; (ii) all amounts due from any affiliate, (iii) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the entire account, and provided that the entire account may be included where Lender has nevertheless designated the account as good, (iv) the amount of all holdbacks or contra accounts, and (v) any accounts which Lender has previously advised to be ineligible.

"Good Accounts Receivable B" means unencumbered accounts receivable of Borrower from Canadian debtors with an investment grade rating of BBB or better excluding (i) bad or doubtful accounts; (ii) the entire amount of accounts, any portion of which is outstanding more than 120 days after billing date, provided that the under 120 day portion may be included where the over 120 day portion is less than 10% of the entire account, (iii) the amount of all holdbacks or contra accounts, and (iv) any accounts which Lender has previously advised to be ineligible.

"Guarantor" means any party that has provided a guarantee in favour of Lender with respect to the Borrowings hereunder.

"Hedging Agreement" means any swap, hedging, interest rate, currency, foreign exchange or commodity contract or agreement, or confirmation thereunder, entered into from time to time in connection with:

- (a) interest rate swaps, forward rate transactions, interest rate options, cap transactions, floor transactions and similar rate-related transactions;
- (b) forward rate agreements, foreign exchange forward agreements, cross currency transactions and other similar currency-related transactions; or
- (c) commodity swaps, hedging transactions and other similar commodity-related transactions (whether physically or financially settled), including without limitation commodity swaps;

the purpose of which is to hedge (a) interest rate, (b) currency exchange, and/or (c) commodity price exposure, as the case may be.

"Indebtedness" means all present and future obligations and indebtedness of a person, whether direct or indirect, absolute or contingent, including all indebtedness for borrowed money, all obligations in respect of swap or hedging arrangements and all other liabilities which in accordance with GAAP would appear

on the liability side of a balance sheet (other than items of capital, retained earnings and surplus or deferred tax reserves).

"Interest Expense" means, for any period, the cost of advances of credit during that period, including interest charges, the interest component of capital leases, capitalized interest, fees payable on bankers' acceptances and guaranteed notes, and fees payable in respect of letters of credit and letters of guarantee.

"Letter of Credit" means a standby or documentary letter of credit or letter of guarantee issued by the Lender on behalf of the Borrower.

"Loan Parties" means the Borrower and all Guarantors, other than any Guarantors that are natural persons, and **"Loan Party"** means any of them.

"Long Term Debt" means, for a day and as determined in accordance with GAAP on a consolidated basis, all indebtedness, obligations and liabilities of Borrower which would be classified as long term debt upon a balance sheet of Borrower, plus (to the extent not included in Equity),

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder; and
- (b) the amount of any convertible debentures issued.

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

- (a) the financial condition of Borrower or of any Guarantor; or
- (b) the ability of Borrower or any Guarantor to repay amounts owing hereunder or under its guarantee in respect hereof.

"Net Senior Funded Debt to EBITDA" means in respect of the Borrower, Senior Funded Debt less unencumbered and unrestricted cash and less cash of the Borrower to EBITDA calculated on a trailing 12 month (TTM) basis.

"Permitted Encumbrances" means, in respect of the Borrower and any Guarantor, the following:

- (a) liens for taxes, assessments or governmental charges not yet due or delinquent or the validity of which is being contested in good faith;
- (b) liens arising in connection with workers' compensation, unemployment insurance, pension, employment or other social benefits laws or regulations which are not yet due or delinquent or the validity of which is being contested in good faith;
- (c) liens under or pursuant to any judgment rendered or claim filed which are or will be appealed in good faith provided any execution thereof has been stayed;
- (d) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law or which relate to obligations not due or delinquent;
- (e) liens arising by operation of law such as builders' liens, carriers' liens, materialmen's liens and other liens of a similar nature which relate to obligations not due or delinquent;

- (f) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which singularly or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of Borrower or such Guarantor;
- (g) security given to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of Borrower or such Guarantor, all in the ordinary course of its business which singularly or in the aggregate do not materially impair the operation of the business of Borrower or such Guarantor;
- (h) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;
- (i) operating leases;
- (j) capital lease transactions (according to GAAP) or sale-leaseback transactions where the indebtedness represented by all such transactions does not at any time exceed \$3,000,000 in aggregate;
- (k) security interests granted or assumed to finance the purchase of any property or asset (a "Purchase Money Security Interest") where:
 - i) the security interest is granted at the time of or within 60 days after the purchase,
 - ii) the security interest is limited to the property and assets acquired, and
 - iii) the indebtedness represented by all Purchase Money Security Interests does not at any time exceed \$100,000 in aggregate;
- (l) security interests or liens (other than those hereinbefore listed) of a specific nature (and excluding for greater certainty floating charges) on properties and assets having a fair market value not in excess of \$100,000 in aggregate;
- (m) Bond Capital mezzanine term loan in the amount of \$7,500,000 including pay in kind interest which is added to the aggregate outstanding balance of the loan.

"Prime" means the prime lending rate per annum established by Lender from time to time for commercial loans denominated in Canadian dollars made by Lender in Canada.

"Subsidiaries" means

- (a) a person of which another person alone or in conjunction with its other subsidiaries owns an aggregate number of voting shares sufficient to elect a majority of the directors regardless of the manner in which other voting shares are voted; and
- (b) a partnership of which at least a majority of the outstanding income interests or capital interests are directly or indirectly owned or controlled by such person,

and includes a person in like relation to a Subsidiary.

"Unfunded Capital Expenditures" means, for any period, the sum (without duplication) of the aggregate amount of all capital expenditures, made by the Borrower during such period, where such expenditures are not funded (either in whole or in part) by (a) Permitted Indebtedness, (b) the proceeds of share issuances or equity contributions, (c) insurance proceeds attributable to the loss of damage of the assets being replaced or restored by the subject capital expenditures.

SCHEDULE "A"
CONTAINING FORM OF COMPLIANCE CERTIFICATE

To: Alberta Treasury Branches
Corporate Financial Services
25th Floor, 10020 – 100 Street NW
Edmonton, AB T5J 0N3

Attention: Paul Spiller

I, _____ hereby certify as of the date of this certificate as follows:

- (a) I am the _____ *[insert title]* of D.L.M. Oilfield Enterprises Ltd. ("**Borrower**") and I am authorized to provide this certificate to you for and on behalf of Borrower.
- (b) This certificate applies to the **[month/fiscal quarter/fiscal year]** ending _____.
- (c) I am familiar with and have examined the provisions of the letter agreement (the "**Agreement**") dated _____, 20____ between the Borrower and Alberta Treasury Branches ("**Lender**"), as lender, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of Borrower and of any Guarantor. Terms defined in the Agreement have the same meanings when used in this certificate.
- (d) No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of the Agreement and there is no reason to believe that during the next fiscal quarter of Borrower, any such event or circumstance will occur.

OR

We are or anticipate being in default of the following terms or conditions, and our proposed action to meet compliance is set out below:

Description of any breaches and proposed action to remedy: _____

- (e) Our financial ratios are as follows:
 - i) the Current Ratio is ____:1, being not less than the required ratio of 1.25:1 until Q3-15 (September 30, 2015) and 1.35:1 thereafter;
 - ii) the ratio of Net Senior Funded Debt to EBITDA is ____:1, being not more than the required ratio of 3.00:1 until Q4-15 (December 31, 2015) and 2.50:1 thereafter;
 - iii) the Fixed Charge Coverage Ratio is ____:____, being not less than the required ratio of 1.10:1 at until Q4-16 (December 31, 2016) and 1.20:1 thereafter.
- (f) The detailed calculations of the foregoing ratios and covenants are set forth in the addendum annexed hereto and are true and correct in all respects.

This certificate is given by the undersigned officer in his/her capacity as an officer of the Borrower without any personal liability on the part of such officer.

Dated this ____ day of _____, 20__.

D.L.M. Oilfield Enterprises Ltd.

Per: _____
Name: _____
Title: _____

APPENDIX

(i) the **Current Ratio** is ____:1, calculated as follows:

Current Assets: \$ _____

divided by:

Current Liabilities excluding current portion of long-term debt and
excluding the current portion of capital leases and excludes any
amounts formally postponed to the Lender: \$ _____

(ii) the ratio of **Net Senior Funded Debt to EBITDA** is ____:1, calculated as follows:

Senior Funded Debt =
all non-postponed interest-bearing debt \$ _____

+ (if not already included)

• capital lease obligations + \$ _____

• debt subject to scheduled repayment terms + \$ _____

• letters of credit/letters of guarantee + \$ _____

+ (to extent not included in Equity):

• preferred shares redeemable at option of holder + \$ _____

• convertible debentures + \$ _____

= \$ _____

less:

- unencumbered and unrestricted cash and cash equivalents of
Borrower - \$ _____

= \$ _____

EBITDA =
net income (excluding extraordinary items) from continuing operations \$ _____

+ (to extent deducted in determining net income)

• Interest Expense + \$ _____

• income taxes expensed + \$ _____

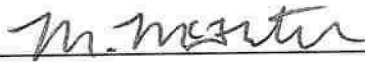
• depreciation, depletion and amortization + \$ _____

= \$ _____

(iii) the **Fixed Charge Coverage Ratio** is __:__, calculated as follows:

EBITDA=	
net income (excluding extraordinary items) from continuing operations	\$ _____
+ (to extent deducted in determining net income)	
• Interest Expense	+ \$ _____
• income taxes expensed	+ \$ _____
• depreciation, depletion and amortization	+ \$ _____
minus distributions	- \$ _____
minus Unfunded Capital Expenditures	- \$ _____
minus cash taxes	- \$ _____
	= \$ _____
divided by:	
Fixed Charges =	
Interest Expense	\$ _____
+ scheduled principal payments on Funded Debt (ie. non-postponed interest-bearing debt including capital leases, debt subject to scheduled repayment terms and letters of credit/letters of guarantee, plus (to extent not included in Equity), preferred shares redeemable at option of holder and convertible debentures)	+ \$ _____
	= \$ _____
	= \$ _____

This is Exhibit "E" referred to in the Affidavit of
Ian Mark Philip
sworn before me this 10th day of March, 2020.

A handwritten signature in cursive script, appearing to read "M. McIntosh", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Molly McIntosh
Barrister & Solicitor

Phone: 780-422-8440
Fax: 780-422-4998

May 20, 2016

D.L.M. Oilfield Enterprises Ltd.
P.O. Box 7616
Bonnyville, AB T9N 2H9

Attn: Robert Duval and Erik Toltmann

Dear Sirs:

Alberta Treasury Branches has approved and offers financial assistance on the terms and conditions in the attached Commitment Letter. This agreement amends and restates in its entirety our letter dated July 9, 2015. Any borrowings outstanding under that letter agreement are deemed to be Borrowings hereunder under the related facility referenced herein.

You may accept our offer by returning the enclosed duplicate of this letter, signed as indicated below, by 4:00 p.m. on or before June 6, 2016 or our offer will automatically expire. This correspondence may be executed electronically, this correspondence may be delivered by email, facsimile or other functionally-equivalent electronic means. We reserve the right to cancel our offer at any time prior to acceptance.

Thank you for your continued business.

Yours truly,

ALBERTA TREASURY BRANCHES

By: 
Paul Spiller, Director

By: 
Ian Mark Philip, Associate Director

Encl.

Accepted this 24th day of May, 2016

D.L.M. Oilfield Enterprises Ltd.

Per: 

Per: 

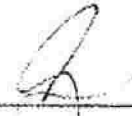
ATB Corporate
Financial Services

250 Street, 1000 101 Street Edmonton, AB T5E 0M3

CAPITAL SOLUTIONS • FINANCIAL MARKETS • CASH MANAGEMENT

IN WITNESS WHEREOF the undersigned have executed this Amendment as of the Amendment Effective Date.

SIGNATURES:

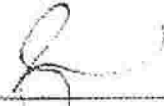
  

Per: ALBERTA TREASURY BRANCHES	Per: D.L.M. OILFIELD ENTERPRISES LTD.
Name: STEPHEN KARLOWSKY	Name: BLAKE HIROARAKI Erik Tolzmann
Title: RELATIONSHIP MANAGER	Title: DIRECTOR

Per: ALBERTA TREASURY BRANCHES	Per: DLM Oilfield Enterprises
Name: TIM GILLESPIE	Name: Blake Arndt
Title: VICE PRESIDENT	Title: Direct

IN WITNESS WHEREOF the undersigned have executed this Amendment as of the Amendment Effective Date.

SIGNATURES:

		
Per: ALBERTA TREASURY BRANCHES	Per: D.L.M. OILFIELD ENTERPRISES LTD.	
Name: <u>STEPHEN KARLOWSKY</u>	Name: <u>BLAKE JIRO-ARAKI Erik Tokumura</u>	
Title: <u>RELATIONSHIP MANAGER</u>	Title: <u>DIRECTOR</u>	
Per: ALBERTA TREASURY BRANCHES	Per: <u>DLM Oilfield Enterprise</u>	
Name: <u>TIM GILLESPIE</u>	Name: <u>Blake Araki</u>	
Title: <u>VICE PRESIDENT</u>	Title: <u>Director</u>	

COMMITMENT LETTER

LENDER: ALBERTA TREASURY BRANCHES

BORROWER: D.L.M. OILFIELD ENTERPRISES LTD.

1. AMOUNTS AND TYPES OF FACILITIES (each referred to as a "Facility")

Facility #1 - Operating Loan Facility (Revolving) – Cdn. \$5,000,000.00

- Facility #1 is available by way of:
 - Prime-based loans in Canadian dollars
 - Letters of Credit (to an aggregate maximum of \$100,000) in Canadian dollars
 - Corporate MasterCard (to a maximum of \$75,000)
- Facility #1 is to be used for the general operating purposes of Borrower.
- Notwithstanding the amount of Facility #1 (and except as otherwise provided in the Repayment section hereof), advances will be limited to the amount (the "**Margin Limit**") equal to the lesser of:
 - the maximum principal amount of Facility #1; and
 - the aggregate of (a) 75% of Good Accounts Receivable A of Borrower plus (b) 85% of Good Accounts Receivable B of Borrower.

Other Facilities – Foreign Exchange, Interest Rate and Commodity Derivatives

- At Borrower's request, Lender may enter into foreign exchange forward contracts and/or interest rate and commodity derivatives with Borrower from time to time. Lender makes no commitment to enter into any such contract or derivative and may at any time in its sole discretion decline to enter into any such contract or derivative. Any Security Documents will also secure Borrower's liability and obligations pursuant to any such contracts or derivatives.

2. INTEREST RATES AND PREPAYMENT:

Facility #1:

- Pricing applicable to Facility #1 is as follows:
 - Prime-based loans: Interest is payable in Canadian dollars at Prime plus 3.00% per annum
 - Letters of Credit: Fee is 0.25% per annum with a minimum fee of \$500.00.
 - Corporate MasterCard: Fees are detailed in the Corporate MasterCard documentation.
- Non-refundable facility fee calculated at a rate of 0.20% per annum is payable monthly in Canadian dollars on the last day of each month, calculated daily on the unused portion of the authorized amount of Facility #1. Lender is hereby authorized to debit Borrower's current account for any unpaid portion of the fee.
- Facility #1 may be prepaid in whole or in part at any time (subject to the notice periods provided hereunder) without penalty.

3. REPAYMENT:

Facility #1:

- Facility #1 is payable in full on demand by Lender, and Lender may terminate the availability thereof (including any undrawn portion) at any time without notice.
- Facility #1 may revolve in multiples as permitted hereunder, and Borrower may borrow, repay, reborrow and convert between types of Borrowings, up to the amount and subject to the notice periods provided hereunder.

4. FEES:

- Non-refundable restructuring fee of \$35,000.00 is payable on acceptance of this offer. Lender is hereby authorized to debit Borrower's current account for any unpaid portion of the fee.
- A fee of \$250.00 is payable for margining, payable monthly.
- Any amount in excess of established credit facilities may be subject to a fee where Lender in its sole discretion permits excess Borrowings, if any.
- For reports or statements not received within the stipulated periods (and without limiting Lender's rights by virtue of such default), Borrower will be subject to a fee of \$50 per month (per monthly or quarterly report or statement) and \$250 per month (per annual report or statement) for each late reporting occurrence, which will be deducted from Borrower's account.

5. SECURITY DOCUMENTS:

All security documents (whether held or later delivered) (collectively referred to as the "**Security Documents**") shall secure all Facilities and all other obligations of Borrower to Lender (whether present or future, direct or indirect, contingent or matured). The parties acknowledge that the following Security Documents are currently held:

- (a) General Security Agreement from Borrower providing a first-ranking security interest over all present and after acquired personal property;
- (b) Postponement and Assignment of Claims from Deerborn Oilfield Services Ltd.; **(To Be Released)**
- (c) Postponement and Assignment of Claims from 297879 Alberta Ltd.;
- (d) Postponement and Assignment of Claims from DLM Holdco L.P.;
- (e) Postponement and Assignment of Claims from DLM Investco (US) II L.P.;
- (f) Postponement and Assignment of Claims from DLM Investco (CAN) II L.P.;
- (g) Postponement and Assignment of Claims from DLM Investco (US) IV L.P.;
- (h) Inter-Lender Agreement between Lender, Borrower and Bond Capital to be deemed satisfactory to Lender.

The additional Security Documents required at this time are as follows:

- (i) Postponement and Assignment of Claims from DLM Investco (US) V L.P.

The Security Documents are to be registered in the following jurisdictions: Alberta.

6. REPRESENTATIONS AND WARRANTIES:

Borrower represents and warrants to Lender that:

- (a) if a Loan Party is a corporation, it is a corporation duly incorporated, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
- (b) if a Loan Party is a partnership, it is a partnership duly created, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
- (c) the execution, delivery and performance by each Loan Party of this agreement and each Security Document to which it is a party have been duly authorized by all necessary actions and do not violate its governing documents or any applicable laws or agreements to which it is subject or by which it is bound;
- (d) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any provision of this agreement or any Security Document given in connection herewith;
- (e) the most recent financial statements of Borrower and, if applicable, any Guarantor, provided to Lender fairly present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements, there has occurred no material adverse change in its business or financial condition;
- (f) each Loan Party has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than Permitted Encumbrances;
- (g) each Loan Party is in compliance in all material respects with all applicable laws including, without limitation, all environmental laws, and there is no existing material impairment to its properties and assets as a result of environmental damage, except to the extent disclosed in writing to Lender and acknowledged by Lender; and
- (h) Borrower has no Subsidiaries.

All representations and warranties are deemed to be repeated by Borrower on each request for an advance hereunder.

7. POSITIVE COVENANTS:

Borrower covenants with Lender that so long as it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will do and perform the following covenants. If any such covenant is to be done or performed by a Guarantor, Borrower also covenants with Lender to cause Guarantor to do or perform such covenant.

- (a) Borrower will pay to Lender when due all amounts (whether principal, interest or other sums) owing by it to Lender from time to time;
- (b) Borrower will deliver to Lender the Security Documents, in all cases in form and substance satisfactory to Lender and Lender's solicitor;
- (c) Borrower will ensure that at least 95% of its consolidated assets are held by those Loan Parties which have provided security in favour of Lender;
- (d) Borrower will use the proceeds of loans only for the purposes approved by Lender;
- (e) each Loan Party will maintain its valid existence as a corporation or partnership, as the case may be, and except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect, will maintain all licenses and authorizations required from regulatory or governmental authorities or agencies to permit it to carry on its business, including, without limitation, any licenses, certificates, permits and consents for the protection of the environment;
- (f) each Loan Party will maintain appropriate books of account and records relative to the operation of its business and financial condition;
- (g) each Loan Party will maintain and defend title to all of its property and assets, will maintain, repair and keep in good working order and condition all of its property and assets and will continuously carry on and conduct its business in a proper, efficient and businesslike manner;
- (h) each Loan Party will maintain appropriate types and amounts of insurance with Lender shown as first loss payee on any property insurance covering any assets on which Lender has security, and promptly advise Lender in writing of any significant loss or damage to its property;
- (i) each Loan Party will provide evidence of insurance to Lender:
 - i) in situations where Lender has taken a fixed charge on an asset or property whether on real property or personal property; and
 - ii) in all other situations, on request;
- (j) each Loan Party will permit Lender, by its officers or authorized representatives at any reasonable time and on reasonable prior notice, to enter its premises and to inspect its plant, machinery, equipment and other real and personal property and their operation, and to examine and copy all of its relevant books of accounts and records;
- (k) each Loan Party will remit all sums when due to tax and other governmental authorities (including, without limitation, any sums in respect of employees and GST), and upon request, will provide Lender with such information and documentation in respect thereof as Lender may reasonably require from time to time;
- (l) each Loan Party will comply with all applicable laws, including without limitation, environmental laws, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect;
- (m) Borrower will promptly advise Lender in writing, giving reasonable details, of (i) the discovery of any contaminant or any spill, discharge or release of a contaminant into the

environment from or upon any property of a Loan Party which could reasonably be expected to result in a Material Adverse Effect, (ii) any event which constitutes, or which with notice, lapse of time or both, would constitute a breach of any provision hereof or of any Security Documents, and (iii) each event which has or is reasonably likely to have a Material Adverse Effect; and

- (n) Borrower undertakes that, upon request from Lender, Borrower will grant a fixed mortgage and charge to Lender on any or all real property of Borrower so designated by Lender. Borrower shall promptly provide to Lender all information reasonably requested by Lender to assist it in that regard. Borrower acknowledges that this undertaking constitutes present and continuing security in favour of Lender, and that Lender may file such caveats, security notices or other filings in regard thereto at any time and from time to time as Lender may determine.

8. NEGATIVE COVENANTS:

Borrower covenants with Lender that while it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will not do any of the following, without the prior written consent of Lender. If a Guarantor is not to do an act, Borrower also covenants with Lender not to permit Guarantor to do such act.

- (a) a Loan Party will not create or permit to exist any mortgage, charge, lien, encumbrance or other security interest on any of its present or future assets, other than Permitted Encumbrances;
- (b) a Loan Party will not create, incur, assume or allow to exist any Indebtedness other than:
 - i) trade payables incurred in the ordinary course of business;
 - ii) any Indebtedness owing to another Loan Party (but only if that Loan Party has provided security in favour of Lender);
 - iii) any Indebtedness secured by a Permitted Encumbrance;
 - iv) any unsecured advances from affiliates/shareholders which are postponed in all respects to the Facilities; and
 - v) any Indebtedness owing to Lender;
- (c) a Loan Party will not sell, lease or otherwise dispose of any assets except (i) inventory sold, leased or disposed of in the ordinary course of business, (ii) obsolete equipment which is being replaced with equipment of an equivalent value, (iii) assets sold, leased or disposed of to another Loan Party (but only if that Loan Party has provided security in favour of Lender), and (iv) assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding \$1,000,000 for such fiscal year;
- (d) a Loan Party will not provide financial assistance (by means of a loan, guarantee or otherwise) to any person (other than Lender) other than loans permitted under clause (b) above;
- (e) a Loan Party will not pay to or for the benefit of shareholders or persons associated with shareholders (within the meaning of the Alberta Business Corporations Act) by way of salaries, bonuses, dividends, management fees, repayment of loans or otherwise, without prior written consent of Lender other than salaries and bonuses in the ordinary course of

business to Borrower's president and general manager who are shareholders (Robert Duval and Brant Evans) as well as management fees payable to Westward Management Company LLC, which will not exceed \$18,334.00 per month for the twelve month period ending April 2017;

- (f) a Loan Party will not reduce its capital or redeem, purchase or otherwise acquire, retire or pay off any of its present or future share capital other than to another Loan Party;
- (g) a Loan Party will not amalgamate, consolidate, or merge with any person other than a Loan Party and then only if no default or event of default is then in existence or would thereafter be in existence, and will not enter into any partnership with any other person unless the partnership becomes a Loan Party hereunder and provides security in favour of Lender;
- (h) a Loan Party will not consent to or facilitate a change in the ownership of its shares or allow a material change in its management without the prior written consent of Lender;
- (i) a Loan Party will not acquire any assets in, or move or allow any of its assets to be moved to, a jurisdiction where Lender has not registered or perfected the Security Documents;
- (j) a Loan Party will not change the present nature of its business;
- (k) Borrower will not operate accounts with or otherwise conduct any banking business with any financial institution other than Lender, other than to the extent expressly permitted in the definition of Permitted Encumbrances hereunder;
- (l) a Loan Party will not enter into any Hedging Agreement which is not used for risk management in relation to its business or which is not entered into in the ordinary course of its business but is entered into for speculative purposes, or which, in the case of commodity swaps or similar transactions of either a financial or physical nature, have a term exceeding two years;
- (m) a Loan Party will not allow any pollutant (including any pollutant now on, under or about such land) to be placed, handled, stored, disposed of or released on, under or about any of its lands unless done in the normal course of its business and then only as long as it complies with all applicable laws in placing, handling, storing, transporting, disposing of or otherwise dealing with such pollutants, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect; and
- (n) Borrower will not utilize Borrowings to finance a hostile takeover.

9. REPORTING COVENANTS:

Borrower will provide to Lender:

- (a) within 120 days after the end of each of its fiscal years:
 - i) financial statements of Borrower on a review engagement basis prepared by a firm of qualified accountants. Lender reserves the right to require audited financial statements;
 - ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";

- (b) within 30 days following the end of each calendar month :
 - i) internally produced financial statements of Borrower for that month;
 - ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";
 - iii) aged accounts payable and accounts receivables listings as at the end of such month, and giving separate listings for each business location of Borrower certified by a senior officer of Borrower;
- (c) by November 30, 2016, annual capital and revenue budgets including income statement, balance sheet, capex projection and statement of cash flow from Borrower for the next following fiscal year;
- (d) on request, any further information regarding its assets, operations and financial condition that Lender may from time to time reasonably require.

10. FINANCIAL COVENANTS:

Borrower will not at any time, without the prior written consent of Lender, breach the following restrictions:

- (a) permit the Current Ratio to fall below 1.15:1;
- (b) permit the ratio of Net Senior Funded Debt to EBITDA to exceed 4.00:1;
- (c) permit actual to projected EBITDA to fall below 80% measured on a cumulative quarterly basis. Projected EBITDA was provided to Lender by the Borrower through delivery of a financial model on May 4, 2016;
- (d) permit capital expenditures to exceed \$350,000.00 for fiscal 2016.

Each of the above financial ratios shall be maintained at all times and shall be detailed in the compliance certificate required to be delivered hereunder.

Equity Cure Rights: Borrower may cure (and shall be deemed to have cured) a default arising out of a breach of any financial covenant as follows: if (a) the cash proceeds of an investment of equity contributions made by the shareholders are received by Borrower and (b) same is deemed to be EBITDA by the Borrower in order to cure the breach of any financial covenant, then such breach shall have been cured (and shall have deemed to have been cured) within 20 business days after the date on which the compliance certificate is delivered in respect of the fiscal.

11. CONDITIONS PRECEDENT:

It is a condition precedent to each advance hereunder that, at the time of such advance, all representations and warranties hereunder must be true and correct in all material respects as if made on such date, and there must be no default hereunder or under any Security Document.

In addition, no Facilities will be available until the following conditions precedent have been satisfied, unless waived by Lender:

- (a) Lender has received all Security Documents and all registrations and filings have been completed in Alberta, in all cases in form and substance satisfactory to Lender;

- (b) Borrower and Guarantors (if any) have provided all authorizations and all financial statements, appraisals, environmental reports and any other information that Lender may require;
- (c) Lender has received payment of all fees due in respect hereof;
- (d) Lender is satisfied as to the value of Borrower's and any Guarantor's assets and financial condition, and Borrower's and any Guarantor's ability to carry on business and repay any amount owed to Lender from time to time; and
- (e) A minimum injection of \$575,000.00 for working capital purposes.

12. AUTHORIZATIONS AND SUPPORTING DOCUMENTS

Borrower has delivered or will deliver the following authorizations and supporting documents to Lender:

- Corporate Borrower:
 - a) Incorporation documents including Certificate of Incorporation, Articles of Incorporation (including any amendments) and last Notice of Directors;
 - b) Business Corporation Agreement;
 - c) Corporate MasterCard documentation;
 - d) Environmental Questionnaire & Disclosure Statement;
 - e) Credit Information and Alberta Land Titles Office Name Search Consent Form;
- General:
 - a) Solicitor Opinion Letter from counsel to Borrower and any Guarantors;
 - b) Solicitor Opinion Letter from counsel to Lender.

13. DRAWDOWNS, PAYMENTS AND EVIDENCE OF INDEBTEDNESS

- Interest on Prime-based loans is calculated on the daily outstanding principal balance, and is payable on the last day of each month.
- If revolving of loans is permitted hereunder, principal advances and repayments on Prime-based loans are to be in the minimum sum of Cdn. \$25,000.00 or multiples of it.
- If Letters of Credit are available hereunder, the term of each Letter of Credit shall not exceed one (1) year, although automatic extensions thereof (unless notified by Lender) are permitted. On any demand being made by a beneficiary for payment under a Letter of Credit, the amount so paid shall be automatically deemed to be outstanding as a Prime-based loan under the relevant Facility.
- Borrower shall monitor its Borrowings (including the face amount and maturity date of each Letter of Credit) to ensure that the Borrowings hereunder do not exceed the maximum amount available hereunder.

- Borrower shall provide notice to Lender prior to requesting an advance or making a repayment or conversion of Borrowings hereunder, as follows:

For Borrowings:

- under Cdn. \$5,000,000 – same day notice
- Cdn. \$5,000,000 and over – one Business Day prior written notice
- Borrower may cancel the availability of any unused portion of a Facility on five Business Days' notice. Any such cancellation is irrevocable.
- The annual rates of interest or fees to which the rates calculated in accordance with this agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.
- If the amount of Borrowings outstanding under any Facility, when converted to the Equivalent Amount in Canadian dollars, exceeds the amount available under such Facility, Borrower shall, unless Lender otherwise agrees in its sole discretion, immediately repay such excess to Lender.
- If any amount due hereunder is not paid when due, Borrower shall pay interest on such unpaid amount (including without limitation, interest on interest) if and to the fullest extent permitted by applicable law, at a rate per annum equal to Prime plus 5%.
- The branch of Lender (the "**Branch of Account**") where Borrower maintains an account and through which the Borrowings will be made available is located at Edmonton City Centre, D127, 10200 - 102 Avenue, Edmonton, Alberta, T5J 4B7. Funds under the Facilities will be advanced into and repaid from account no. 765-00486621500 at the Branch of Account, or such other branch or account as Borrower and Lender may agree upon from time to time.
- Lender shall open and maintain at the Branch of Account accounts and records evidencing the Borrowings made available to Borrower by Lender under this agreement. Lender shall record the principal amount of each Borrowing and the payment of principal, interest and fees and all other amounts becoming due to Lender under this agreement. Lender's accounts and records (and any confirmations issued hereunder) constitute, in the absence of manifest error, conclusive evidence of the indebtedness of Borrower to Lender pursuant to this agreement.
- Borrower authorizes and directs Lender to automatically debit, by mechanical, electronic or manual means, any bank account of Borrower for all amounts payable by Borrower to Lender pursuant to this agreement. Any amount due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day, and interest shall accrue accordingly.

14. MISCELLANEOUS:

- (a) All legal and other costs and expenses incurred by Lender in respect of the Facilities, the Security Documents and other related matters will be paid or reimbursed by Borrower on demand by Lender.
- (b) All Security Documents will be prepared by or under the supervision of Lender's solicitors, unless Lender otherwise permits. Acceptance of this offer will authorize Lender to instruct Lender's solicitors to prepare all necessary Security Documents and proceed with related matters.

- (c) Lender, without restriction, may waive in writing the satisfaction, observance or performance of any of the provisions of this Commitment Letter. The obligations of a Guarantor (if any) will not be diminished, discharged or otherwise affected by or as a result of any such waiver, except to the extent that such waiver relates to an obligation of such Guarantor. Any waiver by Lender of the strict performance of any provision hereof will not be deemed to be a waiver of any subsequent default, and any partial exercise of any right or remedy by Lender shall not be deemed to affect any other right or remedy to which Lender may be entitled.
- (d) Borrower shall reimburse Lender for any additional cost or reduction in income arising as a result of (i) the imposition of, or increase in, taxes on payments due to Lender hereunder (other than taxes on the overall net income of Lender), (ii) the imposition of, or increase in, any reserve or other similar requirement, (iii) the imposition of, or change in, any other condition affecting the Facilities imposed by any applicable law or the interpretation thereof.
- (e) Lender is authorized but not obligated, at any time, to apply any credit balance, whether or not then due, to which Borrower or Guarantor is entitled on any account in any currency at any branch or office of Lender in or towards satisfaction of the obligations of Borrower or such Guarantor due to Lender under this agreement or any guarantee granted in support hereof, as applicable. Lender is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.
- (f) Words importing the singular will include the plural and vice versa, and words importing gender will include the masculine, feminine and neuter, and anything importing or referring to a person will include a body corporate and a partnership and any entity, in each case all as the context and the nature of the parties requires.
- (g) Where more than one person is liable as Borrower (or as a Guarantor) for any obligation hereunder, then the liability of each such person for such obligation is joint and several with each other such person.
- (h) If any portion of this agreement is held invalid or unenforceable, the remainder of this agreement will not be affected and will be valid and enforceable to the fullest extent permitted by law. In the event of a conflict between the provisions hereof and of any Security Document, the provisions hereof shall prevail to the extent of the conflict.
- (i) Where the interest rate for a credit is based on Prime, the applicable rate on any day will depend on the Prime rate in effect on that day, as applicable. The statement by Lender as to Prime and as to the rate of interest applicable to a credit on any day will be binding and conclusive for all purposes. All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well after as before maturity, default and judgment with interest on overdue interest at the applicable rate payable hereunder. To the extent permitted by law, Borrower waives the provisions of the *Judgment Interest Act* (Alberta).
- (j) Any written communication which a party may wish to serve on any other party may be served personally (in the case of a body corporate, on any officer or director thereof) or by leaving the same at or couriering or mailing the same by registered mail to the Branch of Account (for Lender) or to the last known address (for Borrower or any Guarantor), and in the case of mailing will be deemed to have been received two (2) Business Days after mailing except in the case of postal disruption.
- (k) Unless otherwise specified, references herein to "\$" and "dollars" mean Canadian dollars.

- (l) If for the purpose of obtaining judgment in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgment Currency**") any amount due hereunder in any currency other than the Judgment Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, rate of exchange means the rate at which Lender would, on the relevant date, be prepared to sell a similar amount of such currency against the Judgment Currency, in accordance with normal banking procedures. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgment is given and the date of payment of the amount due, Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such day is the amount in the Judgment Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency. Any additional amount due from Borrower under this paragraph will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due in connection with this Agreement.
- (m) Lender shall have the right to assign, sell or participate its rights and obligations in the Facilities or in any Borrowing thereunder, in whole or in part, to one or more persons, provided that the consent of Borrower shall be required if no default is then in existence, such consent not to be unreasonably withheld or delayed.
- (n) Borrower shall indemnify Lender against all losses, liabilities, claims, damages or expenses (including without limitation legal expenses on a solicitor and his own client basis) (i) incurred in connection with the entry into, performance or enforcement of this agreement, the use of the Facility proceeds or any breach by Borrower or any Guarantor of the terms hereof or any document related hereto, or (ii) arising out of or in respect of: (A) the release of any hazardous or toxic waste or other substance into the environment from any property of Borrower or any of its Subsidiaries, and (B) the remedial action (if any) taken by Lender in respect of any such release, contamination or pollution. This indemnity will survive the repayment or cancellation of any of the Facilities or any termination of this agreement.
- (o) For certainty, the permission to create a Permitted Encumbrance shall not be construed as a subordination or postponement, express or implied, of Lender's Security Documents to such Permitted Encumbrance.
- (p) Each accounting term used hereunder, unless otherwise defined herein, has the meaning assigned to it under GAAP consistently applied. If there occurs a change in generally accepted accounting principles (an "**Accounting Change**"), including as a result of a conversion to International Financial Reporting Standards, and such change would result in a change (other than an immaterial change) in the calculation of any financial covenant, standard or term used hereunder, then at the request of Borrower or Lender, Borrower and Lender shall enter into negotiations to amend such provisions so as to reflect such Accounting Change with the result that the criteria for evaluating the financial condition of Borrower or any other party, as applicable, shall be the same after such Accounting Change, as if such Accounting Change had not occurred. If, however, within 30 days of the foregoing request by Borrower or Lender, Borrower and Lender have not reached agreement on such amendment, the method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change.
- (q) Borrower's information, corporate or personal, may be subject to disclosure without its consent pursuant to provincial, federal, national or international laws as they apply to the

product or service Borrower has with Lender or any third party acting on behalf of or contracting with Lender.

- (r) Borrower acknowledges that the terms of this agreement are confidential, and Borrower agrees not to disclose the terms hereof or provide a copy hereof to any person without the prior written consent of Lender, unless and to the extent required by applicable law.
- (s) Time shall be of the essence in all provisions of this agreement.
- (t) This agreement may be executed in counterpart.
- (u) This agreement shall be governed by the laws of Alberta.
- (v) Leah Tolton of Dentons LLP is designated as Lender's solicitor.

15. NEXT REVIEW DATE:

All demand Facilities are subject to review by Lender at any time in its sole discretion, and at least annually. The next annual review date has been set for December 31, 2016 but may be set at an earlier or later date at the sole discretion of Lender.

16. DEFINITIONS:

"Borrowings" means all amounts outstanding under the Facilities, or if the context so requires, all amounts outstanding under one or more of the Facilities or under one or more borrowing options of one or more of the Facilities.

"Business Day" means a day, excluding Saturday and Sunday, on which banking institutions are open for business in the province of Alberta.

"Current Assets" means for a day, the amount of current assets of Borrower as determined in accordance with GAAP on a consolidated basis.

"Current Liabilities" means, for a day, the amount of current liabilities of Borrower as determined in accordance with GAAP on a consolidated basis excluding the current portion of long-term debt and excluding the current portion of capital leases and excludes any amounts formally postponed to the Lender.

"Current Ratio" means, at any time, the ratio of (i) Current Assets to (ii) Current Liabilities.

"EBITDA" means, for any period, net income (excluding extraordinary items) from continuing operations plus, to the extent deducted in determining net income, Interest Expense and income taxes expensed during the period, and depreciation, depletion and amortization deducted for the period less cash taxes.

"Equity" means, at any time and as determined in accordance with GAAP on a consolidated basis, an amount equal to the amount of shareholders' equity of Borrower, including share capital, retained earnings and postponed advances from affiliates/shareholders (if postponed on terms and in a manner acceptable to Lender) but excluding:

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder to the extent they are included in Long Term Debt;
- (b) convertible debentures to the extent they are included in Long Term Debt;

- (c) advances to affiliates/shareholders;
- (d) goodwill; and
- (e) intangible assets.

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through Lender in accordance with normal banking procedures.

"Funded Debt" means, in respect of Borrower, all outstanding non-postponed interest-bearing debt (but only excluding such postponed debt if it is postponed on terms and in a manner acceptable to Lender), including capital leases (as defined according to GAAP), debt subject to scheduled repayment terms and letters of credit/guarantees, plus (to the extent not included in Equity),

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder; and
- (b) the amount of any convertible debentures issued.

"Generally Accepted Accounting Principles" or **"GAAP"** means generally accepted accounting principles as may be described in the Canadian Institute of Chartered Accountants Handbook and other primary sources recognized from time to time by the Canadian Institute of Chartered Accountants.

"Good Accounts Receivable A" means unencumbered accounts receivable of Borrower from Canadian debtors excluding (i) bad or doubtful accounts; (ii) all amounts due from any affiliate, (iii) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the entire account, and provided that the entire account may be included where Lender has nevertheless designated the account as good, (iv) the amount of all holdbacks or contra accounts, and (v) any accounts which Lender has previously advised to be ineligible.

"Good Accounts Receivable B" means unencumbered accounts receivable of Borrower from Canadian debtors with an investment grade rating of BBB or better excluding (i) bad or doubtful accounts; (ii) the entire amount of accounts, any portion of which is outstanding more than 120 days after billing date, provided that the under 120 day portion may be included where the over 120 day portion is less than 10% of the entire account, (iii) the amount of all holdbacks or contra accounts, and (iv) any accounts which Lender has previously advised to be ineligible.

"Guarantor" means any party that has provided a guarantee in favour of Lender with respect to the Borrowings hereunder.

"Hedging Agreement" means any swap, hedging, interest rate, currency, foreign exchange or commodity contract or agreement, or confirmation thereunder, entered into from time to time in connection with:

- (a) interest rate swaps, forward rate transactions, interest rate options, cap transactions, floor transactions and similar rate-related transactions;
- (b) forward rate agreements, foreign exchange forward agreements, cross currency transactions and other similar currency-related transactions; or
- (c) commodity swaps, hedging transactions and other similar commodity-related transactions (whether physically or financially settled), including without limitation commodity swaps;

the purpose of which is to hedge (a) interest rate, (b) currency exchange, and/or (c) commodity price exposure, as the case may be.

"Indebtedness" means all present and future obligations and indebtedness of a person, whether direct or indirect, absolute or contingent, including all indebtedness for borrowed money, all obligations in respect of swap or hedging arrangements and all other liabilities which in accordance with GAAP would appear on the liability side of a balance sheet (other than items of capital, retained earnings and surplus or deferred tax reserves).

"Interest Expense" means, for any period, the cost of advances of credit during that period, including interest charges, the interest component of capital leases, capitalized interest, fees payable on bankers' acceptances and guaranteed notes, and fees payable in respect of letters of credit and letters of guarantee.

"Letter of Credit" means a standby or documentary letter of credit or letter of guarantee issued by the Lender on behalf of the Borrower.

"Loan Parties" means the Borrower and all Guarantors, other than any Guarantors that are natural persons, and **"Loan Party"** means any of them.

"Long Term Debt" means, for a day and as determined in accordance with GAAP on a consolidated basis, all indebtedness, obligations and liabilities of Borrower which would be classified as long term debt upon a balance sheet of Borrower, plus (to the extent not included in Equity),

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder; and
- (b) the amount of any convertible debentures issued.

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

- (a) the financial condition of Borrower or of any Guarantor; or
- (b) the ability of Borrower or any Guarantor to repay amounts owing hereunder or under its guarantee in respect hereof.

"Net Senior Funded Debt to EBITDA" means in respect of the Borrower, Senior Funded Debt less unencumbered and unrestricted cash and less cash of the Borrower to EBITDA calculated on a trailing 12 month (TTM) basis.

"Permitted Encumbrances" means, in respect of the Borrower and any Guarantor, the following:

- (a) liens for taxes, assessments or governmental charges not yet due or delinquent or the validity of which is being contested in good faith;
- (b) liens arising in connection with workers' compensation, unemployment insurance, pension, employment or other social benefits laws or regulations which are not yet due or delinquent or the validity of which is being contested in good faith;
- (c) liens under or pursuant to any judgment rendered or claim filed which are or will be appealed in good faith provided any execution thereof has been stayed;
- (d) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law or which relate to obligations not due or delinquent;

- (e) liens arising by operation of law such as builders' liens, carriers' liens, materialmen's liens and other liens of a similar nature which relate to obligations not due or delinquent;
- (f) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which singularly or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of Borrower or such Guarantor;
- (g) security given to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of Borrower or such Guarantor, all in the ordinary course of its business which singularly or in the aggregate do not materially impair the operation of the business of Borrower or such Guarantor;
- (h) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;
- (i) operating leases;
- (j) capital lease transactions (according to GAAP) or sale-leaseback transactions where the indebtedness represented by all such transactions does not at any time exceed \$3,000,000 in aggregate;
- (k) security interests granted or assumed to finance the purchase of any property or asset (a **"Purchase Money Security Interest"**) where:
 - i) the security interest is granted at the time of or within 60 days after the purchase,
 - ii) the security interest is limited to the property and assets acquired, and
 - iii) the indebtedness represented by all Purchase Money Security Interests does not at any time exceed \$100,000 in aggregate;
- (l) security interests or liens (other than those hereinbefore listed) of a specific nature (and excluding for greater certainty floating charges) on properties and assets having a fair market value not in excess of \$100,000 in aggregate;
- (m) Bond Capital mezzanine term loan including pay in kind interest which is added to the aggregate outstanding balance of the loan.

"Prime" means the prime lending rate per annum established by Lender from time to time for commercial loans denominated in Canadian dollars made by Lender in Canada.

"Subsidiaries" means

- (a) a person of which another person alone or in conjunction with its other subsidiaries owns an aggregate number of voting shares sufficient to elect a majority of the directors regardless of the manner in which other voting shares are voted; and
- (b) a partnership of which at least a majority of the outstanding income interests or capital interests are directly or indirectly owned or controlled by such person,

and includes a person in like relation to a Subsidiary.

SCHEDULE "A"

CONTAINING FORM OF COMPLIANCE CERTIFICATE

To: Alberta Treasury Branches
Corporate Financial Services
25th Floor, 10020 – 100 Street NW
Edmonton, AB T5J 0N3

Attention: Paul Spiller

I, _____ hereby certify as of the date of this certificate as follows:

- (a) I am the _____ *[insert title]* of D.L.M. Oilfield Enterprises Ltd. ("**Borrower**") and I am authorized to provide this certificate to you for and on behalf of Borrower.
- (b) This certificate applies to the **[month/fiscal quarter/fiscal year]** ending _____.
- (c) I am familiar with and have examined the provisions of the letter agreement (the "**Agreement**") dated _____, 20____ between the Borrower and Alberta Treasury Branches ("**Lender**"), as lender, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of Borrower and of any Guarantor. Terms defined in the Agreement have the same meanings when used in this certificate.
- (d) No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of the Agreement and there is no reason to believe that during the next fiscal quarter of Borrower, any such event or circumstance will occur.

OR

We are or anticipate being in default of the following terms or conditions, and our proposed action to meet compliance is set out below:

Description of any breaches and proposed action to remedy: _____

- (e) Our financial ratios are as follows:
 - i) the Current Ratio is ____:1, being not less than the required ratio of 1.15:1;
 - ii) the ratio of Net Senior Funded Debt to EBITDA is ____:1, being not more than the required ratio of 4.00:1;
 - iii) actual to projected EBITDA is __%, not falling below 80% measured on a cumulative quarterly basis;
 - iv) capital expenditures in this fiscal year are \$_____, being not more than the required \$350,000.00.

- (f) The detailed calculations of the foregoing ratios and covenants are set forth in the addendum annexed hereto and are true and correct in all respects.

This certificate is given by the undersigned officer in his/her capacity as an officer of the Borrower without any personal liability on the part of such officer.

This certificate may be executed electronically; this certificate may be delivered by email, facsimile or other functionally-equivalent means.

Dated this ____ day of _____, 20__.

D.L.M. Oilfield Enterprises Ltd.

Per: _____
Name: _____
Title: _____

APPENDIX

- (i) the **Current Ratio** is ____:1, calculated as follows:

Current Assets: \$ _____

divided by:

Current Liabilities excluding current portion of long-term debt and
excluding the current portion of capital leases and excludes any
amounts formally postponed to the Lender: \$ _____

- (ii) the ratio of **Net Senior Funded Debt to EBITDA** is ____:1, calculated as follows:

Senior Funded Debt =
all non-postponed interest-bearing debt \$ _____

+ (if not already included)

• capital lease obligations + \$ _____

• debt subject to scheduled repayment terms + \$ _____

• letters of credit/letters of guarantee + \$ _____

+ (to extent not included in Equity):

• preferred shares redeemable at option of holder + \$ _____

• convertible debentures + \$ _____

= \$ _____

less:

- unencumbered and unrestricted cash and cash equivalents of
Borrower - \$ _____

= \$ _____

EBITDA =
net income (excluding extraordinary items) from continuing operations \$ _____

+ (to extent deducted in determining net income)

• Interest Expense + \$ _____

• income taxes expensed + \$ _____

• depreciation, depletion and amortization + \$ _____

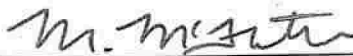
= \$ _____

(iii) actual to projected EBITDA is ____%, calculated as follows:

EBITDA=	
net income (excluding extraordinary items) from continuing operations	\$ _____
+ (to extent deducted in determining net income)	
• Interest Expense	+ \$ _____
• income taxes expensed	+ \$ _____
• depreciation, depletion and amortization	+ \$ _____
minus cash taxes	- \$ _____
	= \$ _____

(iv) **capital expenditures** in this fiscal year are \$ _____, detailed as follows:

This is Exhibit "F" referred to in the Affidavit of
Ian Mark Philip
sworn before me this 10th day of March, 2020.

A handwritten signature in dark ink, appearing to read "M. McIntosh", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Molly McIntosh
Barrister & Solicitor

Phone: 780-422-8440
Fax: 780-422-4998

January 12, 2017

D.L.M. Oilfield Enterprises Ltd.
P.O. Box 7616
Bonnyville, AB T9N 2H9

Attn: Robert Duval and Blake Araki

Dear Sirs:

Alberta Treasury Branches has approved and offers financial assistance on the terms and conditions in the attached Commitment Letter. This agreement amends and restates in its entirety our letter dated May 20, 2016. Any borrowings outstanding under that letter agreement are deemed to be Borrowings hereunder under the related facility referenced herein.

You may accept our offer by returning the enclosed duplicate of this letter, signed as indicated below, by 4:00 p.m. on or before January 26, 2017 or our offer will automatically expire. This correspondence may be executed electronically; this correspondence may be delivered by email, facsimile or other functionally-equivalent electronic means. We reserve the right to cancel our offer at any time prior to acceptance.

Thank you for your continued business.

Yours truly,

ALBERTA TREASURY BRANCHES

By: 
Paul Spiller, Director

By: 
Carmen Maslowski, Associate Director

Encl

Accepted this 18 day of January, 2017

D.L.M. Oilfield Enterprises Ltd.

Per: 

Per: _____

ATB Corporate
Financial Services

25th Floor, 10020-100 Street Edmonton AB

CAPITAL SOLUTIONS | FINANCIAL MARKETS | CASH MANAGEMENT

COMMITMENT LETTER

LENDER: ALBERTA TREASURY BRANCHES

BORROWER: D.L.M. OILFIELD ENTERPRISES LTD.

1. AMOUNTS AND TYPES OF FACILITIES (each referred to as a "Facility")

Facility #1 - Operating Loan Facility (Revolving) – Cdn. \$2,500,000.00

- Facility #1 is available by way of:
 - Prime-based loans in Canadian dollars
 - Letters of Credit (to an aggregate maximum of \$100,000) in Canadian dollars
 - Corporate MasterCard (to a maximum of \$75,000)
- Facility #1 is to be used for the general operating purposes of Borrower.
- Notwithstanding the amount of Facility #1 (and except as otherwise provided in the Repayment section hereof), advances will be limited to the amount (the "Margin Limit") equal to the lesser of:
 - the maximum principal amount of Facility #1; and
 - the aggregate of (a) 75% of Good Accounts Receivable A of Borrower plus (b) 85% of Good Accounts Receivable B of Borrower.

Other Facilities – Equipment Finance Facility

- Equipment Finance facility is available to a maximum of \$9,329,974.00. Terms and conditions are outlined in the applicable Equipment Finance documentation.

Other Facilities – Foreign Exchange, Interest Rate and Commodity Derivatives

- At Borrower's request, Lender may enter into foreign exchange forward contracts and/or interest rate and commodity derivatives with Borrower from time to time. Lender makes no commitment to enter into any such contract or derivative and may at any time in its sole discretion decline to enter into any such contract or derivative. Any Security Documents will also secure Borrower's liability and obligations pursuant to any such contracts or derivatives.

2. INTEREST RATES AND PREPAYMENT:

Facility #1:

- Pricing applicable to Facility #1 is as follows:
 - Prime-based loans: Interest is payable in Canadian dollars at Prime plus 2.00% per annum
 - Letters of Credit: Fee is 2.00% per annum with a minimum fee of \$500.00.
 - Corporate MasterCard: Fees are detailed in the Corporate MasterCard documentation.
- Non-refundable facility fee calculated at a rate of 0.20% per annum is payable monthly in Canadian dollars on the last day of each month, calculated daily on the unused portion of the authorized amount of Facility #1. Lender is hereby authorized to debit Borrower's current account for any unpaid portion of the fee.

- Facility #1 may be prepaid in whole or in part at any time (subject to the notice periods provided hereunder) without penalty.

3. REPAYMENT:

Facility #1:

- Facility #1 is payable in full on demand by Lender, and Lender may terminate the availability thereof (including any undrawn portion) at any time without notice.
- Facility #1 may revolve in multiples as permitted hereunder, and Borrower may borrow, repay, reborrow and convert between types of Borrowings, up to the amount and subject to the notice periods provided hereunder.

4. FEES:

- Non-refundable renewal fee of 20 bps is payable on acceptance of this offer. Lender is hereby authorized to debit Borrower's current account for any unpaid portion of the fee.
- A fee of \$250.00 is payable for margining, payable monthly.
- Any amount in excess of established credit facilities may be subject to a fee where Lender in its sole discretion permits excess Borrowings, if any.
- For reports or statements not received within the stipulated periods (and without limiting Lender's rights by virtue of such default), Borrower will be subject to a fee of \$50 per month (per monthly or quarterly report or statement) and \$250 per month (per annual report or statement) for each late reporting occurrence, which will be deducted from Borrower's account.

5. SECURITY DOCUMENTS:

All security documents (whether held or later delivered) (collectively referred to as the "**Security Documents**") shall secure all Facilities and all other obligations of Borrower to Lender (whether present or future, direct or indirect, contingent or matured). The parties acknowledge that the following Security Documents are currently held:

- (a) General Security Agreement from Borrower providing a first-ranking security interest over all present and after acquired personal property;
- (b) Postponement and Assignment of Claims from 297879 Alberta Ltd.;
- (c) Postponement and Assignment of Claims from DLM Holdco L.P.;
- (d) Postponement and Assignment of Claims from DLM Investco (US) II L.P.;
- (e) Postponement and Assignment of Claims from DLM Investco (CAN) II L.P.;
- (f) Postponement and Assignment of Claims from DLM Investco (US) IV L.P.;
- (g) Postponement and Assignment of Claims from DLM Investco (US) V L.P.;
- (h) Postponement and Assignment of Claims from Brant Evans;
- (i) Postponement and Assignment of Claims from Robert Duval;

- (j) Inter-Lender Agreement between Lender, Borrower and Bond Capital to be deemed satisfactory to Lender.

The Security Documents are registered in the following jurisdictions: Alberta.

6. REPRESENTATIONS AND WARRANTIES:

Borrower represents and warrants to Lender that:

- (a) if a Loan Party is a corporation, it is a corporation duly incorporated, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
- (b) if a Loan Party is a partnership, it is a partnership duly created, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
- (c) the execution, delivery and performance by each Loan Party of this agreement and each Security Document to which it is a party have been duly authorized by all necessary actions and do not violate its governing documents or any applicable laws or agreements to which it is subject or by which it is bound;
- (d) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any provision of this agreement or any Security Document given in connection herewith;
- (e) the most recent financial statements of Borrower and, if applicable, any Guarantor, provided to Lender fairly present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements, there has occurred no material adverse change in its business or financial condition;
- (f) each Loan Party has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than Permitted Encumbrances;
- (g) each Loan Party is in compliance in all material respects with all applicable laws including, without limitation, all environmental laws, and there is no existing material impairment to its properties and assets as a result of environmental damage, except to the extent disclosed in writing to Lender and acknowledged by Lender; and
- (h) Borrower has no Subsidiaries.

All representations and warranties are deemed to be repeated by Borrower on each request for an advance hereunder.

7. POSITIVE COVENANTS:

Borrower covenants with Lender that so long as it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will do and perform the following covenants. If any such covenant is to be done or performed by a Guarantor, Borrower also covenants with Lender to cause Guarantor to do or perform such covenant.

- (a) Borrower will pay to Lender when due all amounts (whether principal, interest or other sums) owing by it to Lender from time to time;

- (b) Borrower will deliver to Lender the Security Documents, in all cases in form and substance satisfactory to Lender and Lender's solicitor;
- (c) Borrower will ensure that at least 95% of its consolidated assets are held by those Loan Parties which have provided security in favour of Lender;
- (d) Borrower will use the proceeds of loans only for the purposes approved by Lender;
- (e) each Loan Party will maintain its valid existence as a corporation or partnership, as the case may be, and except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect, will maintain all licenses and authorizations required from regulatory or governmental authorities or agencies to permit it to carry on its business, including, without limitation, any licenses, certificates, permits and consents for the protection of the environment;
- (f) each Loan Party will maintain appropriate books of account and records relative to the operation of its business and financial condition;
- (g) each Loan Party will maintain and defend title to all of its property and assets, will maintain, repair and keep in good working order and condition all of its property and assets and will continuously carry on and conduct its business in a proper, efficient and businesslike manner;
- (h) each Loan Party will maintain appropriate types and amounts of insurance with Lender shown as first loss payee on any property insurance covering any assets on which Lender has security, and promptly advise Lender in writing of any significant loss or damage to its property;
- (i) each Loan Party will provide evidence of insurance to Lender:
 - i) in situations where Lender has taken a fixed charge on an asset or property whether on real property or personal property; and
 - ii) in all other situations, on request;
- (j) each Loan Party will permit Lender, by its officers or authorized representatives at any reasonable time and on reasonable prior notice, to enter its premises and to inspect its plant, machinery, equipment and other real and personal property and their operation, and to examine and copy all of its relevant books of accounts and records;
- (k) each Loan Party will remit all sums when due to tax and other governmental authorities (including, without limitation, any sums in respect of employees and GST), and upon request, will provide Lender with such information and documentation in respect thereof as Lender may reasonably require from time to time;
- (l) each Loan Party will comply with all applicable laws, including without limitation, environmental laws, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect;
- (m) Borrower will promptly advise Lender in writing, giving reasonable details, of (i) the discovery of any contaminant or any spill, discharge or release of a contaminant into the environment from or upon any property of a Loan Party which could reasonably be expected to result in a Material Adverse Effect, (ii) any event which constitutes, or which with notice, lapse of time or both, would constitute a breach of any provision hereof or of

any Security Documents, and (iii) each event which has or is reasonably likely to have a Material Adverse Effect; and

- (n) Borrower undertakes that, upon request from Lender, Borrower will grant a fixed mortgage and charge to Lender on any or all real property of Borrower so designated by Lender. Borrower shall promptly provide to Lender all information reasonably requested by Lender to assist it in that regard. Borrower acknowledges that this undertaking constitutes present and continuing security in favour of Lender, and that Lender may file such caveats, security notices or other filings in regard thereto at any time and from time to time as Lender may determine.

8. NEGATIVE COVENANTS:

Borrower covenants with Lender that while it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will not do any of the following, without the prior written consent of Lender. If a Guarantor is not to do an act, Borrower also covenants with Lender not to permit Guarantor to do such act.

- (a) a Loan Party will not create or permit to exist any mortgage, charge, lien, encumbrance or other security interest on any of its present or future assets, other than Permitted Encumbrances;
- (b) a Loan Party will not create, incur, assume or allow to exist any Indebtedness other than:
 - i) trade payables incurred in the ordinary course of business;
 - ii) any Indebtedness owing to another Loan Party (but only if that Loan Party has provided security in favour of Lender);
 - iii) any Indebtedness secured by a Permitted Encumbrance;
 - iv) any unsecured advances from affiliates/shareholders which are postponed in all respects to the Facilities; and
 - v) any Indebtedness owing to Lender;
- (c) a Loan Party will not sell, lease or otherwise dispose of any assets except (i) inventory sold, leased or disposed of in the ordinary course of business, (ii) obsolete equipment which is being replaced with equipment of an equivalent value, (iii) assets sold, leased or disposed of to another Loan Party (but only if that Loan Party has provided security in favour of Lender), and (iv) assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding \$1,000,000 for such fiscal year;
- (d) a Loan Party will not provide financial assistance (by means of a loan, guarantee or otherwise) to any person (other than Lender) other than loans permitted under clause (b) above;
- (e) a Loan Party will not pay to or for the benefit of shareholders or persons associated with shareholders (within the meaning of the Alberta Business Corporations Act) by way of salaries, bonuses, dividends, management fees, repayment of loans or otherwise, any amount which would cause a breach of a provision hereof ;
- (f) a Loan Party will not reduce its capital or redeem, purchase or otherwise acquire, retire or pay off any of its present or future share capital other than to another Loan Party;

- (g) a Loan Party will not amalgamate, consolidate, or merge with any person other than a Loan Party and then only if no default or event of default is then in existence or would thereafter be in existence, and will not enter into any partnership with any other person unless the partnership becomes a Loan Party hereunder and provides security in favour of Lender;
- (h) a Loan Party will not consent to or facilitate a change in the ownership of its shares or allow a material change in its management without the prior written consent of Lender;
- (i) a Loan Party will not acquire any assets in, or move or allow any of its assets to be moved to, a jurisdiction where Lender has not registered or perfected the Security Documents;
- (j) a Loan Party will not change the present nature of its business;
- (k) Borrower will not operate accounts with or otherwise conduct any banking business with any financial institution other than Lender, other than to the extent expressly permitted in the definition of Permitted Encumbrances hereunder;
- (l) a Loan Party will not enter into any Hedging Agreement which is not used for risk management in relation to its business or which is not entered into in the ordinary course of its business but is entered into for speculative purposes, or which, in the case of commodity swaps or similar transactions of either a financial or physical nature, have a term exceeding two years;
- (m) a Loan Party will not allow any pollutant (including any pollutant now on, under or about such land) to be placed, handled, stored, disposed of or released on, under or about any of its lands unless done in the normal course of its business and then only as long as it complies with all applicable laws in placing, handling, storing, transporting, disposing of or otherwise dealing with such pollutants, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect; and
- (n) Borrower will not utilize Borrowings to finance a hostile takeover.

9. REPORTING COVENANTS:

Borrower will provide to Lender:

- (a) within 120 days after the end of each of its fiscal years:
 - i) financial statements of Borrower on an audited basis prepared by a firm of qualified accountants;
 - ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";
 - iii) annual capital and revenue budgets including income statement, balance sheet, capex projection and statement of cash flow from Borrower for the next following fiscal year;
- (b) within 30 days following the end of each fiscal quarter:
 - i) internally produced monthly financial statements of Borrower;

- ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";
- (c) within 30 days following the end of each calendar month, aged accounts payable and accounts receivables listings as at the end of such month, and giving separate listings for each business location of Borrower certified by a senior officer of Borrower;
- (d) on request, any further information regarding its assets, operations and financial condition that Lender may from time to time reasonably require.

10. FINANCIAL COVENANTS:

Borrower will not at any time, without the prior written consent of Lender, breach the following restrictions:

- (a) permit the Current Ratio to fall below 1.35:1;
- (b) permit the ratio of Net Senior Funded Debt to EBITDA to exceed 3.50:1;
- (c) permit capital expenditures to exceed \$500,000.00 in any fiscal year of Borrower;
- (d) permit the Fixed Charge Coverage Ratio to be less than 1.10:1.

Each of the above financial ratios shall be maintained at all times and shall be detailed in the compliance certificate required to be delivered hereunder.

Equity Cure Rights: Borrower may cure (and shall be deemed to have cured) a default arising out of a breach of any financial covenant as follows: if (a) the cash proceeds of an investment of equity contributions made by the shareholders are received by Borrower and (b) same is deemed to be EBITDA by the Borrower in order to cure the breach of any financial covenant, then such breach shall have been cured (and shall have deemed to have been cured) within 20 business days after the date on which the compliance certificate is delivered in respect of the fiscal.

11. CONDITIONS PRECEDENT:

It is a condition precedent to each advance hereunder that, at the time of such advance, all representations and warranties hereunder must be true and correct in all material respects as if made on such date, and there must be no default hereunder or under any Security Document.

In addition, no Facilities will be available until the following conditions precedent have been satisfied, unless waived by Lender:

- (a) Lender has received all Security Documents and all registrations and filings have been completed in Alberta, in all cases in form and substance satisfactory to Lender;
- (b) Borrower and Guarantors (if any) have provided all authorizations and all financial statements, appraisals, environmental reports and any other information that Lender may require;
- (c) Lender has received payment of all fees due in respect hereof; and
- (d) Lender is satisfied as to the value of Borrower's and any Guarantor's assets and financial condition, and Borrower's and any Guarantor's ability to carry on business and repay any amount owed to Lender from time to time.

12. AUTHORIZATIONS AND SUPPORTING DOCUMENTS

Borrower has delivered or will deliver the following authorizations and supporting documents to Lender:

- Corporate Borrower:
 - a) Incorporation documents including Certificate of Incorporation, Articles of Incorporation (including any amendments) and last Notice of Directors;
 - b) Banking resolution in form provided by Lender or otherwise acceptable to Lender;
 - c) Corporate MasterCard documentation;
 - d) Environmental Questionnaire & Disclosure Statement;
 - e) Credit Information and Alberta Land Titles Office Name Search Consent Form;
- General:
 - a) Solicitor Opinion Letter from counsel to Borrower and any Guarantors;
 - b) Solicitor Opinion Letter from counsel to Lender.

13. DRAWDOWNS, PAYMENTS AND EVIDENCE OF INDEBTEDNESS

- Interest on Prime-based loans is calculated on the daily outstanding principal balance, and is payable on the last day of each month.
- If revolving of loans is permitted hereunder, principal advances and repayments on Prime-based loans are to be in the minimum sum of Cdn. \$25,000.00 or multiples of it.
- If Letters of Credit are available hereunder, the term of each Letter of Credit shall not exceed one (1) year, although automatic extensions thereof (unless notified by Lender) are permitted. On any demand being made by a beneficiary for payment under a Letter of Credit, the amount so paid shall be automatically deemed to be outstanding as a Prime-based loan under the relevant Facility.
- Borrower shall monitor its Borrowings (including the face amount and maturity date of each Letter of Credit) to ensure that the Borrowings hereunder do not exceed the maximum amount available hereunder.
- Borrower shall provide notice to Lender prior to requesting an advance or making a repayment or conversion of Borrowings hereunder, as follows:

For Borrowings:

 - under Cdn. \$5,000,000 – same day notice
 - Cdn. \$5,000,000 and over – one Business Day prior written notice
- Borrower may cancel the availability of any unused portion of a Facility on five Business Days' notice. Any such cancellation is irrevocable.

- The annual rates of interest or fees to which the rates calculated in accordance with this agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.
- If the amount of Borrowings outstanding under any Facility, when converted to the Equivalent Amount in Canadian dollars, exceeds the amount available under such Facility, Borrower shall, unless Lender otherwise agrees in its sole discretion, immediately repay such excess to Lender.
- If any amount due hereunder is not paid when due, Borrower shall pay interest on such unpaid amount (including without limitation, interest on interest) if and to the fullest extent permitted by applicable law, at a rate per annum equal to Prime plus 5%.
- The branch of Lender (the "**Branch of Account**") where Borrower maintains an account and through which the Borrowings will be made available is located at Edmonton City Centre, D127, 10200 - 102 Avenue, Edmonton, Alberta, T5J 4B7. Funds under the Facilities will be advanced into and repaid from account no. 765-00486621500 at the Branch of Account, or such other branch or account as Borrower and Lender may agree upon from time to time.
- Lender shall open and maintain at the Branch of Account accounts and records evidencing the Borrowings made available to Borrower by Lender under this agreement. Lender shall record the principal amount of each Borrowing and the payment of principal, interest and fees and all other amounts becoming due to Lender under this agreement. Lender's accounts and records (and any confirmations issued hereunder) constitute, in the absence of manifest error, conclusive evidence of the indebtedness of Borrower to Lender pursuant to this agreement.
- Borrower authorizes and directs Lender to automatically debit, by mechanical, electronic or manual means, any bank account of Borrower for all amounts payable by Borrower to Lender pursuant to this agreement. Any amount due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day, and interest shall accrue accordingly.

14. MISCELLANEOUS:

- (a) All legal and other costs and expenses incurred by Lender in respect of the Facilities, the Security Documents and other related matters will be paid or reimbursed by Borrower on demand by Lender.
- (b) All Security Documents will be prepared by or under the supervision of Lender's solicitors, unless Lender otherwise permits. Acceptance of this offer will authorize Lender to instruct Lender's solicitors to prepare all necessary Security Documents and proceed with related matters.
- (c) Lender, without restriction, may waive in writing the satisfaction, observance or performance of any of the provisions of this Commitment Letter. The obligations of a Guarantor (if any) will not be diminished, discharged or otherwise affected by or as a result of any such waiver, except to the extent that such waiver relates to an obligation of such Guarantor. Any waiver by Lender of the strict performance of any provision hereof will not be deemed to be a waiver of any subsequent default, and any partial exercise of any right or remedy by Lender shall not be deemed to affect any other right or remedy to which Lender may be entitled.

- (d) Borrower shall reimburse Lender for any additional cost or reduction in income arising as a result of (i) the imposition of, or increase in, taxes on payments due to Lender hereunder (other than taxes on the overall net income of Lender), (ii) the imposition of, or increase in, any reserve or other similar requirement, (iii) the imposition of, or change in, any other condition affecting the Facilities imposed by any applicable law or the interpretation thereof.
- (e) Lender is authorized but not obligated, at any time, to apply any credit balance, whether or not then due, to which Borrower or Guarantor is entitled on any account in any currency at any branch or office of Lender in or towards satisfaction of the obligations of Borrower or such Guarantor due to Lender under this agreement or any guarantee granted in support hereof, as applicable. Lender is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.
- (f) Words importing the singular will include the plural and vice versa, and words importing gender will include the masculine, feminine and neuter, and anything importing or referring to a person will include a body corporate and a partnership and any entity, in each case all as the context and the nature of the parties requires.
- (g) Where more than one person is liable as Borrower (or as a Guarantor) for any obligation hereunder, then the liability of each such person for such obligation is joint and several with each other such person.
- (h) If any portion of this agreement is held invalid or unenforceable, the remainder of this agreement will not be affected and will be valid and enforceable to the fullest extent permitted by law. In the event of a conflict between the provisions hereof and of any Security Document, the provisions hereof shall prevail to the extent of the conflict.
- (i) Where the interest rate for a credit is based on Prime, the applicable rate on any day will depend on the Prime rate in effect on that day, as applicable. The statement by Lender as to Prime and as to the rate of interest applicable to a credit on any day will be binding and conclusive for all purposes. All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well after as before maturity, default and judgment with interest on overdue interest at the applicable rate payable hereunder. To the extent permitted by law, Borrower waives the provisions of the *Judgment Interest Act* (Alberta).
- (j) Any written communication which a party may wish to serve on any other party may be served personally (in the case of a body corporate, on any officer or director thereof) or by leaving the same at or couriering or mailing the same by registered mail to the Branch of Account (for Lender) or to the last known address (for Borrower or any Guarantor), and in the case of mailing will be deemed to have been received two (2) Business Days after mailing except in the case of postal disruption.
- (k) Unless otherwise specified, references herein to "\$" and "dollars" mean Canadian dollars.
- (l) If for the purpose of obtaining judgment in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgment Currency**") any amount due hereunder in any currency other than the Judgment Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, rate of exchange means the rate at which Lender would, on the relevant date, be prepared to sell a similar amount of such currency against the Judgment Currency, in accordance with normal banking procedures. In the event that there is a change in the rate of exchange

prevailing between the Business Day before the day on which judgment is given and the date of payment of the amount due, Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such day is the amount in the Judgment Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency. Any additional amount due from Borrower under this paragraph will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due in connection with this Agreement.

- (m) Lender shall have the right to assign, sell or participate its rights and obligations in the Facilities or in any Borrowing thereunder, in whole or in part, to one or more persons, provided that the consent of Borrower shall be required if no default is then in existence, such consent not to be unreasonably withheld or delayed.
- (n) Borrower shall indemnify Lender against all losses, liabilities, claims, damages or expenses (including without limitation legal expenses on a solicitor and his own client basis) (i) incurred in connection with the entry into, performance or enforcement of this agreement, the use of the Facility proceeds or any breach by Borrower or any Guarantor of the terms hereof or any document related hereto, or (ii) arising out of or in respect of: (A) the release of any hazardous or toxic waste or other substance into the environment from any property of Borrower or any of its Subsidiaries, and (B) the remedial action (if any) taken by Lender in respect of any such release, contamination or pollution. This indemnity will survive the repayment or cancellation of any of the Facilities or any termination of this agreement.
- (o) For certainty, the permission to create a Permitted Encumbrance shall not be construed as a subordination or postponement, express or implied, of Lender's Security Documents to such Permitted Encumbrance.
- (p) Each accounting term used hereunder, unless otherwise defined herein, has the meaning assigned to it under GAAP consistently applied. If there occurs a change in generally accepted accounting principles (an "**Accounting Change**"), including as a result of a conversion to International Financial Reporting Standards, and such change would result in a change (other than an immaterial change) in the calculation of any financial covenant, standard or term used hereunder, then at the request of Borrower or Lender, Borrower and Lender shall enter into negotiations to amend such provisions so as to reflect such Accounting Change with the result that the criteria for evaluating the financial condition of Borrower or any other party, as applicable, shall be the same after such Accounting Change, as if such Accounting Change had not occurred. If, however, within 30 days of the foregoing request by Borrower or Lender, Borrower and Lender have not reached agreement on such amendment, the method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change.
- (q) Borrower's information, corporate or personal, may be subject to disclosure without its consent pursuant to provincial, federal, national or international laws as they apply to the product or service Borrower has with Lender or any third party acting on behalf of or contracting with Lender.
- (r) Borrower acknowledges that the terms of this agreement are confidential, and Borrower agrees not to disclose the terms hereof or provide a copy hereof to any person without the prior written consent of Lender, unless and to the extent required by applicable law.
- (s) Time shall be of the essence in all provisions of this agreement.

- (t) This agreement may be executed in counterpart.
- (u) This agreement shall be governed by the laws of Alberta.
- (v) Leah Tolton of Dentons LLP is designated as Lender's solicitor.

15. NEXT REVIEW DATE:

All demand Facilities are subject to review by Lender at any time in its sole discretion, and at least annually. The next annual review date has been set for April 30, 2018 but may be set at an earlier or later date at the sole discretion of Lender.

16. DEFINITIONS:

"Borrowings" means all amounts outstanding under the Facilities, or if the context so requires, all amounts outstanding under one or more of the Facilities or under one or more borrowing options of one or more of the Facilities.

"Business Day" means a day, excluding Saturday and Sunday, on which banking institutions are open for business in the province of Alberta.

"Current Assets" means for a day, the amount of current assets of Borrower as determined in accordance with GAAP on a consolidated basis.

"Current Liabilities" means, for a day, the amount of current liabilities of Borrower as determined in accordance with GAAP on a consolidated basis excluding the current portion of long-term debt and capital leases, future income taxes and any amounts formally postponed to the Lender.

"Current Ratio" means, at any time, the ratio of (i) Current Assets to (ii) Current Liabilities.

"EBITDA" means, for any period, net income (excluding extraordinary items) from continuing operations plus, to the extent deducted in determining net income, Interest Expense and income taxes expensed during the period, and depreciation, depletion and amortization deducted for the period less cash taxes.

"Equity" means, at any time and as determined in accordance with GAAP on a consolidated basis, an amount equal to the amount of shareholders' equity of Borrower, including share capital, retained earnings and postponed advances from affiliates/shareholders (if postponed on terms and in a manner acceptable to Lender) but excluding:

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder to the extent they are included in Long Term Debt;
- (b) convertible debentures to the extent they are included in Long Term Debt;
- (c) advances to affiliates/shareholders;
- (d) goodwill; and
- (e) intangible assets.

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through Lender in accordance with normal banking procedures.

"Fixed Charge Coverage Ratio" means the ratio of (i) EBITDA minus Unfunded Capital Expenditures and minus all income taxes expensed during the period (excluding deferred taxes) to (ii) Fixed Charges.

"Fixed Charges" means for any period, Interest Expense plus all scheduled principal payments in respect of Funded Debt plus all dividends declared.

"Funded Debt" means, in respect of Borrower, all outstanding non-postponed interest-bearing debt (but only excluding such postponed debt if it is postponed on terms and in a manner acceptable to Lender), including capital leases (as defined according to GAAP), debt subject to scheduled repayment terms and letters of credit/guarantees, plus (to the extent not included in Equity),

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder; and
- (b) the amount of any convertible debentures issued.

"Generally Accepted Accounting Principles" or **"GAAP"** means generally accepted accounting principles as may be described in the CPA Canada Handbook and other primary sources recognized from time to time by the Canadian Chartered Professional Accountants.

"Good Accounts Receivable A" means unencumbered accounts receivable of Borrower from Canadian debtors excluding (i) bad or doubtful accounts; (ii) all amounts due from any affiliate, (iii) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the entire account, and provided that the entire account may be included where Lender has nevertheless designated the account as good, (iv) the amount of all holdbacks or contra accounts, and (v) any accounts which Lender has previously advised to be ineligible.

"Good Accounts Receivable B" means unencumbered accounts receivable of Borrower from Canadian debtors with an investment grade rating of BBB or better excluding (i) bad or doubtful accounts; (ii) the entire amount of accounts, any portion of which is outstanding more than 120 days after billing date, provided that the under 120 day portion may be included where the over 120 day portion is less than 10% of the entire account, (iii) the amount of all holdbacks or contra accounts, and (iv) any accounts which Lender has previously advised to be ineligible.

"Guarantor" means any party that has provided a guarantee in favour of Lender with respect to the Borrowings hereunder.

"Hedging Agreement" means any swap, hedging, interest rate, currency, foreign exchange or commodity contract or agreement, or confirmation thereunder, entered into from time to time in connection with:

- (a) interest rate swaps, forward rate transactions, interest rate options, cap transactions, floor transactions and similar rate-related transactions;
- (b) forward rate agreements, foreign exchange forward agreements, cross currency transactions and other similar currency-related transactions; or
- (c) commodity swaps, hedging transactions and other similar commodity-related transactions (whether physically or financially settled), including without limitation commodity swaps;

the purpose of which is to hedge (a) interest rate, (b) currency exchange, and/or (c) commodity price exposure, as the case may be.

"Indebtedness" means all present and future obligations and indebtedness of a person, whether direct or indirect, absolute or contingent, including all indebtedness for borrowed money, all obligations in respect of swap or hedging arrangements and all other liabilities which in accordance with GAAP would appear on the liability side of a balance sheet (other than items of capital, retained earnings and surplus or deferred tax reserves).

"Interest Expense" means, for any period, the cost of advances of credit during that period, including interest charges, the interest component of capital leases, capitalized interest, fees payable on bankers' acceptances and guaranteed notes, and fees payable in respect of letters of credit and letters of guarantee.

"Letter of Credit" means a standby or documentary letter of credit or letter of guarantee issued by the Lender on behalf of the Borrower.

"Loan Parties" means the Borrower and all Guarantors, other than any Guarantors that are natural persons, and **"Loan Party"** means any of them.

"Long Term Debt" means, for a day and as determined in accordance with GAAP on a consolidated basis, all indebtedness, obligations and liabilities of Borrower which would be classified as long term debt upon a balance sheet of Borrower, plus (to the extent not included in Equity),

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder; and
- (b) the amount of any convertible debentures issued.

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

- (a) the financial condition of Borrower or of any Guarantor; or
- (b) the ability of Borrower or any Guarantor to repay amounts owing hereunder or under its guarantee in respect hereof.

"Net Senior Funded Debt to EBITDA" means in respect of the Borrower, Senior Funded Debt less unencumbered and unrestricted cash and less cash of the Borrower to EBITDA calculated on a trailing 12 month (TTM) basis.

"Permitted Encumbrances" means, in respect of the Borrower and any Guarantor, the following:

- (a) liens for taxes, assessments or governmental charges not yet due or delinquent or the validity of which is being contested in good faith;
- (b) liens arising in connection with workers' compensation, unemployment insurance, pension, employment or other social benefits laws or regulations which are not yet due or delinquent or the validity of which is being contested in good faith;
- (c) liens under or pursuant to any judgment rendered or claim filed which are or will be appealed in good faith provided any execution thereof has been stayed;
- (d) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law or which relate to obligations not due or delinquent;
- (e) liens arising by operation of law such as builders' liens, carriers' liens, materialmen's liens and other liens of a similar nature which relate to obligations not due or delinquent;

- (f) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which singularly or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of Borrower or such Guarantor;
- (g) security given to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of Borrower or such Guarantor, all in the ordinary course of its business which singularly or in the aggregate do not materially impair the operation of the business of Borrower or such Guarantor;
- (h) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;
- (i) operating leases;
- (j) capital lease transactions (according to GAAP) or sale-leaseback transactions where the indebtedness represented by all such transactions does not at any time exceed \$3,000,000 in aggregate;
- (k) security interests granted or assumed to finance the purchase of any property or asset (a **"Purchase Money Security Interest"**) where:
 - i) the security interest is granted at the time of or within 60 days after the purchase,
 - ii) the security interest is limited to the property and assets acquired, and
 - iii) the indebtedness represented by all Purchase Money Security Interests does not at any time exceed \$100,000 in aggregate;
- (l) security interests or liens (other than those hereinbefore listed) of a specific nature (and excluding for greater certainty floating charges) on properties and assets having a fair market value not in excess of \$100,000 in aggregate.

"Prime" means the prime lending rate per annum established by Lender from time to time for commercial loans denominated in Canadian dollars made by Lender in Canada.

"Subsidiaries" means

- (a) a person of which another person alone or in conjunction with its other subsidiaries owns an aggregate number of voting shares sufficient to elect a majority of the directors regardless of the manner in which other voting shares are voted; and
- (b) a partnership of which at least a majority of the outstanding income interests or capital interests are directly or indirectly owned or controlled by such person,

and includes a person in like relation to a Subsidiary.

"Unfunded Capital Expenditures" means, for any period, the sum of all capital expenditures not financed or paid for by (i) new equity, (ii) advances under the Facilities (excluding Facility #1 (the Operating Loan Facility)), and (iii) Permitted Encumbrances.

SCHEDULE "A"
CONTAINING FORM OF COMPLIANCE CERTIFICATE

To: Alberta Treasury Branches
Corporate Financial Services
25th Floor, 10020 – 100 Street NW
Edmonton, AB T5J 0N3

Attention: Paul Spiller

I, _____ hereby certify as of the date of this certificate as follows:

- (a) I am the _____ *[insert title]* of D.L.M. Oilfield Enterprises Ltd. ("**Borrower**") and I am authorized to provide this certificate to you for and on behalf of Borrower.
- (b) This certificate applies to the **[month/fiscal quarter/fiscal year]** ending _____.
- (c) I am familiar with and have examined the provisions of the letter agreement (the "**Agreement**") dated _____, 20____ between the Borrower and Alberta Treasury Branches ("**Lender**"), as lender, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of Borrower and of any Guarantor. Terms defined in the Agreement have the same meanings when used in this certificate.
- (d) No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of the Agreement and there is no reason to believe that during the next fiscal quarter of Borrower, any such event or circumstance will occur.

OR

We are or anticipate being in default of the following terms or conditions, and our proposed action to meet compliance is set out below:

Description of any breaches and proposed action to remedy: _____

- (e) Our financial ratios are as follows:
 - i) the Current Ratio is ____:1, being not less than the required ratio of 1.35:1;
 - ii) the ratio of Net Senior Funded Debt to EBITDA is ____:1, being not more than the required ratio of 3.50:1;
 - iii) capital expenditures in this fiscal year are \$_____, being not more than the required \$500,000.00;
 - iv) the Fixed Charge Coverage Ratio is ____:____, being not less than the required ratio of 1.10:1.

- (f) The detailed calculations of the foregoing ratios and covenants are set forth in the addendum annexed hereto and are true and correct in all respects.

This certificate is given by the undersigned officer in his/her capacity as an officer of the Borrower without any personal liability on the part of such officer.

This certificate may be executed electronically; this certificate may be delivered by email, facsimile or other functionally-equivalent means.

Dated this ____ day of _____, 20__.

D.L.M. Oilfield Enterprises Ltd.

Per: _____
Name: _____
Title: _____

APPENDIX

- (i) the **Current Ratio** is ____:1, calculated as follows:

Current Assets: \$ _____

divided by:

Current Liabilities excluding current portion of long-term debt and capital leases, future income taxes and any amounts formally postponed to the Lender: \$ _____

- (ii) the ratio of **Net Senior Funded Debt to EBITDA** is ____:1, calculated as follows:

Senior Funded Debt =
all non-postponed interest-bearing debt \$ _____

+ (if not already included)

• capital lease obligations + \$ _____

• debt subject to scheduled repayment terms + \$ _____

• letters of credit/letters of guarantee + \$ _____

+ (to extent not included in Equity):

• preferred shares redeemable at option of holder + \$ _____

• convertible debentures + \$ _____

= \$ _____

less:

- unencumbered and unrestricted cash and cash equivalents of Borrower - \$ _____

= \$ _____

EBITDA =
net income (excluding extraordinary items) from continuing operations \$ _____

+ (to extent deducted in determining net income)

• Interest Expense + \$ _____

• income taxes expensed + \$ _____

• depreciation, depletion and amortization + \$ _____

= \$ _____

(iii) **capital expenditures** in this fiscal year are \$ _____, detailed as follows:

(iv) the **Fixed Charge Coverage Ratio** is ____:____, calculated as follows:

EBITDA=	
net income (excluding extraordinary items) from continuing operations	\$ _____
+ (to extent deducted in determining net income)	
• Interest Expense	+ \$ _____
• income taxes expensed	+ \$ _____
• depreciation, depletion and amortization	+ \$ _____
minus Unfunded Capital Expenditures (capital expenditures not financed by new equity, the Facilities (excluding the operating loan) and Permitted Encumbrances)	- \$ _____
minus all income taxes expensed during the period (excluding deferred taxes)	- \$ _____
	= \$ _____
divided by:	
Fixed Charges =	
Interest Expense	\$ _____

+ scheduled principal payments on Funded Debt (ie. non-postponed interest-bearing debt including capital leases, debt subject to scheduled repayment terms and letters of credit/letters of guarantee, plus (to extent not included in Equity), preferred shares redeemable at option of holder and convertible debentures) + \$ _____

+ dividends declared + \$ _____

= \$ _____

= \$ _____

This is Exhibit "G" referred to in the Affidavit of
Ian Mark Philip
sworn before me this 10th day of March, 2020.

A handwritten signature in black ink, appearing to read "M. McIntosh", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Molly McIntosh
Barrister & Solicitor

Phone: 780-422-8440
Fax: 780-422-4998

March 30, 2017

D.L.M. Oilfield Enterprises Ltd.
P.O. Box 7616
Bonnyville, AB T9N 2H9

Attn: Robert Duval and Erik Tolzman

Dear Sirs:

Alberta Treasury Branches has approved and offers financial assistance on the terms and conditions in the attached Commitment Letter. This agreement amends and restates in its entirety our letter dated January 12, 2017. Any borrowings outstanding under that letter agreement are deemed to be Borrowings hereunder under the related facility referenced herein.

You may accept our offer by returning the enclosed duplicate of this letter, signed as indicated below, by 4:00 p.m. on or before April 13, 2017 or our offer will automatically expire. This correspondence may be executed electronically; this correspondence may be delivered by email, facsimile or other functionally-equivalent electronic means. We reserve the right to cancel our offer at any time prior to acceptance.

Thank you for your continued business.

Yours truly,

ALBERTA TREASURY BRANCHES

By: 
Paul Spiller, Senior Director

By: 
Associate Director

Encl.

Accepted this 30 day of March, 2017

D.L.M. Oilfield Enterprises Ltd.

Per: 

Per: 

ATB Corporate
Financial Services*

2500, 10020 100 Street NW, Edmonton, AB T5J 0N3

COMMITMENT LETTER

LENDER: ALBERTA TREASURY BRANCHES

BORROWER: D.L.M. OILFIELD ENTERPRISES LTD.

1. AMOUNTS AND TYPES OF FACILITIES (each referred to as a "Facility")

Facility #1 - Operating Loan Facility (Revolving) – Cdn. \$2,500,000.00

- Facility #1 is available by way of:
 - Prime-based loans in Canadian dollars
 - Letters of Credit (to an aggregate maximum of \$100,000) in Canadian dollars
 - Corporate MasterCard (to a maximum of \$75,000)
- Facility #1 is to be used for the general operating purposes of Borrower.
- Notwithstanding the amount of Facility #1 (and except as otherwise provided in the Repayment section hereof), advances will be limited to the amount (the "Margin Limit") equal to the lesser of:
 - the maximum principal amount of Facility #1; and
 - the aggregate of (a) 75% of Good Accounts Receivable A of Borrower plus (b) 85% of Good Accounts Receivable B of Borrower.

Other Facilities – Equipment Finance Facility

- Equipment Finance facility is available to a maximum of \$13,336,638.00. Terms and conditions are outlined in the applicable Equipment Finance documentation.

Other Facilities – Foreign Exchange, Interest Rate and Commodity Derivatives

- At Borrower's request, Lender may enter into foreign exchange forward contracts and/or interest rate and commodity derivatives with Borrower from time to time. Lender makes no commitment to enter into any such contract or derivative and may at any time in its sole discretion decline to enter into any such contract or derivative. Any Security Documents will also secure Borrower's liability and obligations pursuant to any such contracts or derivatives.

2. INTEREST RATES AND PREPAYMENT:

Facility #1:

- Pricing applicable to Facility #1 is as follows:
 - Prime-based loans: Interest is payable in Canadian dollars at Prime plus 2.00% per annum
 - Letters of Credit: Fee is 2.00% per annum with a minimum fee of \$500.00.
 - Corporate MasterCard: Fees are detailed in the Corporate MasterCard documentation.
- Non-refundable facility fee calculated at a rate of 0.20% per annum is payable monthly in Canadian dollars on the last day of each month, calculated daily on the unused portion of the authorized amount of Facility #1. Lender is hereby authorized to debit Borrower's current account for any unpaid portion of the fee.

- Facility #1 may be prepaid in whole or in part at any time (subject to the notice periods provided hereunder) without penalty.

3. REPAYMENT:

Facility #1:

- Facility #1 is payable in full on demand by Lender, and Lender may terminate the availability thereof (including any undrawn portion) at any time without notice.
- Facility #1 may revolve in multiples as permitted hereunder, and Borrower may borrow, repay, reborrow and convert between types of Borrowings, up to the amount and subject to the notice periods provided hereunder.

4. FEES:

- Non-refundable application fee of \$10,000.00 is payable on acceptance of this offer. Lender is hereby authorized to debit Borrower's current account for any unpaid portion of the fee.
- A fee of \$250.00 is payable for margining, payable monthly.
- Any amount in excess of established credit facilities may be subject to a fee where Lender in its sole discretion permits excess Borrowings, if any.
- For reports or statements not received within the stipulated periods (and without limiting Lender's rights by virtue of such default), Borrower will be subject to a fee of \$50 per month (per monthly or quarterly report or statement) and \$250 per month (per annual report or statement) for each late reporting occurrence, which will be deducted from Borrower's account.

5. SECURITY DOCUMENTS:

All security documents (whether held or later delivered) (collectively referred to as the "**Security Documents**") shall secure all Facilities and all other obligations of Borrower to Lender (whether present or future, direct or indirect, contingent or matured). The parties acknowledge that the following Security Documents are currently held:

- (a) General Security Agreement from Borrower providing a first-ranking security interest over all present and after acquired personal property;
- (b) Postponement and Assignment of Claims from 297879 Alberta Ltd.;
- (c) Postponement and Assignment of Claims from DLM Holdco L.P.;
- (d) Postponement and Assignment of Claims from DLM Investco (US) II L.P.;
- (e) Postponement and Assignment of Claims from DLM Investco (CAN) II L.P.;
- (f) Postponement and Assignment of Claims from DLM Investco (US) IV L.P.;
- (g) Postponement and Assignment of Claims from DLM Investco (US) V L.P.;
- (h) Postponement and Assignment of Claims from Brant Evans;

- (i) Postponement and Assignment of Claims from Robert Duval;
- (j) Inter-Lender Agreement between Lender, Borrower and Bond Capital to be deemed satisfactory to Lender.

The additional Security Documents required at this time are as follows:

- (a) Amending Agreement (General Security Agreement) covering material assets on both Frog Lake Oilfield Services (FLOS) and Kwiksilver Technology Ltd. (Kwik) transactions.

The Security Documents are registered in the following jurisdictions: Alberta.

6. REPRESENTATIONS AND WARRANTIES:

Borrower represents and warrants to Lender that:

- (a) if a Loan Party is a corporation, it is a corporation duly incorporated, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
- (b) if a Loan Party is a partnership, it is a partnership duly created, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
- (c) the execution, delivery and performance by each Loan Party of this agreement and each Security Document to which it is a party have been duly authorized by all necessary actions and do not violate its governing documents or any applicable laws or agreements to which it is subject or by which it is bound;
- (d) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any provision of this agreement or any Security Document given in connection herewith;
- (e) the most recent financial statements of Borrower and, if applicable, any Guarantor, provided to Lender fairly present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements, there has occurred no material adverse change in its business or financial condition;
- (f) each Loan Party has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than Permitted Encumbrances;
- (g) each Loan Party is in compliance in all material respects with all applicable laws including, without limitation, all environmental laws, and there is no existing material impairment to its properties and assets as a result of environmental damage, except to the extent disclosed in writing to Lender and acknowledged by Lender; and
- (h) Borrower has no Subsidiaries.

All representations and warranties are deemed to be repeated by Borrower on each request for an advance hereunder.

7. POSITIVE COVENANTS:

Borrower covenants with Lender that so long as it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will do and perform the following covenants. If any such covenant is to be done or performed by a Guarantor, Borrower also covenants with Lender to cause Guarantor to do or perform such covenant.

- (a) Borrower will pay to Lender when due all amounts (whether principal, interest or other sums) owing by it to Lender from time to time;
- (b) Borrower will deliver to Lender the Security Documents, in all cases in form and substance satisfactory to Lender and Lender's solicitor;
- (c) Borrower will ensure that at least 95% of its consolidated assets are held by those Loan Parties which have provided security in favour of Lender;
- (d) Borrower will use the proceeds of loans only for the purposes approved by Lender;
- (e) each Loan Party will maintain its valid existence as a corporation or partnership, as the case may be, and except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect, will maintain all licenses and authorizations required from regulatory or governmental authorities or agencies to permit it to carry on its business, including, without limitation, any licenses, certificates, permits and consents for the protection of the environment;
- (f) each Loan Party will maintain appropriate books of account and records relative to the operation of its business and financial condition;
- (g) each Loan Party will maintain and defend title to all of its property and assets, will maintain, repair and keep in good working order and condition all of its property and assets and will continuously carry on and conduct its business in a proper, efficient and businesslike manner;
- (h) each Loan Party will maintain appropriate types and amounts of insurance with Lender shown as first loss payee on any property insurance covering any assets on which Lender has security, and promptly advise Lender in writing of any significant loss or damage to its property;
- (i) each Loan Party will provide evidence of insurance to Lender:
 - i) in situations where Lender has taken a fixed charge on an asset or property whether on real property or personal property; and
 - ii) in all other situations, on request;
- (j) each Loan Party will permit Lender, by its officers or authorized representatives at any reasonable time and on reasonable prior notice, to enter its premises and to inspect its plant, machinery, equipment and other real and personal property and their operation, and to examine and copy all of its relevant books of accounts and records;
- (k) each Loan Party will remit all sums when due to tax and other governmental authorities (including, without limitation, any sums in respect of employees and GST), and upon request, will provide Lender with such information and documentation in respect thereof as Lender may reasonably require from time to time;

- (l) each Loan Party will comply with all applicable laws, including without limitation, environmental laws, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect;
- (m) Borrower will promptly advise Lender in writing, giving reasonable details, of (i) the discovery of any contaminant or any spill, discharge or release of a contaminant into the environment from or upon any property of a Loan Party which could reasonably be expected to result in a Material Adverse Effect, (ii) any event which constitutes, or which with notice, lapse of time or both, would constitute a breach of any provision hereof or of any Security Documents, and (iii) each event which has or is reasonably likely to have a Material Adverse Effect; and
- (n) Borrower undertakes that, upon request from Lender, Borrower will grant a fixed mortgage and charge to Lender on any or all real property of Borrower so designated by Lender. Borrower shall promptly provide to Lender all information reasonably requested by Lender to assist it in that regard. Borrower acknowledges that this undertaking constitutes present and continuing security in favour of Lender, and that Lender may file such caveats, security notices or other filings in regard thereto at any time and from time to time as Lender may determine.

8. NEGATIVE COVENANTS:

Borrower covenants with Lender that while it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will not do any of the following, without the prior written consent of Lender. If a Guarantor is not to do an act, Borrower also covenants with Lender not to permit Guarantor to do such act.

- (a) a Loan Party will not create or permit to exist any mortgage, charge, lien, encumbrance or other security interest on any of its present or future assets, other than Permitted Encumbrances;
- (b) a Loan Party will not create, incur, assume or allow to exist any Indebtedness other than:
 - i) trade payables incurred in the ordinary course of business;
 - ii) any Indebtedness owing to another Loan Party (but only if that Loan Party has provided security in favour of Lender);
 - iii) any Indebtedness secured by a Permitted Encumbrance;
 - iv) any unsecured advances from affiliates/shareholders which are postponed in all respects to the Facilities; and
 - v) any Indebtedness owing to Lender;
- (c) a Loan Party will not sell, lease or otherwise dispose of any assets except (i) inventory sold, leased or disposed of in the ordinary course of business, (ii) obsolete equipment which is being replaced with equipment of an equivalent value, (iii) assets sold, leased or disposed of to another Loan Party (but only if that Loan Party has provided security in favour of Lender), and (iv) assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding \$1,000,000 for such fiscal year;

- (d) a Loan Party will not provide financial assistance (by means of a loan, guarantee or otherwise) to any person (other than Lender) other than loans permitted under clause (b) above;
- (e) a Loan Party will not pay to or for the benefit of shareholders or persons associated with shareholders (within the meaning of the Alberta Business Corporations Act) by way of salaries, bonuses, dividends, management fees, repayment of loans or otherwise, any amount which would cause a breach of a provision hereof;
- (f) a Loan Party will not reduce its capital or redeem, purchase or otherwise acquire, retire or pay off any of its present or future share capital other than to another Loan Party;
- (g) a Loan Party will not amalgamate, consolidate, or merge with any person other than a Loan Party and then only if no default or event of default is then in existence or would thereafter be in existence, and will not enter into any partnership with any other person unless the partnership becomes a Loan Party hereunder and provides security in favour of Lender;
- (h) a Loan Party will not consent to or facilitate a change in the ownership of its shares or allow a material change in its management without the prior written consent of Lender;
- (i) a Loan Party will not acquire any assets in, or move or allow any of its assets to be moved to, a jurisdiction where Lender has not registered or perfected the Security Documents;
- (j) a Loan Party will not change the present nature of its business;
- (k) Borrower will not operate accounts with or otherwise conduct any banking business with any financial institution other than Lender, other than to the extent expressly permitted in the definition of Permitted Encumbrances hereunder;
- (l) a Loan Party will not enter into any Hedging Agreement which is not used for risk management in relation to its business or which is not entered into in the ordinary course of its business but is entered into for speculative purposes, or which, in the case of commodity swaps or similar transactions of either a financial or physical nature, have a term exceeding two years;
- (m) a Loan Party will not allow any pollutant (including any pollutant now on, under or about such land) to be placed, handled, stored, disposed of or released on, under or about any of its lands unless done in the normal course of its business and then only as long as it complies with all applicable laws in placing, handling, storing, transporting, disposing of or otherwise dealing with such pollutants, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect; and
- (n) Borrower will not utilize Borrowings to finance a hostile takeover.

9. REPORTING COVENANTS:

Borrower will provide to Lender:

- (a) within 120 days after the end of each of its fiscal years:
 - i) financial statements of Borrower on an audited basis prepared by a firm of qualified accountants;

- ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";
 - iii) annual capital and revenue budgets including income statement, balance sheet, capex projection and statement of cash flow from Borrower for the next following fiscal year;
- (b) within 30 days following the end of each fiscal quarter:
 - i) internally produced monthly financial statements of Borrower;
 - ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";
- (c) within 30 days following the end of each calendar month, aged accounts payable and accounts receivables listings as at the end of such month, and giving separate listings for each business location of Borrower certified by a senior officer of Borrower;
- (d) on request, any further information regarding its assets, operations and financial condition that Lender may from time to time reasonably require.

10. FINANCIAL COVENANTS:

Borrower will not at any time, without the prior written consent of Lender, breach the following restrictions:

- (a) permit the Current Ratio to fall below 1.35:1;
- (b) permit the ratio of Net Senior Funded Debt to EBITDA to exceed 3.00:1;
- (c) permit capital expenditures to exceed \$600,000.00 in any fiscal year of Borrower;
- (d) permit the Fixed Charge Coverage Ratio to be less than 1.10:1.

Each of the above financial ratios shall be maintained at all times and shall be detailed in the compliance certificate required to be delivered hereunder.

Equity Cure Rights: Borrower may cure (and shall be deemed to have cured) a default arising out of a breach of any financial covenant as follows: if (a) the cash proceeds of an investment of equity contributions made by the shareholders are received by Borrower and (b) same is deemed to be EBITDA by the Borrower in order to cure the breach of any financial covenant, then such breach shall have been cured (and shall have deemed to have been cured) within 20 business days after the date on which the compliance certificate is delivered in respect of the fiscal.

11. CONDITIONS PRECEDENT:

It is a condition precedent to each advance hereunder that, at the time of such advance, all representations and warranties hereunder must be true and correct in all material respects as if made on such date, and there must be no default hereunder or under any Security Document.

In addition, no Facilities will be available until the following conditions precedent have been satisfied, unless waived by Lender:

- (a) Lender has received all Security Documents and all registrations and filings have been completed in Alberta, in all cases in form and substance satisfactory to Lender;
- (b) Borrower and Guarantors (if any) have provided all authorizations and all financial statements, appraisals, environmental reports and any other information that Lender may require;
- (c) Lender has received payment of all fees due in respect hereof;
- (d) Lender is satisfied as to the value of Borrower's and any Guarantor's assets and financial condition, and Borrower's and any Guarantor's ability to carry on business and repay any amount owed to Lender from time to time;
- (e) Borrower's fiscal year end audited financial statement dated December 31, 2016 is to be provided prior to funding on Kwik and evidence no material changes from in-house numbers; and
- (f) Borrower is to provide prior to closing of Kwik an acceptable executed copy of the Kwiksilver Technology Ltd. purchase agreement.

12. AUTHORIZATIONS AND SUPPORTING DOCUMENTS

Borrower has delivered or will deliver the following authorizations and supporting documents to Lender:

- Corporate Borrower:
 - a) Incorporation documents including Certificate of Incorporation, Articles of Incorporation (including any amendments) and last Notice of Directors;
 - b) Banking resolution in form provided by Lender or otherwise acceptable to Lender;
 - c) Corporate MasterCard documentation;
 - d) Environmental Questionnaire & Disclosure Statement;
 - e) Credit Information and Alberta Land Titles Office Name Search Consent Form;
- General:
 - a) Solicitor Opinion Letter from counsel to Borrower and any Guarantors;
 - b) Solicitor Opinion Letter from counsel to Lender.

13. DRAWDOWNS, PAYMENTS AND EVIDENCE OF INDEBTEDNESS

- Interest on Prime-based loans is calculated on the daily outstanding principal balance, and is payable on the last day of each month.
- If revolving of loans is permitted hereunder, principal advances and repayments on Prime-based loans are to be in the minimum sum of Cdn. \$25,000.00 or multiples of it.
- If Letters of Credit are available hereunder, the term of each Letter of Credit shall not exceed one (1) year, although automatic extensions thereof (unless notified by Lender)

are permitted. On any demand being made by a beneficiary for payment under a Letter of Credit, the amount so paid shall be automatically deemed to be outstanding as a Prime-based loan under the relevant Facility.

- Borrower shall monitor its Borrowings (including the face amount and maturity date of each Letter of Credit) to ensure that the Borrowings hereunder do not exceed the maximum amount available hereunder.

- Borrower shall provide notice to Lender prior to requesting an advance or making a repayment or conversion of Borrowings hereunder, as follows:

For Borrowings:

- under Cdn. \$5,000,000 – same day notice
- Cdn. \$5,000,000 and over – one Business Day prior written notice

- Borrower may cancel the availability of any unused portion of a Facility on five Business Days' notice. Any such cancellation is irrevocable.
- The annual rates of interest or fees to which the rates calculated in accordance with this agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.
- If the amount of Borrowings outstanding under any Facility, when converted to the Equivalent Amount in Canadian dollars, exceeds the amount available under such Facility, Borrower shall, unless Lender otherwise agrees in its sole discretion, immediately repay such excess to Lender.
- If any amount due hereunder is not paid when due, Borrower shall pay interest on such unpaid amount (including without limitation, interest on interest) if and to the fullest extent permitted by applicable law, at a rate per annum equal to Prime plus 5%.
- The branch of Lender (the "**Branch of Account**") where Borrower maintains an account and through which the Borrowings will be made available is located at Edmonton City Centre, D127, 10200 - 102 Avenue, Edmonton, Alberta, T5J 4B7. Funds under the Facilities will be advanced into and repaid from account no. 765-00486621500 at the Branch of Account, or such other branch or account as Borrower and Lender may agree upon from time to time.
- Lender shall open and maintain at the Branch of Account accounts and records evidencing the Borrowings made available to Borrower by Lender under this agreement. Lender shall record the principal amount of each Borrowing and the payment of principal, interest and fees and all other amounts becoming due to Lender under this agreement. Lender's accounts and records (and any confirmations issued hereunder) constitute, in the absence of manifest error, conclusive evidence of the indebtedness of Borrower to Lender pursuant to this agreement.
- Borrower authorizes and directs Lender to automatically debit, by mechanical, electronic or manual means, any bank account of Borrower for all amounts payable by Borrower to Lender pursuant to this agreement. Any amount due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day, and interest shall accrue accordingly.

14. MISCELLANEOUS:

- (a) All legal and other costs and expenses incurred by Lender in respect of the Facilities, the Security Documents and other related matters will be paid or reimbursed by Borrower on demand by Lender.
- (b) All Security Documents will be prepared by or under the supervision of Lender's solicitors, unless Lender otherwise permits. Acceptance of this offer will authorize Lender to instruct Lender's solicitors to prepare all necessary Security Documents and proceed with related matters.
- (c) Lender, without restriction, may waive in writing the satisfaction, observance or performance of any of the provisions of this Commitment Letter. The obligations of a Guarantor (if any) will not be diminished, discharged or otherwise affected by or as a result of any such waiver, except to the extent that such waiver relates to an obligation of such Guarantor. Any waiver by Lender of the strict performance of any provision hereof will not be deemed to be a waiver of any subsequent default, and any partial exercise of any right or remedy by Lender shall not be deemed to affect any other right or remedy to which Lender may be entitled.
- (d) Borrower shall reimburse Lender for any additional cost or reduction in income arising as a result of (i) the imposition of, or increase in, taxes on payments due to Lender hereunder (other than taxes on the overall net income of Lender), (ii) the imposition of, or increase in, any reserve or other similar requirement, (iii) the imposition of, or change in, any other condition affecting the Facilities imposed by any applicable law or the interpretation thereof.
- (e) Lender is authorized but not obligated, at any time, to apply any credit balance, whether or not then due, to which Borrower or Guarantor is entitled on any account in any currency at any branch or office of Lender in or towards satisfaction of the obligations of Borrower or such Guarantor due to Lender under this agreement or any guarantee granted in support hereof, as applicable. Lender is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.
- (f) Words importing the singular will include the plural and vice versa, and words importing gender will include the masculine, feminine and neuter, and anything importing or referring to a person will include a body corporate and a partnership and any entity, in each case all as the context and the nature of the parties requires.
- (g) Where more than one person is liable as Borrower (or as a Guarantor) for any obligation hereunder, then the liability of each such person for such obligation is joint and several with each other such person.
- (h) If any portion of this agreement is held invalid or unenforceable, the remainder of this agreement will not be affected and will be valid and enforceable to the fullest extent permitted by law. In the event of a conflict between the provisions hereof and of any Security Document, the provisions hereof shall prevail to the extent of the conflict.
- (i) Where the interest rate for a credit is based on Prime, the applicable rate on any day will depend on the Prime rate in effect on that day, as applicable. The statement by Lender as to Prime and as to the rate of interest applicable to a credit on any day will be binding and conclusive for all purposes. All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well after as before maturity, default and judgment with

interest on overdue interest at the applicable rate payable hereunder. To the extent permitted by law, Borrower waives the provisions of the *Judgment Interest Act* (Alberta).

- (j) Any written communication which a party may wish to serve on any other party may be served personally (in the case of a body corporate, on any officer or director thereof) or by leaving the same at or couriering or mailing the same by registered mail to the Branch of Account (for Lender) or to the last known address (for Borrower or any Guarantor), and in the case of mailing will be deemed to have been received two (2) Business Days after mailing except in the case of postal disruption.
- (k) Unless otherwise specified, references herein to "\$" and "dollars" mean Canadian dollars.
- (l) If for the purpose of obtaining judgment in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgment Currency**") any amount due hereunder in any currency other than the Judgment Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, rate of exchange means the rate at which Lender would, on the relevant date, be prepared to sell a similar amount of such currency against the Judgment Currency, in accordance with normal banking procedures. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgment is given and the date of payment of the amount due, Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such day is the amount in the Judgment Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency. Any additional amount due from Borrower under this paragraph will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due in connection with this Agreement.
- (m) Lender shall have the right to assign, sell or participate its rights and obligations in the Facilities or in any Borrowing thereunder, in whole or in part, to one or more persons, provided that the consent of Borrower shall be required if no default is then in existence, such consent not to be unreasonably withheld or delayed.
- (n) Borrower shall indemnify Lender against all losses, liabilities, claims, damages or expenses (including without limitation legal expenses on a solicitor and his own client basis) (i) incurred in connection with the entry into, performance or enforcement of this agreement, the use of the Facility proceeds or any breach by Borrower or any Guarantor of the terms hereof or any document related hereto, or (ii) arising out of or in respect of: (A) the release of any hazardous or toxic waste or other substance into the environment from any property of Borrower or any of its Subsidiaries, and (B) the remedial action (if any) taken by Lender in respect of any such release, contamination or pollution. This indemnity will survive the repayment or cancellation of any of the Facilities or any termination of this agreement.
- (o) For certainty, the permission to create a Permitted Encumbrance shall not be construed as a subordination or postponement, express or implied, of Lender's Security Documents to such Permitted Encumbrance.
- (p) Each accounting term used hereunder, unless otherwise defined herein, has the meaning assigned to it under GAAP consistently applied. If there occurs a change in generally accepted accounting principles (an "**Accounting Change**"), including as a result of a conversion to International Financial Reporting Standards, and such change would result in a change (other than an immaterial change) in the calculation of any financial

covenant, standard or term used hereunder, then at the request of Borrower or Lender, Borrower and Lender shall enter into negotiations to amend such provisions so as to reflect such Accounting Change with the result that the criteria for evaluating the financial condition of Borrower or any other party, as applicable, shall be the same after such Accounting Change, as if such Accounting Change had not occurred. If, however, within 30 days of the foregoing request by Borrower or Lender, Borrower and Lender have not reached agreement on such amendment, the method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change.

- (q) Borrower's information, corporate or personal, may be subject to disclosure without its consent pursuant to provincial, federal, national or international laws as they apply to the product or service Borrower has with Lender or any third party acting on behalf of or contracting with Lender.
- (r) Borrower acknowledges that the terms of this agreement are confidential, and Borrower agrees not to disclose the terms hereof or provide a copy hereof to any person without the prior written consent of Lender, unless and to the extent required by applicable law.
- (s) Time shall be of the essence in all provisions of this agreement.
- (t) This agreement may be executed in counterpart.
- (u) This agreement shall be governed by the laws of Alberta.
- (v) Leah Tolton of Dentons LLP is designated as Lender's solicitor.

15. NEXT REVIEW DATE:

All demand Facilities are subject to review by Lender at any time in its sole discretion, and at least annually. The next annual review date has been set for April 30, 2018 but may be set at an earlier or later date at the sole discretion of Lender.

16. DEFINITIONS:

"Borrowings" means all amounts outstanding under the Facilities, or if the context so requires, all amounts outstanding under one or more of the Facilities or under one or more borrowing options of one or more of the Facilities.

"Business Day" means a day, excluding Saturday and Sunday, on which banking institutions are open for business in the province of Alberta.

"Current Assets" means for a day, the amount of current assets of Borrower as determined in accordance with GAAP on a consolidated basis.

"Current Liabilities" means, for a day, the amount of current liabilities of Borrower as determined in accordance with GAAP on a consolidated basis excluding the current portion of long-term debt and capital leases, future income taxes and any amounts formally postponed to the Lender.

"Current Ratio" means, at any time, the ratio of (i) Current Assets to (ii) Current Liabilities.

"EBITDA" means, for any period, net income (excluding extraordinary items) from continuing operations plus, to the extent deducted in determining net income, Interest Expense and income taxes expensed during the period, and depreciation, depletion and amortization deducted for the period less cash

taxes. Actual EBITDA and TTM EBITDA each quarter from close of FLOS or Kwik will include the appropriate amount specified below:

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
FLOS	550	413	275	138
Kwik	850	638	425	213

"Equity" means, at any time and as determined in accordance with GAAP on a consolidated basis, an amount equal to the amount of shareholders' equity of Borrower, including share capital, retained earnings and postponed advances from affiliates/shareholders (if postponed on terms and in a manner acceptable to Lender) but excluding:

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder to the extent they are included in Long Term Debt;
- (b) convertible debentures to the extent they are included in Long Term Debt;
- (c) advances to affiliates/shareholders;
- (d) goodwill; and
- (e) intangible assets.

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through Lender in accordance with normal banking procedures.

"Fixed Charge Coverage Ratio" means the ratio of (i) EBITDA minus Unfunded Capital Expenditures and minus all income taxes expensed during the period (excluding deferred taxes) to (ii) Fixed Charges.

"Fixed Charges" means for any period, Interest Expense plus all scheduled principal payments in respect of Funded Debt plus all dividends declared.

"Funded Debt" means, in respect of Borrower, all outstanding non-postponed interest-bearing debt (but only excluding such postponed debt if it is postponed on terms and in a manner acceptable to Lender), including capital leases (as defined according to GAAP), debt subject to scheduled repayment terms and letters of credit/guarantees, plus (to the extent not included in Equity),

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder; and
- (b) the amount of any convertible debentures issued.

"Generally Accepted Accounting Principles" or **"GAAP"** means generally accepted accounting principles as may be described in the CPA Canada Handbook and other primary sources recognized from time to time by the Canadian Chartered Professional Accountants.

"Good Accounts Receivable A" means unencumbered accounts receivable of Borrower from Canadian debtors excluding (i) bad or doubtful accounts; (ii) all amounts due from any affiliate, (iii) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the entire account, and provided that the entire account may be included where Lender has nevertheless designated the account as good, (iv) the amount of all holdbacks or contra accounts, and (v) any accounts which Lender has previously advised to be ineligible.

"Good Accounts Receivable B" means unencumbered accounts receivable of Borrower from Canadian debtors with an investment grade rating of BBB or better excluding (i) bad or doubtful accounts; (ii) the entire amount of accounts, any portion of which is outstanding more than 120 days after billing date, provided that the under 120 day portion may be included where the over 120 day portion is less than 10% of the entire account, (iii) the amount of all holdbacks or contra accounts, and (iv) any accounts which Lender has previously advised to be ineligible.

"Guarantor" means any party that has provided a guarantee in favour of Lender with respect to the Borrowings hereunder.

"Hedging Agreement" means any swap, hedging, interest rate, currency, foreign exchange or commodity contract or agreement, or confirmation thereunder, entered into from time to time in connection with:

- (a) interest rate swaps, forward rate transactions, interest rate options, cap transactions, floor transactions and similar rate-related transactions;
- (b) forward rate agreements, foreign exchange forward agreements, cross currency transactions and other similar currency-related transactions; or
- (c) commodity swaps, hedging transactions and other similar commodity-related transactions (whether physically or financially settled), including without limitation commodity swaps;

the purpose of which is to hedge (a) interest rate, (b) currency exchange, and/or (c) commodity price exposure, as the case may be.

"Indebtedness" means all present and future obligations and indebtedness of a person, whether direct or indirect, absolute or contingent, including all indebtedness for borrowed money, all obligations in respect of swap or hedging arrangements and all other liabilities which in accordance with GAAP would appear on the liability side of a balance sheet (other than items of capital, retained earnings and surplus or deferred tax reserves).

"Interest Expense" means, for any period, the cost of advances of credit during that period, including interest charges, the interest component of capital leases, capitalized interest, fees payable on bankers' acceptances and guaranteed notes, and fees payable in respect of letters of credit and letters of guarantee.

"Letter of Credit" means a standby or documentary letter of credit or letter of guarantee issued by the Lender on behalf of the Borrower.

"Loan Parties" means the Borrower and all Guarantors, other than any Guarantors that are natural persons, and **"Loan Party"** means any of them.

"Long Term Debt" means, for a day and as determined in accordance with GAAP on a consolidated basis, all indebtedness, obligations and liabilities of Borrower which would be classified as long term debt upon a balance sheet of Borrower, plus (to the extent not included in Equity),

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder; and
- (b) the amount of any convertible debentures issued.

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

- (a) the financial condition of Borrower or of any Guarantor; or

- (b) the ability of Borrower or any Guarantor to repay amounts owing hereunder or under its guarantee in respect hereof.

"Net Senior Funded Debt to EBITDA" means in respect of the Borrower, Senior Funded Debt less unencumbered and unrestricted cash and less cash of the Borrower to EBITDA calculated on a trailing 12 month (TTM) basis.

"Permitted Encumbrances" means, in respect of the Borrower and any Guarantor, the following:

- (a) liens for taxes, assessments or governmental charges not yet due or delinquent or the validity of which is being contested in good faith;
- (b) liens arising in connection with workers' compensation, unemployment insurance, pension, employment or other social benefits laws or regulations which are not yet due or delinquent or the validity of which is being contested in good faith;
- (c) liens under or pursuant to any judgment rendered or claim filed which are or will be appealed in good faith provided any execution thereof has been stayed;
- (d) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law or which relate to obligations not due or delinquent;
- (e) liens arising by operation of law such as builders' liens, carriers' liens, materialmen's liens and other liens of a similar nature which relate to obligations not due or delinquent;
- (f) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which singularly or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of Borrower or such Guarantor;
- (g) security given to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of Borrower or such Guarantor, all in the ordinary course of its business which singularly or in the aggregate do not materially impair the operation of the business of Borrower or such Guarantor;
- (h) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;
- (i) operating leases;
- (j) capital lease transactions (according to GAAP) or sale-leaseback transactions where the indebtedness represented by all such transactions does not at any time exceed \$3,000,000 in aggregate;
- (k) security interests granted or assumed to finance the purchase of any property or asset (a **"Purchase Money Security Interest"**) where:
 - i) the security interest is granted at the time of or within 60 days after the purchase,
 - ii) the security interest is limited to the property and assets acquired, and

- iii) the indebtedness represented by all Purchase Money Security Interests does not at any time exceed \$100,000 in aggregate;
- (l) security interests or liens (other than those hereinbefore listed) of a specific nature (and excluding for greater certainty floating charges) on properties and assets having a fair market value not in excess of \$100,000 in aggregate.

"Prime" means the prime lending rate per annum established by Lender from time to time for commercial loans denominated in Canadian dollars made by Lender in Canada.

"Subsidiaries" means

- (a) a person of which another person alone or in conjunction with its other subsidiaries owns an aggregate number of voting shares sufficient to elect a majority of the directors regardless of the manner in which other voting shares are voted; and
- (b) a partnership of which at least a majority of the outstanding income interests or capital interests are directly or indirectly owned or controlled by such person,

and includes a person in like relation to a Subsidiary.

"Unfunded Capital Expenditures" means, for any period, the sum of all capital expenditures not financed or paid for by (i) new equity, (ii) advances under the Facilities (excluding Facility #1 (the Operating Loan Facility)), and (iii) Permitted Encumbrances.

SCHEDULE "A"

CONTAINING FORM OF COMPLIANCE CERTIFICATE

To: Alberta Treasury Branches
Corporate Financial Services
25th Floor, 10020 – 100 Street NW
Edmonton, AB T5J 0N3

Attention: Paul Spiller

I, _____ hereby certify as of the date of this certificate as follows:

- (a) I am the _____ *[insert title]* of D.L.M. Oilfield Enterprises Ltd. ("**Borrower**") and I am authorized to provide this certificate to you for and on behalf of Borrower.
- (b) This certificate applies to the **[month/fiscal quarter/fiscal year]** ending _____.
- (c) I am familiar with and have examined the provisions of the letter agreement (the "**Agreement**") dated _____, 20____ between the Borrower and Alberta Treasury Branches ("**Lender**"), as lender, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of Borrower and of any Guarantor. Terms defined in the Agreement have the same meanings when used in this certificate.
- (d) No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of the Agreement and there is no reason to believe that during the next fiscal quarter of Borrower, any such event or circumstance will occur.

OR

We are or anticipate being in default of the following terms or conditions, and our proposed action to meet compliance is set out below:

Description of any breaches and proposed action to remedy: _____

- (e) Our financial ratios are as follows:
 - i) the Current Ratio is ____:1, being not less than the required ratio of 1.35:1;
 - ii) the ratio of Net Senior Funded Debt to EBITDA is ____:1, being not more than the required ratio of 3.00:1;
 - iii) capital expenditures in this fiscal year are \$_____, being not more than the required \$600,000.00;
 - iv) the Fixed Charge Coverage Ratio is ____:____, being not less than the required ratio of 1.10:1.

- (f) The detailed calculations of the foregoing ratios and covenants are set forth in the addendum annexed hereto and are true and correct in all respects.

This certificate is given by the undersigned officer in his/her capacity as an officer of the Borrower without any personal liability on the part of such officer.

This certificate may be executed electronically; this certificate may be delivered by email, facsimile or other functionally-equivalent means.

Dated this ____ day of _____, 20__.

D.L.M. Oilfield Enterprises Ltd.

Per: _____

Name: _____

Title: _____

APPENDIX

- (i) the **Current Ratio** is ____:1, calculated as follows:

Current Assets: \$ _____

divided by:

Current Liabilities excluding current portion of long-term debt and capital leases, future income taxes and any amounts formally postponed to the Lender: \$ _____

- (ii) the ratio of **Net Senior Funded Debt to EBITDA** is ____:1, calculated as follows:

Senior Funded Debt =
all non-postponed interest-bearing debt \$ _____

+ (if not already included)

- capital lease obligations + \$ _____
- debt subject to scheduled repayment terms + \$ _____
- letters of credit/letters of guarantee + \$ _____

+ (to extent not included in Equity):

- preferred shares redeemable at option of holder + \$ _____
- convertible debentures + \$ _____

= \$ _____

less:

- unencumbered and unrestricted cash and cash equivalents of Borrower - \$ _____

= \$ _____

EBITDA =
net income (excluding extraordinary items) from continuing operations \$ _____

+ (to extent deducted in determining net income)

- Interest Expense + \$ _____
- income taxes expensed + \$ _____
- depreciation, depletion and amortization + \$ _____

= \$ _____

(iii) **capital expenditures** in this fiscal year are \$_____, detailed as follows:

(iv) the **Fixed Charge Coverage Ratio** is ____:____, calculated as follows:

EBITDA=

net income (excluding extraordinary items) from continuing operations

\$ _____

+ (to extent deducted in determining net income)

• Interest Expense

+ \$ _____

• income taxes expensed

+ \$ _____

• depreciation, depletion and amortization

+ \$ _____

minus Unfunded Capital Expenditures (capital expenditures not
financed by new equity, the Facilities (excluding the operating loan)
and Permitted Encumbrances)

- \$ _____

minus all income taxes expensed during the period (excluding deferred
taxes)

- \$ _____

= \$ _____

divided by:

Fixed Charges =

Interest Expense

\$ _____

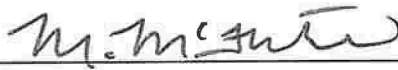
+ scheduled principal payments on Funded Debt (ie. non-postponed interest-bearing debt including capital leases, debt subject to scheduled repayment terms and letters of credit/letters of guarantee, plus (to extent not included in Equity), preferred shares redeemable at option of holder and convertible debentures) + \$ _____

+ dividends declared + \$ _____

= \$ _____

= \$ _____

This is Exhibit "H" referred to in the Affidavit of
Ian Mark Philip
sworn before me this 10th day of March, 2020.

A handwritten signature in cursive script, appearing to read "M. McIntosh", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Molly McIntosh
Barrister & Solicitor

Phone: 780-422-8440
Fax: 780-422-4998

July 26, 2017

D.L.M. Oilfield Enterprises Ltd.
P.O. Box 7616 Bonnyville, AB
T9N 2H9

Attn: Robert Duval and Erik Tolzman

Dear Sirs:

Alberta Treasury Branches has approved and offers financial assistance on the terms and conditions in the attached Commitment Letter. This agreement amends and restates in its entirety our letter dated March 30, 2017. Any borrowings outstanding under that letter agreement are deemed to be Borrowings hereunder under the related facility referenced herein.

You may accept our offer by returning the enclosed duplicate of this letter, signed as indicated below, by 4:00 p.m. on or before August 10, 2017 or our offer will automatically expire. This correspondence may be executed electronically; this correspondence may be delivered by email, facsimile or other functionally-equivalent electronic means. We reserve the right to cancel our offer at any time prior to acceptance.

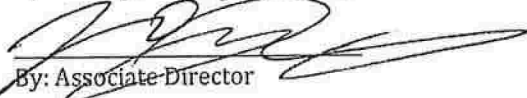
Thank you for your continued business.

Yours truly,

ALBERTA TREASURY BRANCHES



By: Paul Spiller, Senior Director



By: Associate Director

Encl.

Accepted this 31 day of July, 2017

D.L.M. Oilfield Enterprises Ltd.



Per:

Per:

ATB Corporate
Financial Services®

2500, 10020 100 Street NW, Edmonton, AB T5J 0N3

* ATB Financial is a trade name/registered trademark of Alberta Treasury Branches

COMMITMENT LETTER

LENDER: ALBERTA TREASURY BRANCHES

BORROWER: D.L.M. OILFIELD ENTERPRISES LTD.

1. AMOUNTS AND TYPES OF FACILITIES (each referred to as a "Facility")

Facility #1 - Operating Loan Facility (Revolving) – Cdn. \$5,000,000.00

- Facility #1 is available by way of:
 - Prime-based loans in Canadian dollars
 - Letters of Credit (to an aggregate maximum of \$100,000) in Canadian dollars
 - Corporate Mastercard (to a maximum of \$75,000)
- Facility #1 is to be used for the general operating purposes of Borrower.
- Notwithstanding the amount of Facility #1 (and except as otherwise provided in the Repayment section hereof), advances will be limited to the amount (the "**Margin Limit**") equal to the lesser of:
 - the maximum principal amount of Facility #1; and
 - the aggregate of (a) 75% of Good Accounts Receivable A of Borrower plus (b) 85% of Good Accounts Receivable B of Borrower.

Other Facilities – Equipment Finance Facility

- Equipment Finance facility is available to a maximum of \$13,851,076.00. Terms and conditions are outlined in the applicable Equipment Finance documentation.

Other Facilities – Foreign Exchange, Interest Rate and Commodity Derivatives

- At Borrower's request, Lender may enter into foreign exchange forward contracts and/or interest rate and commodity derivatives with Borrower from time to time. Lender makes no commitment to enter into any such contract or derivative and may at any time in its sole discretion decline to enter into any such contract or derivative. Any Security Documents will also secure Borrower's liability and obligations pursuant to any such contracts or derivatives.

2. INTEREST RATES AND PREPAYMENT:

Facility #1:

- Pricing applicable to Facility #1 is as follows:
 - Prime-based loans: Interest is payable in Canadian dollars at Prime plus 2.00% per annum
 - Letters of Credit: Fee is 2.00% per annum with a minimum fee of \$500.00.
 - Corporate Mastercard: Fees are detailed in the Corporate Mastercard documentation.
- Non-refundable facility fee calculated at a rate of 0.20% per annum is payable monthly in Canadian dollars on the last day of each month, calculated daily on the unused portion of the authorized amount of Facility #1. Lender is hereby authorized to debit Borrower's current account for any unpaid portion of the fee.

- Facility #1 may be prepaid in whole or in part at any time (subject to the notice periods provided hereunder) without penalty.

3. REPAYMENT:

Facility #1:

- Facility #1 is payable in full on demand by Lender, and Lender may terminate the availability thereof (including any undrawn portion) at any time without notice.
- Facility #1 may revolve in multiples as permitted hereunder, and Borrower may borrow, repay, reborrow and convert between types of Borrowings, up to the amount and subject to the notice periods provided hereunder.

4. FEES:

- Non-refundable renewal/application fee of \$6,250.00 is payable on acceptance of this offer. Lender is hereby authorized to debit Borrower's current account for any unpaid portion of the fee.
- A fee of \$250.00 is payable for margining, payable monthly.
- Any amount in excess of established credit facilities may be subject to a fee where Lender in its sole discretion permits excess Borrowings, if any.
- For reports or statements not received within the stipulated periods (and without limiting Lender's rights by virtue of such default), Borrower will be subject to a fee of \$50 per month (per monthly or quarterly report or statement) and \$250 per month (per annual report or statement) for each late reporting occurrence, which will be deducted from Borrower's account.

5. SECURITY DOCUMENTS:

All security documents (whether held or later delivered) (collectively referred to as the "**Security Documents**") shall secure all Facilities and all other obligations of Borrower to Lender (whether present or future, direct or indirect, contingent or matured). The parties acknowledge that the following Security Documents are currently held:

- (a) General Security Agreement from Borrower providing a first-ranking security interest over all present and after acquired personal property;
- (b) Amending Agreement (General Security Agreement) covering material assets on both Frog Lake Oilfield Services (FLOS) and Kwiksilver Technology Ltd. (Kwik) transactions;
- (c) Postponement and Assignment of Claims from 297879 Alberta Ltd.;
- (d) Postponement and Assignment of Claims from DLM Holdco L.P.;
- (e) Postponement and Assignment of Claims from DLM Investco (US) II L.P.;
- (f) Postponement and Assignment of Claims from DLM Investco (CAN) II L.P.;
- (g) Postponement and Assignment of Claims from DLM Investco (US) IV L.P.;

- (h) Postponement and Assignment of Claims from DLM Investco (US) V L.P;
- (i) Postponement and Assignment of Claims from Brant Evans;
- (j) Postponement and Assignment of Claims from Robert Duval;
- (k) Inter-Lender Agreement between Lender, Borrower and Bond Capital to be deemed satisfactory to Lender.

The Security Documents are registered in the following jurisdictions: Alberta.

6. REPRESENTATIONS AND WARRANTIES:

Borrower represents and warrants to Lender that:

- (a) if a Loan Party is a corporation, it is a corporation duly incorporated, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
- (b) if a Loan Party is a partnership, it is a partnership duly created, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
- (c) the execution, delivery and performance by each Loan Party of this agreement and each Security Document to which it is a party have been duly authorized by all necessary actions and do not violate its governing documents or any applicable laws or agreements to which it is subject or by which it is bound;
- (d) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any provision of this agreement or any Security Document given in connection herewith;
- (e) the most recent financial statements of Borrower and, if applicable, any Guarantor, provided to Lender fairly present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements, there has occurred no material adverse change in its business or financial condition;
- (f) each Loan Party has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than Permitted Encumbrances;
- (g) each Loan Party is in compliance in all material respects with all applicable laws including, without limitation, all environmental laws, and there is no existing material impairment to its properties and assets as a result of environmental damage, except to the extent disclosed in writing to Lender and acknowledged by Lender; and
- (h) Borrower has no Subsidiaries.

All representations and warranties are deemed to be repeated by Borrower on each request for an advance hereunder.

7. POSITIVE COVENANTS:

Borrower covenants with Lender that so long as it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will do and perform the following covenants. If any such covenant is to be done or performed by a Guarantor, Borrower also covenants with Lender to cause Guarantor to do or perform such covenant.

- (a) Borrower will pay to Lender when due all amounts (whether principal, interest or other sums) owing by it to Lender from time to time;
- (b) Borrower will deliver to Lender the Security Documents, in all cases in form and substance satisfactory to Lender and Lender's solicitor;
- (c) Borrower will ensure that at least 95% of its consolidated assets are held by those Loan Parties which have provided security in favour of Lender;
- (d) Borrower will use the proceeds of loans only for the purposes approved by Lender;
- (e) each Loan Party will maintain its valid existence as a corporation or partnership, as the case may be, and except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect, will maintain all licenses and authorizations required from regulatory or governmental authorities or agencies to permit it to carry on its business, including, without limitation, any licenses, certificates, permits and consents for the protection of the environment;
- (f) each Loan Party will maintain appropriate books of account and records relative to the operation of its business and financial condition;
- (g) each Loan Party will maintain and defend title to all of its property and assets, will maintain, repair and keep in good working order and condition all of its property and assets and will continuously carry on and conduct its business in a proper, efficient and businesslike manner;
- (h) each Loan Party will maintain appropriate types and amounts of insurance with Lender shown as first loss payee on any property insurance covering any assets on which Lender has security, and promptly advise Lender in writing of any significant loss or damage to its property;
- (i) each Loan Party will provide evidence of insurance to Lender:
 - i) in situations where Lender has taken a fixed charge on an asset or property whether on real property or personal property; and
 - ii) in all other situations, on request;
- (j) each Loan Party will permit Lender, by its officers or authorized representatives at any reasonable time and on reasonable prior notice, to enter its premises and to inspect its plant, machinery, equipment and other real and personal property and their operation, and to examine and copy all of its relevant books of accounts and records;
- (k) each Loan Party will remit all sums when due to tax and other governmental authorities (including, without limitation, any sums in respect of employees and GST), and upon request, will provide Lender with such information and documentation in respect thereof as Lender may reasonably require from time to time;

- (l) each Loan Party will comply with all applicable laws, including without limitation, environmental laws, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect;
- (m) Borrower will promptly advise Lender in writing, giving reasonable details, of (i) the discovery of any contaminant or any spill, discharge or release of a contaminant into the environment from or upon any property of a Loan Party which could reasonably be expected to result in a Material Adverse Effect, (ii) any event which constitutes, or which with notice, lapse of time or both, would constitute a breach of any provision hereof or of any Security Documents, and (iii) each event which has or is reasonably likely to have a Material Adverse Effect; and
- (n) Borrower undertakes that, upon request from Lender, Borrower will grant a fixed mortgage and charge to Lender on any or all real property of Borrower so designated by Lender. Borrower shall promptly provide to Lender all information reasonably requested by Lender to assist it in that regard. Borrower acknowledges that this undertaking constitutes present and continuing security in favour of Lender, and that Lender may file such caveats, security notices or other filings in regard thereto at any time and from time to time as Lender may determine.

8. NEGATIVE COVENANTS:

Borrower covenants with Lender that while it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will not do any of the following, without the prior written consent of Lender. If a Guarantor is not to do an act, Borrower also covenants with Lender not to permit Guarantor to do such act.

- (a) a Loan Party will not create or permit to exist any mortgage, charge, lien, encumbrance or other security interest on any of its present or future assets, other than Permitted Encumbrances;
- (b) a Loan Party will not create, incur, assume or allow to exist any Indebtedness other than:
 - i) trade payables incurred in the ordinary course of business;
 - ii) any Indebtedness owing to another Loan Party (but only if that Loan Party has provided security in favour of Lender);
 - iii) any Indebtedness secured by a Permitted Encumbrance;
 - iv) any unsecured advances from affiliates/shareholders which are postponed in all respects to the Facilities; and
 - v) any Indebtedness owing to Lender;
- (c) a Loan Party will not sell, lease or otherwise dispose of any assets except (i) inventory sold, leased or disposed of in the ordinary course of business, (ii) obsolete equipment which is being replaced with equipment of an equivalent value, (iii) assets sold, leased or disposed of to another Loan Party (but only if that Loan Party has provided security in favour of Lender), and (iv) assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding \$1,000,000 for such fiscal year;

- (d) a Loan Party will not provide financial assistance (by means of a loan, guarantee or otherwise) to any person (other than Lender) other than loans permitted under clause (b) above;
- (e) a Loan Party will not pay to or for the benefit of shareholders or persons associated with shareholders (within the meaning of the Alberta Business Corporations Act) by way of salaries, bonuses, dividends, management fees, repayment of loans or otherwise, any amount which would cause a breach of a provision hereof ;
- (f) a Loan Party will not reduce its capital or redeem, purchase or otherwise acquire, retire or pay off any of its present or future share capital other than to another Loan Party;
- (g) a Loan Party will not amalgamate, consolidate, or merge with any person other than a Loan Party and then only if no default or event of default is then in existence or would thereafter be in existence, and will not enter into any partnership with any other person unless the partnership becomes a Loan Party hereunder and provides security in favour of Lender;
- (h) a Loan Party will not consent to or facilitate a change in the ownership of its shares or allow a material change in its management without the prior written consent of Lender;
- (i) a Loan Party will not acquire any assets in, or move or allow any of its assets to be moved to, a jurisdiction where Lender has not registered or perfected the Security Documents;
- (j) a Loan Party will not change the present nature of its business;
- (k) Borrower will not operate accounts with or otherwise conduct any banking business with any financial institution other than Lender, other than to the extent expressly permitted in the definition of Permitted Encumbrances hereunder;
- (l) a Loan Party will not enter into any Hedging Agreement which is not used for risk management in relation to its business or which is not entered into in the ordinary course of its business but is entered into for speculative purposes, or which, in the case of commodity swaps or similar transactions of either a financial or physical nature, have a term exceeding two years;
- (m) a Loan Party will not allow any pollutant (including any pollutant now on, under or about such land) to be placed, handled, stored, disposed of or released on, under or about any of its lands unless done in the normal course of its business and then only as long as it complies with all applicable laws in placing, handling, storing, transporting, disposing of or otherwise dealing with such pollutants, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect; and
- (n) Borrower will not utilize Borrowings to finance a hostile takeover.

9. REPORTING COVENANTS:

Borrower will provide to Lender:

- (a) within 120 days after the end of each of its fiscal years:
 - i) financial statements of Borrower on an audited basis prepared by a firm of qualified accountants;

- ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";
 - iii) annual capital and revenue budgets including income statement, balance sheet, capex projection and statement of cash flow from Borrower for the next following fiscal year;
- (b) within 30 days following the end of each fiscal quarter:
 - i) internally produced monthly financial statements of Borrower;
 - ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";
- (c) within 30 days following the end of each calendar month, aged accounts payable and accounts receivables listings as at the end of such month, and giving separate listings for each business location of Borrower certified by a senior officer of Borrower;
- (d) on request, any further information regarding its assets, operations and financial condition that Lender may from time to time reasonably require.

10. FINANCIAL COVENANTS:

Borrower will not at any time, without the prior written consent of Lender, breach the following restrictions:

- (a) permit the Current Ratio to fall below 1.20:1;
- (b) permit the ratio of Net Senior Funded Debt to EBITDA to exceed 3.50:1 and stepping down to 3.00:1 on January 1, 2018;
- (c) permit capital expenditures to exceed \$600,000.00 in any fiscal year of Borrower;
- (d) permit the Fixed Charge Coverage Ratio to be less than 1.10:1.

Each of the above financial ratios shall be maintained at all times and shall be detailed in the compliance certificate required to be delivered hereunder.

Equity Cure Rights: Borrower may cure (and shall be deemed to have cured) a default arising out of a breach of any financial covenant as follows: if (a) the cash proceeds of an investment of equity contributions made by the shareholders are received by Borrower and (b) same is deemed to be EBITDA by the Borrower in order to cure the breach of any financial covenant, then such breach shall have been cured (and shall have been deemed to have been cured) within 20 business days after the date on which the compliance certificate is delivered in respect of the fiscal.

11. CONDITIONS PRECEDENT:

It is a condition precedent to each advance hereunder that, at the time of such advance, all representations and warranties hereunder must be true and correct in all material respects as if made on such date, and there must be no default hereunder or under any Security Document.

In addition, no Facilities will be available until the following conditions precedent have been satisfied, unless waived by Lender:

- (a) Lender has received all Security Documents and all registrations and filings have been completed in Alberta, in all cases in form and substance satisfactory to Lender;
- (b) Borrower and Guarantors (if any) have provided all authorizations and all financial statements, appraisals, environmental reports and any other information that Lender may require;
- (c) Lender has received payment of all fees due in respect hereof;
- (d) Lender is satisfied as to the value of Borrower's and any Guarantor's assets and financial condition, and Borrower's and any Guarantor's ability to carry on business and repay any amount owed to Lender from time to time;
- (e) Borrower's fiscal year end audited financial statement dated December 31, 2016 is to be provided prior to funding on Kwik and evidence no material changes from in-house numbers; and
- (f) Borrower is to provide prior to closing of Kwik an acceptable executed copy of the Kwiksilver Technology Ltd. purchase agreement.

12. AUTHORIZATIONS AND SUPPORTING DOCUMENTS

Borrower has delivered or will deliver the following authorizations and supporting documents to Lender:

- Corporate Borrower:
 - a) Incorporation documents including Certificate of Incorporation, Articles of Incorporation (including any amendments) and last Notice of Directors;
 - b) Banking resolution in form provided by Lender or otherwise acceptable to Lender;
 - c) Corporate Mastercard documentation;
 - d) Environmental Questionnaire & Disclosure Statement;
 - e) Credit Information and Alberta Land Titles Office Name Search Consent Form;
- General:
 - a) Solicitor Opinion Letter from counsel to Borrower and any Guarantors;
 - b) Solicitor Opinion Letter from counsel to Lender.

13. DRAWDOWNS, PAYMENTS AND EVIDENCE OF INDEBTEDNESS

- Interest on Prime-based loans is calculated on the daily outstanding principal balance, and is payable on the last day of each month.
- If revolvment of loans is permitted hereunder, principal advances and repayments on Prime-based loans are to be in the minimum sum of Cdn. \$25,000.00 or multiples of it.

- If Letters of Credit are available hereunder, the term of each Letter of Credit shall not exceed one (1) year, although automatic extensions thereof (unless notified by Lender) are permitted. On any demand being made by a beneficiary for payment under a Letter of Credit, the amount so paid shall be automatically deemed to be outstanding as a Prime-based loan under the relevant Facility.
- Borrower shall monitor its Borrowings (including the face amount and maturity date of each Letter of Credit) to ensure that the Borrowings hereunder do not exceed the maximum amount available hereunder.
- Borrower shall provide notice to Lender prior to requesting an advance or making a repayment or conversion of Borrowings hereunder, as follows:

For Borrowings:

- under Cdn. \$5,000,000 – same day notice
- Cdn. \$5,000,000 and over – one Business Day prior written notice
- Borrower may cancel the availability of any unused portion of a Facility on five Business Days' notice. Any such cancellation is irrevocable.
- The annual rates of interest or fees to which the rates calculated in accordance with this agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.
- If the amount of Borrowings outstanding under any Facility, when converted to the Equivalent Amount in Canadian dollars, exceeds the amount available under such Facility, Borrower shall, unless Lender otherwise agrees in its sole discretion, immediately repay such excess to Lender.
- If any amount due hereunder is not paid when due, Borrower shall pay interest on such unpaid amount (including without limitation, interest on interest) if and to the fullest extent permitted by applicable law, at a rate per annum equal to Prime plus 5%.
- The branch of Lender (the "**Branch of Account**") where Borrower maintains an account and through which the Borrowings will be made available is located at Edmonton City Centre, D127, 10200 - 102 Avenue, Edmonton, Alberta, T5J 4B7. Funds under the Facilities will be advanced into and repaid from account no. 765-00486621500 at the Branch of Account, or such other branch or account as Borrower and Lender may agree upon from time to time.
- Lender shall open and maintain at the Branch of Account accounts and records evidencing the Borrowings made available to Borrower by Lender under this agreement. Lender shall record the principal amount of each Borrowing and the payment of principal, interest and fees and all other amounts becoming due to Lender under this agreement. Lender's accounts and records (and any confirmations issued hereunder) constitute, in the absence of manifest error, conclusive evidence of the indebtedness of Borrower to Lender pursuant to this agreement.
- Borrower authorizes and directs Lender to automatically debit, by mechanical, electronic or manual means, any bank account of Borrower for all amounts payable by Borrower to Lender pursuant to this agreement. Any amount due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day, and interest shall accrue accordingly.

14. MISCELLANEOUS:

- (a) All legal and other costs and expenses incurred by Lender in respect of the Facilities, the Security Documents and other related matters will be paid or reimbursed by Borrower on demand by Lender.
- (b) All Security Documents will be prepared by or under the supervision of Lender's solicitors, unless Lender otherwise permits. Acceptance of this offer will authorize Lender to instruct Lender's solicitors to prepare all necessary Security Documents and proceed with related matters.
- (c) Lender, without restriction, may waive in writing the satisfaction, observance or performance of any of the provisions of this Commitment Letter. The obligations of a Guarantor (if any) will not be diminished, discharged or otherwise affected by or as a result of any such waiver, except to the extent that such waiver relates to an obligation of such Guarantor. Any waiver by Lender of the strict performance of any provision hereof will not be deemed to be a waiver of any subsequent default, and any partial exercise of any right or remedy by Lender shall not be deemed to affect any other right or remedy to which Lender may be entitled.
- (d) Borrower shall reimburse Lender for any additional cost or reduction in income arising as a result of (i) the imposition of, or increase in, taxes on payments due to Lender hereunder (other than taxes on the overall net income of Lender), (ii) the imposition of, or increase in, any reserve or other similar requirement, (iii) the imposition of, or change in, any other condition affecting the Facilities imposed by any applicable law or the interpretation thereof.
- (e) Lender is authorized but not obligated, at any time, to apply any credit balance, whether or not then due, to which Borrower or Guarantor is entitled on any account in any currency at any branch or office of Lender in or towards satisfaction of the obligations of Borrower or such Guarantor due to Lender under this agreement or any guarantee granted in support hereof, as applicable. Lender is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.
- (f) Words importing the singular will include the plural and vice versa, and words importing gender will include the masculine, feminine and neuter, and anything importing or referring to a person will include a body corporate and a partnership and any entity, in each case all as the context and the nature of the parties requires.
- (g) Where more than one person is liable as Borrower (or as a Guarantor) for any obligation hereunder, then the liability of each such person for such obligation is joint and several with each other such person.
- (h) If any portion of this agreement is held invalid or unenforceable, the remainder of this agreement will not be affected and will be valid and enforceable to the fullest extent permitted by law. In the event of a conflict between the provisions hereof and of any Security Document, the provisions hereof shall prevail to the extent of the conflict.
- (i) Where the interest rate for a credit is based on Prime, the applicable rate on any day will depend on the Prime rate in effect on that day, as applicable. The statement by Lender as to Prime and as to the rate of interest applicable to a credit on any day will be binding and conclusive for all purposes. All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well after as before maturity, default and judgment with

interest on overdue interest at the applicable rate payable hereunder. To the extent permitted by law, Borrower waives the provisions of the *Judgment Interest Act* (Alberta).

- (j) Any written communication which a party may wish to serve on any other party may be served personally (in the case of a body corporate, on any officer or director thereof) or by leaving the same at or couriering or mailing the same by registered mail to the Branch of Account (for Lender) or to the last known address (for Borrower or any Guarantor), and in the case of mailing will be deemed to have been received two (2) Business Days after mailing except in the case of postal disruption.
- (k) Unless otherwise specified, references herein to "\$" and "dollars" mean Canadian dollars.
- (l) If for the purpose of obtaining judgment in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgment Currency**") any amount due hereunder in any currency other than the Judgment Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, rate of exchange means the rate at which Lender would, on the relevant date, be prepared to sell a similar amount of such currency against the Judgment Currency, in accordance with normal banking procedures. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgment is given and the date of payment of the amount due, Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such day is the amount in the Judgment Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency. Any additional amount due from Borrower under this paragraph will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due in connection with this Agreement.
- (m) Lender shall have the right to assign, sell or participate its rights and obligations in the Facilities or in any Borrowing thereunder, in whole or in part, to one or more persons, provided that the consent of Borrower shall be required if no default is then in existence, such consent not to be unreasonably withheld or delayed.
- (n) Borrower shall indemnify Lender against all losses, liabilities, claims, damages or expenses (including without limitation legal expenses on a solicitor and his own client basis) (i) incurred in connection with the entry into, performance or enforcement of this agreement, the use of the Facility proceeds or any breach by Borrower or any Guarantor of the terms hereof or any document related hereto, or (ii) arising out of or in respect of: (A) the release of any hazardous or toxic waste or other substance into the environment from any property of Borrower or any of its Subsidiaries, and (B) the remedial action (if any) taken by Lender in respect of any such release, contamination or pollution. This indemnity will survive the repayment or cancellation of any of the Facilities or any termination of this agreement.
- (o) For certainty, the permission to create a Permitted Encumbrance shall not be construed as a subordination or postponement, express or implied, of Lender's Security Documents to such Permitted Encumbrance.
- (p) Each accounting term used hereunder, unless otherwise defined herein, has the meaning assigned to it under GAAP consistently applied. If there occurs a change in generally accepted accounting principles (an "**Accounting Change**"), including as a result of a conversion to International Financial Reporting Standards, and such change would result in a change (other than an immaterial change) in the calculation of any financial

covenant, standard or term used hereunder, then at the request of Borrower or Lender, Borrower and Lender shall enter into negotiations to amend such provisions so as to reflect such Accounting Change with the result that the criteria for evaluating the financial condition of Borrower or any other party, as applicable, shall be the same after such Accounting Change, as if such Accounting Change had not occurred. If, however, within 30 days of the foregoing request by Borrower or Lender, Borrower and Lender have not reached agreement on such amendment, the method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change.

- (q) Borrower's information, corporate or personal, may be subject to disclosure without its consent pursuant to provincial, federal, national or international laws as they apply to the product or service Borrower has with Lender or any third party acting on behalf of or contracting with Lender.
- (r) Borrower acknowledges that the terms of this agreement are confidential, and Borrower agrees not to disclose the terms hereof or provide a copy hereof to any person without the prior written consent of Lender, unless and to the extent required by applicable law.
- (s) Time shall be of the essence in all provisions of this agreement.
- (t) This agreement may be executed in counterpart.
- (u) This agreement shall be governed by the laws of Alberta.
- (v) Leah Tolton of Dentons LLP is designated as Lender's solicitor.

15. NEXT REVIEW DATE:

All demand Facilities are subject to review by Lender at any time in its sole discretion, and at least annually. The next annual review date has been set for April 30, 2018 but may be set at an earlier or later date at the sole discretion of Lender.

16. DEFINITIONS:

"Borrowings" means all amounts outstanding under the Facilities, or if the context so requires, all amounts outstanding under one or more of the Facilities or under one or more borrowing options of one or more of the Facilities.

"Business Day" means a day, excluding Saturday and Sunday, on which banking institutions are open for business in the province of Alberta.

"Current Assets" means for a day, the amount of current assets of Borrower as determined in accordance with GAAP on a consolidated basis.

"Current Liabilities" means, for a day, the amount of current liabilities of Borrower as determined in accordance with GAAP on a consolidated basis excluding the current portion of long-term debt and capital leases, future income taxes and any amounts formally postponed to the Lender.

"Current Ratio" means, at any time, the ratio of (i) Current Assets to (ii) Current Liabilities.

"EBITDA" means, for any period, net income (excluding extraordinary items) from continuing operations plus, to the extent deducted in determining net income, Interest Expense and income taxes expensed during the period, and depreciation, depletion and amortization deducted for the period less cash

taxes. Actual EBITDA and TTM EBITDA each quarter from close of FLOS or Kwik will include the appropriate amount specified below:

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
FLOS	550	413	275	138
Kwik	850	638	425	213

"**Equity**" means, at any time and as determined in accordance with GAAP on a consolidated basis, an amount equal to the amount of shareholders' equity of Borrower, including share capital, retained earnings and postponed advances from affiliates/shareholders (if postponed on terms and in a manner acceptable to Lender) but excluding:

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder to the extent they are included in Long Term Debt;
- (b) convertible debentures to the extent they are included in Long Term Debt;
- (c) advances to affiliates/shareholders;
- (d) goodwill; and
- (e) intangible assets.

"**Equivalent Amount**" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through Lender in accordance with normal banking procedures.

"**Fixed Charge Coverage Ratio**" means the ratio of (i) EBITDA minus Unfunded Capital Expenditures and minus all income taxes expensed during the period (excluding deferred taxes) to (ii) Fixed Charges.

"**Fixed Charges**" means for any period, Interest Expense plus all scheduled principal payments in respect of Funded Debt plus all dividends declared.

"**Funded Debt**" means, in respect of Borrower, all outstanding non-postponed interest-bearing debt (but only excluding such postponed debt if it is postponed on terms and in a manner acceptable to Lender), including capital leases (as defined according to GAAP), debt subject to scheduled repayment terms and letters of credit/guarantees, plus (to the extent not included in Equity),

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder; and
- (b) the amount of any convertible debentures issued.

"**Generally Accepted Accounting Principles**" or "**GAAP**" means generally accepted accounting principles as may be described in the CPA Canada Handbook and other primary sources recognized from time to time by the Canadian Chartered Professional Accountants.

"**Good Accounts Receivable A**" means unencumbered accounts receivable of Borrower from Canadian debtors excluding (i) bad or doubtful accounts; (ii) all amounts due from any affiliate, (iii) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the entire account, and provided that the entire account may be included where Lender has nevertheless designated the account as good, (iv) the amount of all holdbacks or contra accounts, and (v) any accounts which Lender has previously advised to be ineligible.

"Good Accounts Receivable B" means unencumbered accounts receivable of Borrower from Canadian debtors with an investment grade rating of BBB or better excluding (i) bad or doubtful accounts; (ii) the entire amount of accounts, any portion of which is outstanding more than 120 days after billing date, provided that the under 120 day portion may be included where the over 120 day portion is less than 10% of the entire account, (iii) the amount of all holdbacks or contra accounts, and (iv) any accounts which Lender has previously advised to be ineligible.

"Guarantor" means any party that has provided a guarantee in favour of Lender with respect to the Borrowings hereunder.

"Hedging Agreement" means any swap, hedging, interest rate, currency, foreign exchange or commodity contract or agreement, or confirmation thereunder, entered into from time to time in connection with:

- (a) interest rate swaps, forward rate transactions, interest rate options, cap transactions, floor transactions and similar rate-related transactions;
- (b) forward rate agreements, foreign exchange forward agreements, cross currency transactions and other similar currency-related transactions; or
- (c) commodity swaps, hedging transactions and other similar commodity-related transactions (whether physically or financially settled), including without limitation commodity swaps;

the purpose of which is to hedge (a) interest rate, (b) currency exchange, and/or (c) commodity price exposure, as the case may be.

"Indebtedness" means all present and future obligations and indebtedness of a person, whether direct or indirect, absolute or contingent, including all indebtedness for borrowed money, all obligations in respect of swap or hedging arrangements and all other liabilities which in accordance with GAAP would appear on the liability side of a balance sheet (other than items of capital, retained earnings and surplus or deferred tax reserves).

"Interest Expense" means, for any period, the cost of advances of credit during that period, including interest charges, the interest component of capital leases, capitalized interest, fees payable on bankers' acceptances and guaranteed notes, and fees payable in respect of letters of credit and letters of guarantee.

"Letter of Credit" means a standby or documentary letter of credit or letter of guarantee issued by the Lender on behalf of the Borrower.

"Loan Parties" means the Borrower and all Guarantors, other than any Guarantors that are natural persons, and **"Loan Party"** means any of them.

"Long Term Debt" means, for a day and as determined in accordance with GAAP on a consolidated basis, all indebtedness, obligations and liabilities of Borrower which would be classified as long term debt upon a balance sheet of Borrower, plus (to the extent not included in Equity),

- (a) the redemption amount of any preferred shares of Borrower which are redeemable at the option of the holder; and
- (b) the amount of any convertible debentures issued.

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

- (a) the financial condition of Borrower or of any Guarantor; or

- (b) the ability of Borrower or any Guarantor to repay amounts owing hereunder or under its guarantee in respect hereof.

"Net Senior Funded Debt to EBITDA" means in respect of the Borrower, Senior Funded Debt less unencumbered and unrestricted cash and less cash of the Borrower to EBITDA calculated on a trailing 12 month (TTM) basis.

"Permitted Encumbrances" means, in respect of the Borrower and any Guarantor, the following:

- (a) liens for taxes, assessments or governmental charges not yet due or delinquent or the validity of which is being contested in good faith;
- (b) liens arising in connection with workers' compensation, unemployment insurance, pension, employment or other social benefits laws or regulations which are not yet due or delinquent or the validity of which is being contested in good faith;
- (c) liens under or pursuant to any judgment rendered or claim filed which are or will be appealed in good faith provided any execution thereof has been stayed;
- (d) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law or which relate to obligations not due or delinquent;
- (e) liens arising by operation of law such as builders' liens, carriers' liens, materialmen's liens and other liens of a similar nature which relate to obligations not due or delinquent;
- (f) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which singularly or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of Borrower or such Guarantor;
- (g) security given to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of Borrower or such Guarantor, all in the ordinary course of its business which singularly or in the aggregate do not materially impair the operation of the business of Borrower or such Guarantor;
- (h) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;
- (i) operating leases;
- (j) capital lease transactions (according to GAAP) or sale-leaseback transactions where the indebtedness represented by all such transactions does not at any time exceed \$3,000,000 in aggregate;
- (k) security interests granted or assumed to finance the purchase of any property or asset (a **"Purchase Money Security Interest"**) where:
 - i) the security interest is granted at the time of or within 60 days after the purchase,
 - ii) the security interest is limited to the property and assets acquired, and

- iii) the indebtedness represented by all Purchase Money Security Interests does not at any time exceed \$100,000 in aggregate;
- (l) security interests or liens (other than those hereinbefore listed) of a specific nature (and excluding for greater certainty floating charges) on properties and assets having a fair market value not in excess of \$100,000 in aggregate.

"Prime" means the prime lending rate per annum established by Lender from time to time for commercial loans denominated in Canadian dollars made by Lender in Canada.

"Subsidiaries" means

- (a) a person of which another person alone or in conjunction with its other subsidiaries owns an aggregate number of voting shares sufficient to elect a majority of the directors regardless of the manner in which other voting shares are voted; and
- (b) a partnership of which at least a majority of the outstanding income interests or capital interests are directly or indirectly owned or controlled by such person,

and includes a person in like relation to a Subsidiary.

"Unfunded Capital Expenditures" means, for any period, the sum of all capital expenditures not financed or paid for by (i) new equity, (ii) advances under the Facilities (excluding Facility #1 (the Operating Loan Facility)), and (iii) Permitted Encumbrances.

SCHEDULE "A"
CONTAINING FORM OF COMPLIANCE CERTIFICATE

To: Alberta Treasury Branches
Corporate Financial Services
25th Floor, 10020 – 100 Street NW
Edmonton, AB T5J 0N3

Attention: Paul Spiller

I, _____ hereby certify as of the date of this certificate as follows:

- (a) I am the _____ *[insert title]* of D.L.M. Oilfield Enterprises Ltd. ("**Borrower**") and I am authorized to provide this certificate to you for and on behalf of Borrower.
- (b) This certificate applies to the **[month/fiscal quarter/fiscal year]** ending _____.
- (c) I am familiar with and have examined the provisions of the letter agreement (the "**Agreement**") dated _____, 20____ between the Borrower and Alberta Treasury Branches ("**Lender**"), as lender, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of Borrower and of any Guarantor. Terms defined in the Agreement have the same meanings when used in this certificate.
- (d) No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of the Agreement and there is no reason to believe that during the next fiscal quarter of Borrower, any such event or circumstance will occur.

OR

We are or anticipate being in default of the following terms or conditions, and our proposed action to meet compliance is set out below:

Description of any breaches and proposed action to remedy: _____

- (e) Our financial ratios are as follows:
 - i) the Current Ratio is ____:1, being not less than the required ratio of 1.20:1;
 - ii) the ratio of Net Senior Funded Debt to EBITDA is ____:1, being not more than the required ratio of 3.50:1 and stepping down to 3.00:1 on January 1, 2018;
 - iii) capital expenditures in this fiscal year are \$_____, being not more than the required \$600,000.00;
 - iv) the Fixed Charge Coverage Ratio is ____:____, being not less than the required ratio of 1.10:1.

- (f) The detailed calculations of the foregoing ratios and covenants are set forth in the addendum annexed hereto and are true and correct in all respects.

This certificate is given by the undersigned officer in his/her capacity as an officer of the Borrower without any personal liability on the part of such officer.

This certificate may be executed electronically; this certificate may be delivered by email, facsimile or other functionally-equivalent means.

Dated this ____ day of _____, 20__.

D.L.M. Oilfield Enterprises Ltd.

Per: _____
Name: _____
Title: _____

APPENDIX

- (i) the **Current Ratio** is ____:1, calculated as follows:

Current Assets: \$ _____

divided by:

Current Liabilities excluding current portion of long-term debt and capital leases, future income taxes and any amounts formally postponed to the Lender: \$ _____

- (ii) the ratio of **Net Senior Funded Debt to EBITDA** is ____:1, calculated as follows:

Senior Funded Debt =
all non-postponed interest-bearing debt \$ _____

+ (if not already included)

• capital lease obligations + \$ _____

• debt subject to scheduled repayment terms + \$ _____

• letters of credit/letters of guarantee + \$ _____

+ (to extent not included in Equity):

• preferred shares redeemable at option of holder + \$ _____

• convertible debentures + \$ _____

= \$ _____

less:

- unencumbered and unrestricted cash and cash equivalents of Borrower - \$ _____

= \$ _____

EBITDA =
net income (excluding extraordinary items) from continuing operations \$ _____

+ (to extent deducted in determining net income)

• Interest Expense + \$ _____

• income taxes expensed + \$ _____

• depreciation, depletion and amortization + \$ _____

= \$ _____

(iii) **capital expenditures** in this fiscal year are \$_____, detailed as follows:

(iv) the **Fixed Charge Coverage Ratio** is ____:____, calculated as follows:

EBITDA=	
net income (excluding extraordinary items) from continuing operations	\$ _____
+ (to extent deducted in determining net income)	
• Interest Expense	+ \$ _____
• income taxes expensed	+ \$ _____
• depreciation, depletion and amortization	+ \$ _____
minus Unfunded Capital Expenditures (capital expenditures not financed by new equity, the Facilities (excluding the operating loan) and Permitted Encumbrances)	- \$ _____
minus all income taxes expensed during the period (excluding deferred taxes)	- \$ _____
	= \$ _____
divided by:	
Fixed Charges =	
Interest Expense	\$ _____

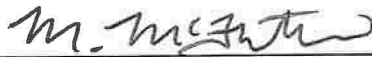
+ scheduled principal payments on Funded Debt (ie. non-postponed interest-bearing debt including capital leases, debt subject to scheduled repayment terms and letters of credit/letters of guarantee, plus (to extent not included in Equity), preferred shares redeemable at option of holder and convertible debentures) + \$ _____

+ dividends declared + \$ _____

= \$ _____

= \$ _____

This is Exhibit "I" referred to in the Affidavit of
Ian Mark Philip
sworn before me this 10th day of March, 2020.

A handwritten signature in black ink, appearing to read "M. McIntosh", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Molly McIntosh
Barrister & Solicitor

Phone: 780-422-8440

Fax: 780-422-4998

February 8, 2018

D.L.M. Oilfield Enterprises Ltd.
P.O. Box 7616
Bonnyville, AB T9N 2H9

Attn: Robert Duval and Erik Tolzman

Dear Sirs:

ATB Financial has approved and offers financial assistance on the terms and conditions in the attached Commitment Letter. This agreement amends and restates in its entirety our letter dated July 26, 2017. Any borrowings outstanding under that letter agreement are deemed to be Borrowings hereunder under the related facility referenced herein.

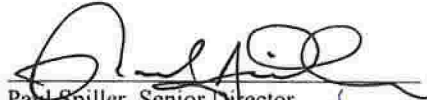
You may accept our offer by returning the enclosed duplicate of this letter, signed as indicated below, by 4:00 p.m. on or before February 22, 2018 or our offer will automatically expire. This correspondence may be executed electronically; this correspondence may be delivered by email, facsimile or other functionally-equivalent electronic means. We reserve the right to cancel our offer at any time prior to acceptance.

Thank you for your continued business.

Yours truly,

ATB FINANCIAL

By:


Paul Spiller, Senior Director

By:


Carmen Maslowski, Associate Director

Encl.

Accepted this 22 day of Feb, 2018**D.L.M. Oilfield Enterprises Ltd.**

Per:



Per: _____



COMMITMENT LETTER

LENDER: ATB FINANCIAL

BORROWER: D.L.M. OILFIELD ENTERPRISES LTD.

1. AMOUNTS AND TYPES OF FACILITIES (each referred to as a "Facility")

Facility #1 - Operating Loan Facility (Revolving) – Cdn. \$4,000,000.00

- Facility #1 is available by way of:
 - Prime-based loans in Canadian dollars
 - Letters of Credit (to an aggregate maximum of \$100,000) in Canadian dollars
 - Corporate Mastercard (to a maximum of \$75,000)
- Facility #1 is to be used for the general operating purposes of Borrower.
- Notwithstanding the amount of Facility #1 (and except as otherwise provided in the Repayment section hereof), advances will be limited to the amount (the "**Margin Limit**") equal to the lesser of:
 - the maximum principal amount of Facility #1; and
 - the aggregate of (a) 75% of Good Accounts Receivable A of Borrower plus (b) 85% of Good Accounts Receivable B of Borrower.

Other Facilities – Equipment Finance Facility

- Equipment Finance facility is available to a maximum of \$14,249,995.00. Terms and conditions are outlined in the applicable Equipment Finance documentation.

Other Facilities – Foreign Exchange, Interest Rate and Commodity Derivatives

- At Borrower's request, Lender may enter into foreign exchange forward contracts and/or interest rate and commodity derivatives with Borrower from time to time. Lender makes no commitment to enter into any such contract or derivative and may at any time in its sole discretion decline to enter into any such contract or derivative. Any Security Documents will also secure Borrower's liability and obligations pursuant to any such contracts or derivatives.

2. INTEREST RATES AND PREPAYMENT:

Facility #1:

- Pricing applicable to Facility #1 is as follows:
 - Prime-based loans: Interest is payable in Canadian dollars at Prime plus 2.25% per annum
 - Letters of Credit: Fee is 2.00% per annum with a minimum fee of \$500.00.
 - Corporate Mastercard: Fees are detailed in the Corporate Mastercard documentation.