Clerk's Stamp

COURT FILE NUMBER	25-2645392 25-2645393
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PROCEEDING	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GLENOGLE ENERGY INC. AND GLENOGLE ENERGY LP
DOCUMENT	**AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BENNETT JONES LLP** Barristers and Solicitors 4500 Bankers Hall East 855 – 2 Street SW Calgary, Alberta T2P 4K7 Attention: Chris Simard Telephone No.: 403-298-4485 Fax No.: 403-265-7219 Client File No.: 61640.13

AFFIDAVIT OF JAMIE BLAIR

Sworn (Affirmed) on June 11, 2020

I, Jamie Blair, of the City of Calgary, in the Province of Alberta, SWEAR/MAKE OATH AND SAY THAT:

BACKGROUND

1. I am the President and Chief Executive Officer of Glenogle Energy Inc. and Glenogle Energy LP (collectively **"Glenogle"**) and as such I have personal knowledge of the

matters deposed to in this Affidavit, except where stated to be based on information and belief, in which case I verily believe same to be true.

2. Glenogle is incorporated and registered pursuant to the laws of the Province of Alberta. Glenogle has 8 employees and 11 contractors and subcontractors, and an office in Calgary, Alberta, which serves as the headquarters for its operations and provides general administrative, management, accounting and human resources functions for Glenogle.

3. Glenogle is in the business of oil and gas exploration and production. Glenogle operates 80 oil wells and 56 gas wells. Its operations are primarily based in the Province of Alberta, with one well located in the Province of British Columbia.

4. Glenogle's revenue is primarily generated from the sale of crude oil, natural gas and natural gas liquids, with a small proportion of revenue generated from facilities.

5. However, Glenogle's business, like other oil and gas businesses, has suffered due to the recent global collapse in commodity prices. As a result, Glenogle's revenues have drastically declined and it has become unable to meet its obligations as they fall due.

6. HSBC Bank Canada ("**HSBC**") is Glenogle's primary secured creditor, and Glenogle owed HSBC approximately $51.7 million as at June 4, 2020

7. On May 14, 2020, Glenogle filed a Notice of Intention to Make a Proposal (the "**NOI**"), pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, with Ernst & Young Inc. named as proposal trustee (the "**Proposal Trustee**").

FINANCIAL ADVISOR AGREEMENT

8. To advance its restructuring, Glenogle requires the assistance of a financial advisor who has expertise in oil and gas assets and transactions. For that reason, Glenogle has negotiated an Agreement dated June 3, 2020 (the "**Financial Advisor Agreement**") with Stifel Nicolaus Canada Inc. (the "**Financial Advisor**"). Attached as **Exhibit "1"** to this Affidavit is a true copy of the Financial Advisor Agreement.

9. The Financial Advisor (previously known as GMP FirstEnergy) is a prominent investment banking advisory firm located in Calgary, which has specialized knowledge of and a long history in the Western Canadian energy sector. I believe that the Financial Advisor has the necessary expertise and experience to assist Glenogle.

10. Stifel FirstEnergy has extensive experience marketing assets across Western Canada and in the areas in which Glenogle operates. Stifel FirstEnergy has been engaged in such a role by Glenogle in the past and has engaged in discussions with Glenogle and third parties regarding Glenogle's development plans and activities on a regular ongoing basis.

11. Glenogle is asking this Honourable Court to authorize it to enter into and perform its obligations under, and to approve, the Financial Advisor Agreement. If the Financial Advisor Agreement is approved, Glenogle will begin working with the Financial Advisor immediately, to explore all possible viable restructuring alternatives for Glenogle. It is possible that after consultations with the Financial Advisor, Glenogle will make a subsequent application to have the Court approve a sales and investment solicitation process.

12. I believe that the terms of the Financial Advisor Agreement are reasonable, and in line with current market norms.

WOODRUSH ACCOUNT TRUST AGREEMENT

13. On December 20, 2019, Glenogle entered into a Funding and Participation Agreement (the "**FPA**") with Woodrush Royalty Corporation ("**Woodrush**"). The FPA provides Glenogle the ability to develop its petroleum and natural gas resources, while reducing its own capital expenditures to do so. Pursuant to the FPA, if Woodrush elects to participate in a well, it pays some agreed proportion of the costs of Glenogle drilling a well. In return, Woodrush receives a gross overriding royalty in the well.

14. Glenogle engages all the service providers who perform the work necessary to drill, complete and equip the well. Woodrush pays an agreed portion of the costs of those services. The way that these payments are facilitated is that:

(a) Glenogle engages the service providers, who perform the work and invoice Glenogle for their services;

(b) Woodrush pays to Glenogle its shares of the cost of those services and Glenogle can only use those funds only to pay for those services; and

(c) Glenogle deposits the funds received from Woodrush into an account held by Glenogle at HSBC for the exclusive purpose of facilitating this mechanism (the "**Trust Account**"). Glenogle does not deposit any other funds into the Trust Account, and does not use the Trust Account for any other purposes, other than receiving the funds from Woodrush, and paying the funds out to the service providers.

15. On May 22, 2020 Glenogle and Woodrush entered into an agreement that clarifies and confirms that all funds that are received from Woodrush and deposited by Glenogle into the Trust Account are trust funds held for the benefit of Woodrush (the "**Woodrush Trust Account Agreement**"). In my view, entering into the Woodrush Trust Account Agreement was necessary to provide Woodrush with sufficient comfort to continue to elect to participate in further wells under the FPA, and also to give Glenogle's service providers with certainty that they will be paid. Facilitating the continued operation of the FPA will provide ongoing benefits to Glenogle and its creditors. For that reason, I believe that approval of the Woodrush Trust Account Agreement is in the best interests of Glenogle's stakeholders. Attached as **Exhibit "2"** to this Affidavit is a true copy of the Woodrush Trust Agreement.

INTERIM FINANCING AND INTERIM LENDER'S CHARGE

16. Attached as **Exhibit "3"** to this Affidavit is a projected 13-week cashflow statement that Glenogle has prepared with the assistance of the Proposal Trustee (the "**Cashflow Projection**"). It is projected that during the period covered by the Cashflow Projection, Glenogle will require over $2 million (including outstanding letters of credit) of additional liquidity (the "**Liquidity Shortfall**"), over and above its current borrowing limits under its existing May 30, 2018 Facility Letter with HSBC.

17. HSBC has agreed to provide interim funding to Glenogle cover the Liquidity Shortfall. To facilitate this, Glenogle and HSBC have agreed to an Amended and Restated Facility Letter (the "**New Facility Letter**"). The key components of the New Facility Letter are:

(a) in addition to the existing credit facilities, HSBC will grant to Glenogle a new senior secured, debtor-in-possession, interim, non-revolving loan facility in the amount of $2.3 million (the "**Interim Loan**"). Glenogle anticipates requesting an increase in the borrowing limit under the Interim Loan at a subsequent court application, to ensure that it has a sufficient working capital cushion to ensure that these restructuring proceedings continue without disruption;

(b) the Interim Loan will be secured by a superpriority Interim Lender's Charge, to be approved by this Honourable Court;

(c) the interest rate for the funds previously advanced by HSBC shall remain unchanged at HSBC's prime rate plus 2.75% per annum, and that interest shall accrue but need not be paid during these NOI proceedings;

(d) the interest rate for the funds to be advanced under the Interim Loan shall be HSBC's prime rate plus 4.75% per annum, and that interest shall be paid during these NOI proceedings;

(e) Glenogle and the Proposal Trustee shall report actual cashflow results to HSBC on a biweekly basis; and

(f) Glenogle shall be subject to certain additional covenants that are customary in interim financing situations.

A true copy of the New Facility Letter is attached as **Exhibit "4"** to this Affidavit.

KEY EMPLOYEE RETENTION PLAN AND KERP CHARGE

18. In connection with Glenogle' restructuring efforts, Glenogle has considered and devised, in consultation with the Proposal Trustee, a Key Employee Retention Plan (the

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"**KERP**") for its key employees (the "**Key Employees**"). The Key Employees possess knowledge, experience and skills that are, in my opinion, important and required by Glenogle to be able to successfully complete any restructuring. The Key Employees have deep knowledge of Glenogle's assets and business, and have built and maintained strong relationships with Glenogle's suppliers and customers. If the Key Employees were to resign, it would be difficult for Glenogle to quickly or efficient find individuals who could perform their roles in a comparable way.

19. The KERP is designed to appropriately retain and incentivize the Key Employees during Glenogle's restructuring proceedings. The structure of the KERP is:

(a) the Key Employees will receive a retention payment in the aggregate amount of $278,829 as retention payments (the "**Retention Payments**");

(b) certain of the Key Employees will receive an incentive payment that is calculated, in the aggregate, as a percentage of the total transaction value achieved in a restructuring transaction involving the assets or business of Glenogle (the "**Incentive Payments**"). The percentage to be applied is 1%. As an example, if a restructuring transaction is consummated at a value of $40 million, the Key Employees entitled to receive Incentive Payments would be paid a total aggregate amount of $400,000;

(c) the Retention Payments will be made on the earlier of the date that a restructuring transaction is completed, or will be paid in any event on June 30, 2021;

(d) the Incentive Payments will be made on the earlier of the date that a restructuring transaction is completed; and

(e) the Retention Payments and Incentive Payments will only be made if, at the date of the relevant payment, the Key Employee has fulfilled his or her employment obligations and has not voluntarily resigned or been terminated for cause.

20. I believe that the amount and structure of the payments under the KERP are reasonable.

21. **Confidential Exhibit "5"** to this Affidavit (the "**Confidential Exhibit**") contains the following information:

    (a) the names and job titles of the Key Employees;

    (b) the Key Employees' annual salary and bonus amounts;

    (c) for each Key Employee, the amount of bonus and salary increase that is currently outstanding and unpaid; and

    (d) the amount of Retention Payments and Incentive Payments that may become payable to each Key Employee.

22. I believe that the information in the Confidential Exhibit is private and confidential, and its disclosure would be detrimental to Glenogle and its ability to successfully restructure, as well as to the interests of the Key Employees. Accordingly, Glenogle is requesting that the Confidential Exhibit be sealed on the Court file.

23. Glenogle is seeking a court-ordered charge, to secure Glenogle's obligations under the KERP, for the benefit of the Key Employees (the "**KERP Charge**"). Glenogle proposes that the Interim Lender's Charge rank first, and the KERP Charge rank second.

STAY EXTENSION

24. Since the filing of the NOI, Glenogle and its management team have been working diligently and in good faith with the Proposal Trustee, and in consultation with HSBC, to work towards a restructuring and to be in a position to be able to formulate a proposal to its creditors, but Glenogle needs an extension of the Filing Period to complete the proposal.

25. As a result of the NOI, Glenogle must file a proposal on or before June 15, 2020 (the "**Filing Period**"), unless an extension is granted. Despite Glenogle's diligent and good faith efforts, no proposal is currently ready for submission to creditors.

26. Accordingly, Glenogle requires an extension of time for making the proposal and an extension of the stay of proceedings. An extension of the Filing Period by 45 days will allow Glenogle to continue to work with its stakeholders to develop a proposal.

27. In my view, an extension of the Filing Period is appropriate, because:

    (a) Glenogle has acted and continues to act in good faith and with due diligence;

    (b) Glenogle will likely be able to make a viable proposal if the extension of the Filing Period is granted; and

    (c) the extension of the Filing Period will not materially prejudice any of Glenogle's creditors.

28. To date, I have not been made aware of any creditor of Glenogle intending to object to an extension of the stay of proceedings and the time for filing a proposal.

29. I make this Affidavit in support of Glenogle's Application to extend the stay of proceedings and the time for filing a proposal by an additional 45 days, and for certain other ancillary relief, and for no improper purpose.

30. I am not physically present before the Commissioner for Oaths to affirm this Affidavit, but am linked with the Commissioner for Oaths utilizing video technology. The process for remote commissioning of affidavits specified in Notice to the Profession and Public NPP#2020-02 dated March 25, 2020 is being followed. I undertake to send this signed affidavit with its exhibit electronically to the Commissioner for Oaths.

SWORN BEFORE ME at Calgary, Alberta, this 11 day of June 2020.	)	
	)	
Commissioner for Oaths in and for the Province of Alberta	)	JAMIE BLAIR

CHRIS SIMARD
Barrister and Solicitor

THIS IS **EXHIBIT "1"** REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 11 DAY OF JUNE, 2020.

Chris Simard, Notary Public in and for the Province of Alberta

CHRIS SIMARD
Barrister and Solicitor

THIS IS **EXHIBIT "2"** REFERRED TO
IN THE AFFIDAVIT OF JAMIE BLAIR
SWORN THE 11 DAY OF JUNE, 2020.

CHRIS SIMARD
NOTARY PUBLIC
PROVINCE OF ALBERTA

CHRIS SIMARD
Barrister and Solicitor

ACCOUNT TRUST AGREEMENT

THIS AGREEMENT is made as of the 22nd day of May, 2020

BETWEEN:

GLENOGLE ENERGY INC., a corporation incorporated pursuant to the laws of the Province of Alberta (the "**Nominee**")

- and -

WOODRUSH ROYALTY ULC, a corporation incorporated pursuant to the laws of the Province of Alberta, (the "**Beneficial Owner**"),

WHEREAS the Nominee and the Beneficial Owner have entered into a Funding and Participation Agreement made as of December 20, 2019 (as may be amended, restated, supplemented or otherwise modified from time to time, the "**Funding Agreement**");

AND WHEREAS pursuant to the Funding Agreement, the Beneficial Owner is responsible for paying an amount equal to the Beneficial Owner's Participating Percentage of the Actual Costs associated with an Accepted JV Well (the "**Participating Funds**");

AND WHEREAS the Participating Funds are beneficially owned by the Beneficial Owner and deposited by the Beneficial Owner in a bank account maintained by the Nominee at HSBC Bank Canada, as more particularly described in Schedule "A" hereto (the "**Account**"), for the exclusive purpose of paying the Beneficial Owner's Participating Percentage of the Actual Costs associated with an Accepted JV Well, in accordance with the Funding Agreement;

AND WHEREAS the parties hereto wish to enter into this Agreement to, *inter alia*, evidence the beneficial ownership of the Beneficial Owner in the Participating Funds;

NOW THEREFORE for good and valuable consideration, the receipt of which is hereby acknowledged, the Nominee and the Beneficial Owner hereby acknowledge and agree as follows:

1. Capitalized terms used herein, including the recitals, and not otherwise defined, have the meanings attributed to them in the Funding Agreement.

2. The Nominee hereby acknowledges and confirms that it holds the Participating Funds in the Account as a nominee and bare trustee for the sole use and benefit of the Beneficial Owner.

3. The Nominee shall not mortgage, sell, transfer, assign or otherwise encumber the Participating Funds or the Account or do any other act in relation to the Participating Funds or the Account except in accordance with the Funding Agreement.

4. All income, revenues and other benefits from the Participating Funds accruing after the date hereof, which are received by the Nominee as a result of such Participating Funds

being held in the Account, shall be held in trust by the Nominee for the Beneficial Owner and shall be remitted by the Nominee to the Beneficial Owner or as the Beneficial Owner otherwise directs in accordance with the Funding Agreement.

5. The Nominee shall forward to the Beneficial Owner, or as the Beneficial Owner otherwise directs, all notices, invoices, statements, data and information relating to the Participating Funds as soon as reasonably possible after receipt thereof by the Nominee.

6. The Nominee shall make no use whatsoever of the Participating Funds other than, at the request of the Beneficial Owner and in accordance with the Funding Agreement, transferring the Participating Funds to one or more third parties designated from time to time by the Beneficial Owner in satisfaction of the Beneficial Owner's Participating Percentage of the Actual Costs associated with an Accepted JV Well, provided that the Nominee will not be required to do anything contrary to law and the Nominee may, at its discretion, request the Beneficial Owner to indemnify and save harmless the Nominee from and against all losses, costs, claims and damages which the Nominee may suffer, sustain, pay or incur as a consequence of holding the Participating Funds as a nominee and bare trustee for the benefit of the Beneficial Owner.

7. No provision of this Agreement may be amended verbally and any such amendment may only be made by way of an instrument in writing signed by both the Nominee and the Beneficial Owner.

8. Except as otherwise expressly provided herein, all notices, advices, requests and demands hereunder shall be made in accordance with the provisions of Section 23.1 of the Funding Agreement.

9. This Agreement shall be binding upon, and enure to the benefit of, each of the parties hereto and their respective successors and permitted assigns.

10. This Agreement, together with the Funding Agreement, constitutes the whole and entire agreement between the parties and cancels and supersedes any prior agreements, undertakings, declarations and representations, written or verbal, in respect of the subject matter of this Agreement.

11. The parties agree that this Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of law or other rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement.

12. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when executed and delivered shall constitute an original and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission, but all counterparts shall together constitute one and the same instrument.

[Signature page follows]

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

GLENOGLE ENERGY INC.

Per: ______________________________
Name: James S. Blair
Title: President & CEO
Glenogle Energy Inc.

WOODRUSH ROYALTY ULC

Per: ______________________________
Name: Laurance Narbut
Title: Director

Agreed to and acknowledged by:

HSBC BANK CANADA

Per: ______________________________
Name: Natalie Coates
Title: AVP Loan Management Unit

Per: ______________________________
Name: Marshall Curtis
Title: Country Head Loan Management Unit

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Schedule "A"

Bank Account

Account Name	*Bank*	*Transit*	*Account*
Glenogle Energy Inc.	HSBC Bank of Canada - 016	10149	104693-002

THIS IS **EXHIBIT "3"** REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 11 DAY OF JUNE, 2020.

CHRIS SIMARD
NOTARY PUBLIC
PROVINCE OF ALBERTA

CHRIS SIMARD
Barrister and Solicitor

Glenogle Energy Inc. and Glenogle Energy LP
Combined Weekly Cash Flow Statement #2
For the 13-week period ending September 6, 2020

$000s Week ending		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Forecast Period total
Operating receipts															
Production receipts	A	-	-	228	-	-	-	1,240	-	-	-	-	1,328	-	2,796
Crown royalties	B	-	-	(10)	-	-	-	(79)	-	-	-	-	(68)	-	(157)
Miscellaneous receipts (disbursements)	C	(82)	-	-	-	-	-	-	-	-	-	-	-	-	(82)
Net operating receipts		(82)	-	218	-	-	-	1,160	-	-	-	-	1,260	-	2,557
Operating disbursements															
Freehold royalties	B	-	-	(35)	-	-	-	-	(172)	-	-	-	(179)	-	(386)
Capital expenditures		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating expenses	D	(3)	(200)	(80)	(227)	(31)	(124)	(139)	(30)	(205)	(97)	(85)	(75)	(236)	(1,531)
Gas processing	E	(190)	-	-	(190)	-	-	-	-	(181)	-	-	-	-	(562)
NorthRiver LOC	K	(280)	-	-	-	-	-	-	-	-	-	-	-	-	(280)
Property taxes	F	-	-	-	(83)	-	(2)	-	(213)	-	-	-	-	-	(298)
General & administrative	G	(88)	(15)	(45)	(33)	-	(45)	(15)	(45)	(33)	(39)	(15)	(237)	(24)	(634)
HSBC interest	H	226	-	-	(10)	-	-	-	(10)	-	-	-	-	(8)	198
Selling agent fees	I	(35)	-	-	(25)	-	-	-	-	(25)	-	-	-	(25)	(110)
Restructuring fees	J	(60)	-	-	(45)	-	-	-	-	(45)	-	-	-	(45)	(195)
Total operating disbursements		(430)	(215)	(160)	(613)	(31)	(171)	(154)	(470)	(490)	(136)	(100)	(491)	(337)	(3,797)
Net change in cash from operations		(511)	(215)	58	(613)	(31)	(171)	1,007	(470)	(490)	(136)	(100)	768	(337)	(1,241)
Credit Facility Financing															
Total Credit Facility capacity		51,510	51,510	51,510	51,510	51,510	51,510	51,510	51,510	51,510	51,510	51,701	51,701	51,701	51,701
Less: Credit Facility drawings, opening		(51,230)	(51,510)	(51,510)	(51,510)	(51,510)	(51,510)	(51,510)	(51,510)	(51,510)	(51,510)	(51,510)	(51,609)	(51,609)	(51,230)
Less: change in cash flow from operations, allocated		(280)	-	-	-	-	-	-	-	-	-	(100)	-	(91)	(471)
Credit Facility capacity, closing		-	-	-	-	-	-	-	-	-	-	91	91	-	-
Interim Loan Financing															
Total Interim Loan capacity		2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Less: Interim Loan drawings, opening		(946)	(1,177)	(1,392)	(1,334)	(1,947)	(1,978)	(2,149)	(1,147)	(1,612)	(2,102)	(2,236)	(2,238)	(1,470)	(946)
Less: change in cash flow from operations, allocated		(231)	(215)	58	(613)	(31)	(171)	1,007	(470)	(490)	(136)	-	768	(246)	(770)
Interim Loan capacity, closing		1,123	908	966	353	322	151	1,158	688	198	62	62	830	584	584
Total Financing															
Total available financing, opening		1,354	1,123	908	966	353	322	151	1,158	688	198	62	153	921	1,354
+/- Change in LOC		280	-	-	-	-	-	-	-	-	-	191	-	-	471
Net change in cash from operations		(511)	(215)	58	(613)	(31)	(171)	1,007	(470)	(490)	(136)	(100)	768	(337)	(1,241)
Total available financing, closing		1,123	908	966	353	322	151	1,158	688	198	62	153	921	584	584
Letters of Credit	K														
NorthRiver Midstream		-	-	-	-	-	-	-	-	-	-	-	-	-	
Province of BC - seasonal road bans		191	191	191	191	191	191	191	191	191	191	-	-	-	
Province of BC - LLR		219	219	219	219	219	219	219	219	219	219	219	219	219	
National Energy Board - pipeline		80	80	80	80	80	80	80	80	80	80	80	80	80	
Letters of Credit, balance		490	490	490	490	490	490	490	490	490	490	299	299	299	

This statement of projected cash flow of Glenogle Energy Inc. and Glenogle Energy Limited Partnership has been prepared in accordance with Section 50.4(7)(b)(ii) of the Bankruptcy and Insolvency Act and should be read in conjunction with the attached notes and assumptions and with the First Report of the Proposal Trustee and the Affidavit of Jamie Blair, dated June 10, 2020.

Glenogle Energy Inc. and
Glenogle Energy Limited Partnership

Per: James S. Blair, President and CEO

JUNE 11, 2020
CALGARY, ALBERTA

Glenogle Energy Inc. and Glenogle Energy LP
Notes to the Combined Weekly Cash Flow Statement #2
For the 13-week period ending September 6, 2020

Overall: Cash FlowStatement #2 (**"CFS#2"**) should be read in conjunction with the accompanying Notes and General Assumptions to the Combined Cash Flow Statement as part of Glenogle's initial application and contained in **Appendix 'C'** of the First Report of the Proposal Trustee.

Changes to CFS#2 as compared to the original Cash Flow Statement and as contained in Appendix 'C' are as follows:

Note A - Production receipts:

Glenogle's first farm-in well with Farmee, 9-20, is successfully producing and the related volumes are captured in CFS#2. As discussed in **Appendix 'C'**, production from the 9-20 well coupled with revenues from previously shut-in production are the drivers of the significant increase in production revenue in July over previous months.

Sinclair Doe Creek production was brought back on-stream in May, which is slightly earlier than originally forecast, resulting in higher associated volumes and, in turn, revenues in June 2020 as compared to the original Cash Flow Statement.

Due to improvements in commodity pricing, as of June 1, 2020, all wells are operational with the exception of two wells which are down for mechanical issues since March and April, both of which require repair. Production associated with these wells is approximately 50 barrels of oil per day.

Production receipts are further impacted by Glenogle having erroneously double-counted transportation and trucking costs, which were captured in its initial Cash Flow Statement. Glenogle has now removed the netting impact previously captured in production revenues, resulting in increased forecast production receipts over the Forecast Period. These revenue increases are offset by the impact of $119,000 in nomination losses coupled with the impact of the two abovementioned non-producing remediation wells and abysmal commodity pricing relating to May production.

The Company also updated production receipts contained in this CFS#2 to reflect the latest foreign exchange rates and commodity price forward curves as of June 8, 2020.

Note B - Royalties: Changes to both crown and freehold royalties are a function of changes in forward strip pricing for oil and gas since the Date of Filing and production mix updated in connection with the 9-20 well coming on-stream.

Note C - Miscellaneous receipts (disbursements): Miscellaneous disbursements of $81,558 relate to the remittance of Farmee's portion of the GST refund received during the Reporting Period.

Note D - Operating expenses: Includes vendor prepayments, with changes relative to the original Cash Flow Statement stemming from revised estimates as a result of actual prepayments made to-date. All prepayments are for work requested on or after the Date of Filing. Additional differences as compared to the original Cash Flow Statement relate to an additional $23,000 per month in estimated federal fuel tax charges for the post-filing period, timing differences and several invoices coming in slightly lower than forecast, with the most significant invoice relating to Wil Mar Oilfield Pressure Ltd., which contributed $30,000 to the overall favorable variance. Operating expenses excludes property taxes, which are discussed below.

Note E - Gas processing: In addition to gas processing prepayments reflected monthly during the Forecast Period, which are generally in line with cash disbursements forecast in the original Cash Flow Statement, the NorthRiver Marketing letter of credit of $280,000 is now being shown separately in CFS#2; see Note 'K' below. At the end of the Forecast Period, Glenogle believes that they will be able to push out their gas marketing prepayment to the week ending September 13, 2020, as opposed to paying along the same timing as other monthly operating expenditures.

Note F - Property taxes: Property taxes have been prorated to reflect only the post-filing portion of taxes owing.

Note G - General & administrative: Includes annual insurance of $198,355 based on Glenogle's premium paid in 2019, reflected in the week ending August 30, 2020.

Note H - HSBC interest: Automatic interest previously charged by HSBC on Glenogle's pre-filing debt was reversed in the week ending June 14. Interest on the pre-filing debt will accrue over the Forecast

Period at prime + 2.75% per annum, however no cash disbursement is anticipated until the conclusion of the NOI proceeding. Interest on any Interim Loan drawings will be paid monthly at prime + 4.75% per annum.

Note I - Selling agent fees: Selling Agent fees with Stifel Nicolaus Canada Inc. of $110,000 in connection with the agreed upon retainer and monthly work fees as outlined per the executed Engagement Letter, subject to the approval of this Honourable Court.

Note J - Restructuring: Restructuring fees of $100,000 were not paid in the Reporting Period as originally forecast as they have not yet been invoiced and have been moved to the Forecast Period.

Note K - Letters of Credit: There were five current letters of credit (the "**LOC**") outstanding at the beginning of the Forecast Period. There are two LOC totaling $280,000 with NorthRiver Marketing that will be called in the week ending June 14, 2020 and which relate to pre-NOI obligations. There is one LOC held by the Province of British Columbia relating to seasonal road bans for $190,800, which expires on July 31, 2020. Glenogle has not forecast a requirement to cash collateralize any of the LOC that are outstanding over the Forecast Period; however, should these need to be replaced with cash, the Company will have the liquidity to do so over the Forecast Period.

THIS IS **EXHIBIT "4"** REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 11 DAY OF JUNE, 2020.

CHRIS SIMARD
NOTARY PUBLIC
PROVINCE OF ALBERTA

HSBC

BJ Comments: *June 10, 2020*

June [•], 2020

Glenogle Energy Inc./Glenogle Energy Limited Partnership
1400-444 5th Avenue S.W.
Calgary, AB T2P 2T8

Attention: James Blair, President and CEO Dear Sir:

We refer to the facility letter with schedules dated May 30, 2018 as amended to the date hereof between HSBC Bank Canada (the "**Bank**") and Glenogle Energy Inc. (the "**GP**") (collectively called the "**Original Facility Letter**"). Glenogle Energy Limited Partnership and the GP have requested and the Bank has agreed to continue to provide financing during the proposal proceedings initiated by the Borrowers under the *Bankruptcy and Insolvency Act* (Canada) the ("**BIA**") on May 14, 2020 (the "**NOI Proceedings**") and provide interim financing pursuant to the BIA, with the assistance of the licensed trustee appointed in the NOI Proceedings, Ernst & Young Inc. (the "**Proposal Trustee**"), and approved by the Court, such financing to be provided in accordance with the terms and conditions set out herein and the Interim Facility Order. As interim financing, the Bank has agreed to provide the Interim Financing Facility (as hereinafter defined) and amend certain terms and conditions of the Original Facility Letter all as more particularly set out below, in order to fund certain obligations of the Borrowers (as hereinafter defined) during the NOI Proceedings.

The Original Facility Letter shall, as of the date above, be amended and restated (but without novation of existing credit facilities indebtedness and obligations) to read in its entirety as follows and shall be hereafter referred to as the "**Facility Letter**".

BORROWERS

Glenogle Energy Limited Partnership and the GP (together the "**Borrowers**" and each a "**Borrower**"), acting jointly and severally subject to and in accordance with the terms of the Interim Facility Order.

CREDIT FACILITIES

The following credit facilities (collectively referred to as the "**Credit Facilities**") are authorized subject to the satisfaction of all terms and conditions in this Facility Letter. The Borrowers are sometimes collectively referred to as "**Credit Parties**" and individually as "**Credit Party**".

1. Operating Loan Facility

1.1 Amount

Demand operating revolving loan facility ("**Operating Loan Facility**") available by way of any of the types of advances and other credit described in Section 1.3 (below) up to but not exceeding in aggregate (for all such types of advances and other credit) CAD$54,300,000, subject to the Maximum Limit. For certainty, the Interim Financing Facility (as defined below) shall be non-revolving.

1.2 Purpose

To assist in financing the day-to-day operating requirements of the Borrowers.

1.3 Availability

Loan advances and other credit under the Operating Loan Facility ("**Operating Loans**") are available subject to the Maximum Limit (except in respect of the Interim Financing Facility) as follows:

(a) CAD account overdraft up to an aggregate principal amount not exceeding CAD$52,000,000 ("**CAD Overdraft Loans**");

(b) LGs up to an aggregate amount of CAD$1,000,000 (the "**LG Limit**"), in each case for a maximum term of one year to finance the day to day operations of each Borrower through the issuance by the Bank of letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit or similar credits from time to time (each an **"LG"**) upon the instructions of such Borrower, each such LG to be in form satisfactory to the Bank. The availability of each LG shall be at the sole and absolute discretion of the Bank and subject to the Conditions Precedent below and in Schedule A attached hereto. Each issuance of an LG is an advance of credit (for such Borrower's account) for purposes of the LG Limit. Any amount drawn under any LG shall be immediately reimbursed to the Bank by such Borrower. Interest on any amount drawn under an LG in Canadian Dollars and not immediately reimbursed by such Borrower to the Bank shall accrue, calculated monthly in arrears accruing daily at the Bank's Prime Rate plus 4.75% per annum:

(i) At the time of issuance by the Bank of each Financial LG (including at the time of issuance of any renewal or replacement Financial LG, following maturity or expiry of a Financial LG), a fee equal to 3.75% per annum calculated against the face amount and over the term of the Financial LG;

(ii) At the time of issuance by the Bank of each Performance LG, a fee equal to 1.875% per annum calculated against the face amount and over the term of the Performance LG; and

(c) MasterCard Facility

(i) **Amount**

Up to CAD$20,000 (the "**MC Facility**").

(ii) **Purpose**

To provide business expense cards for employees of the Borrowers.

(iii) **Availability**

The terms of the MG Facility shall be offered to the Borrowers by the Bank in the form of a MasterCard Agreement.

(iv) **Fees**

The Borrowers shall pay the Bank's fees in respect of the MC Facility as set out in the MasterCard Agreement.

(v) **Repayment**

Amounts due under the MC Facility shall be repayable in accordance with monthly statements delivered to the Borrowers as provided by the MasterCard Agreement.

(d) Interim Financing Facility

(i) **Amount and Availability**

Senior secured superpriority debtor-in possession, interim, non-revolving, CAD account overdraft up to an aggregate principal amount not exceeding CAD$2,300,000 ("**Interim CAD Overdraft Loans**") (the "**Interim Financing Facility**").

(ii) **Purpose**

The Borrowers shall use the proceeds of the Interim Financing Facility solely for the following purposes, in each case in accordance with the Interim Facility Order:

(A) to pay (i) the reasonable and documented expenses of the Bank in accordance with Section 1.6 and Section III of Schedule A hereof; and (ii) the reasonable and documented expenses of the Proposal Trustee and its legal counsel;

(B) to pay the fees and interest owing to the Bank under this Facility Letter and other Loan Documents;

(C) to assist in financing the day-to-day operating requirements of the Borrowers, in accordance with the Cash Flow Forecast;

(D) to pay costs and expenses in connection with the NOI Proceedings as approved by the Bank, acting reasonably; and

(E) to otherwise implement and complete the restructuring in the NOI Proceedings.

The Borrowers shall ensure that the amounts advanced and outstanding (including liabilities in respect of LGs) under the Operating Loan Facility shall at no time exceed the amount of each of the available credit sub-limits set out above and that, other than during the NOI Proceedings, the aggregate of all such advances and credits outstanding at no time exceeds the Maximum Limit in the applicable currency.

No Proposal sanctioned by the Court shall discharge or otherwise affect in any way any of the liabilities, indebtedness and obligations of the Borrowers hereunder, other than after the permanent and indefeasible payment in cash to the Bank of all liabilities, indebtedness and obligations of the Borrowers on or before the date the Proposal is implemented.

1.4 Repayment

All amounts advanced and outstanding under the Operating Loan Facility shall, unless extended by mutual agreement of the parties, be repaid in full on the earlier of: (i) promptly upon a demand for repayment in writing having been made by the Bank to the Borrowers with a copy to the Proposal Trustee (and each of their respective counsel) where the reason for such demand is a breach of a covenant hereunder by a Borrower, a misrepresentation by a Borrower or where a Borrower is otherwise in default hereunder and such breach, misrepresentation or default is not cured to the satisfaction of the Bank within 5 days; and (iii) the termination of the NOI Proceedings or in the event an extension of the stay proceedings is not granted by the court; and (iv) June 30, 2021 (the earliest of such dates being the "**Maturity Date**").

1.5 Interest

Until demand for payment is made by the Bank, interest on the outstanding principal balance of all Loans and other credit advanced under the Operating Loan Facility shall, unless otherwise provided, be calculated and payable as follows:

(a) for CAD Overdraft Loans under the Operating Loan Facility (which for certainty excludes Interim CAD Overdraft Loans under the Interim Financing Facility), the Bank's Prime Rate plus 2.75% per annum calculated monthly in arrears on the daily balance, payable on the last Business Day of each month, provided that such interest shall accrue but shall not be payable during the continuance of the NOI Proceedings; and

(b) for Interim CAD Overdraft Loans advanced under the Interim Financing Facility, the Bank's Prime Rate plus 4.75% per annum calculated monthly in arrears on the daily balance, payable on the last Business Day of each month.

1.6 Fees

The Borrowers shall pay to the Bank:

(a) an administration fee of CAD$250, payable on the first Business Day of each month with respect to the previous month;

(b) at the time of issuance of each LG under the Operating Loan Facility, a fee equal to 3.75% per annum, calculated against the face amount and over the term of the LG;

(c) a standby fee equal to 0.30% per annum of the daily unutilized portion of the Maximum Limit available under the Operating Loan Facility calculated monthly in arrears on the last Business Day of each month and payable on the first Business Day of the following month; and

(d) annual review fee of 0.15% of the maximum amount of the Operating Loan Facility at the time of renewal, payable on an annual basis.

1.7 Existing Loans under Original Facility Letter

Existing "Operating Loans" under and as defined in the Original Facility Letter shall be deemed to be outstanding as Operating Loans issued at the request of the Borrowers under the Operating Loan Facility under this Facility Letter. Each "LG" under and as defined in the Original Facility Letter shall be deemed to be an LG issued at the request of the Borrowers under the Operating Loan Facility under this Facility Letter.

2. Capital Lease Facility

2.1 Amount

CAD $1,211,015 in term leases outstanding (the "**Lease Facility**").

2.2 Purpose

To assist in financing the acquisition of facilities, compressors and other related production infrastructure assets by the Borrowers.

2.3 Availability

Subject to availability, the terms of each lease (a "**Lease**") under the Lease Facility will be set out in an offer by the Bank's Leasing Department to the Borrowers and shall be subject to the Borrowers entering into a master lease agreement with the Bank ("**Lease Agreements**").

2.4 Repayment

Payments under the Lease Facility shall be determined with respect to each Lease at the time of the offer by the Bank's Leasing Department, subject to the Bank's unfettered rights of demand for accelerated payment at any time. Notwithstanding the payment terms set forth in any Lease Agreement, (i) monthly principal payments for April, 2020 and May, 2020 have been deferred by the Bank; and (ii) the Borrowers shall not be required to make monthly principal repayments commencing on the next "Rental Payment Date" (as defined in the Lease Agreements) for a period of 4 months and accordingly, the term of each Lease shall be extended by 6 months. For greater certainty, interest shall continue to accrue in accordance with the terms of the Lease Agreements and be payable on the terms set forth in any such Lease on all outstanding amounts.

2.5 Interest and Fees

Interest shall be payable in accordance with the terms of the Lease Agreements.

2.6 Existing Leases under the Capital Lease Facility

Existing "Leases" and "Lease Agreements" under and as defined in the Original Facility Letter shall be deemed to be Leases and Lease Agreements issued at the request of the Borrowers under the Capital Lease Facility under this Facility Letter.

3. Loan Documents

3.1 Loan Documents

The liability, indebtedness and obligations of the Borrowers under all of the Credit Facilities shall be evidenced, governed and secured, as the case may be, by the following documents (which, together with any other loan or security documents required by this Facility Letter, are referred to collectively as the "**Loan Documents**") completed in a form and manner satisfactory to the Bank:

Previously provided by the GP and held by the Bank:

(a) General Security Agreement executed by the GP, dated June 15, 2009;

(b) First Fixed and Floating Charge Demand Debenture in the amount of CAD$75,000,000 creating a first priority security interest in all present and after acquired personal property of the GP and a floating charge over all of the GP's present and after acquired real property, and a debenture pledge agreement with respect to such debenture;

(c) assignment/endorsements by the GP to the Bank of all risk insurance (including extended coverage endorsement) in amounts and from an insurer acceptable to the Bank, on all of the GP's real and personal property including, without limitation, lands, buildings, equipment and inventory owned by the GP, showing the Bank as first loss payee by way of standard mortgage endorsement, such policy to include business interruption lost profit and public liability insurance; and

(d) environmental agreement and indemnity executed by the GP, dated June 15, 2009;

(the Security Documents listed in subparagraphs (a) and (d) above are hereinafter sometimes referred to as the "**Existing Security Documents**").

To be provided by the Borrowers to the Bank:

(e) a confirmation respecting the Existing Security Documents;

(f) a Supplemental Debenture including an updated land schedule of the Borrowers;

(g) Current Account Overdraft Agreement; and

(h) such other documents as the Bank may reasonably request from time to time including in order to register or otherwise perfect the documents listed above.

The liability, indebtedness and obligations of the Borrowers under the Interim Financing Facility shall be evidenced, governed and secured by the Interim Facility Charge and, upon request of the Bank, the Borrowers shall enter into such additional security documentation as the Bank may reasonably request. The Bank may require or proceed with the execution, filing or recording of registrations or financing statements.

In addition, prior to any advances under the Lease Facility, the Borrowers will be required to execute and deliver the Lease Agreements to the Bank.

4. Conditions Precedent

In addition to the conditions precedent set out in the attached Schedule A, the effectiveness of this Facility Letter and to the continued availability of the Credit Facilities is subject to the satisfaction by the Bank of the following conditions precedent:

(a) that the Bank shall have received in form and content satisfactory to the Bank the Facility Letter and the other Loan Documents, duly authorized, executed and delivered, and, as relevant, duly registered;

(b) confirmation that each Borrower is in compliance with each of the terms and conditions of the Facility Letter;

(c) the Bank shall be satisfied with (i) the Cash Flow Forecast, (ii) that there has been no material damage or destruction to any of the Collateral, nor any material depreciation in the value thereof; and (iii) the Borrowers' operations comply, in all material respects, with applicable health and safety, environmental, labour and other applicable laws and regulations;

(d) the Bank (or its counsel) shall have had a reasonably opportunity to review advance copies of, and shall be reasonably satisfied with, all material documents to be filed in respect of the Interim Facility Order;

(e) the Court shall have issued and entered the Interim Facility Order substantially in the form reasonably acceptable to the Bank (and its counsel), which shall include the grant by the Court of the superpriority charge in favour of the Bank (the "**Interim Facility Charge**") on the Collateral, securing all indebtedness, obligations, covenants or liabilities owing by the Borrowers or any one of them to the Bank under the Interim Financing Facility including all principal, interest, fees, indemnities and expenses owing to the Bank as set out herein and providing, among other things, that the Interim Facility Charge shall have priority on the Collateral over all other Liens, other than Permitted Encumbrances, and such Interim Facility Order shall not have been stayed, vacated or otherwise amended, restated or modified in any manner, without the written consent of the Bank;

(f) the Bank (or its counsel) shall be satisfied that (i) the entering into of this Facility Letter and the other Loan Documents, the granting of the Interim Facility Charge, and the consummation hereby has been approved by the Borrowers; and (ii) service has been effected on a list of parties acceptable to the Bank;

(g) upon entry of the Interim Facility Order, the Borrowers shall have obtained all governmental, regulatory and third party approvals required to be obtained to permit it to enter into the transactions contemplated by the terms hereof;

(h) no default shall have occurred or will occur as a result of any requested advance, and the representations and warranties of the Borrowers shall be true and correct in all material respects;

(i) since the Filing Date there shall have not occurred any payment, prepayment, redemption, purchase or exchange of any pre-filing indebtedness or equity or exchange of any pre-filing indebtedness or equity or amendment or modification of any of the terms thereof, except as permitted by the Interim Facility Order;

(j) the Bank shall have valid and perfected superpriority liens on the Collateral pursuant to the Interim Facility Order and the Interim Facility Charge granted thereby, and there shall be no Liens, other than Permitted Encumbrances, ranking in priority to the Interim Facility Charge over the property and assets of the Borrowers; and

(k) all reasonable and documented expenses (including all reasonable and documented legal fees and expenses) of the Bank incurred in connection with the Facility Letter (to the extent invoiced prior to the applicable funding date) shall have been paid in full and to the extent required under Section III of Schedule A (which expenses may be deducted from any advance under the Credit Facilities.

5. **Covenants and Conditions**

(a) Without limiting the Bank's right to demand repayment of any outstanding amounts, each Borrower covenants and agrees with the Bank that, so long as any indebtedness, liability and obligations of such Borrower to the Bank remain outstanding, it shall not, without the prior written consent of the Bank:

(i) except for Permitted Encumbrances, grant or allow any lien, charge, security interest, privilege, hypothec or other encumbrance, whether fixed or floating, to be registered against or exist on any of its assets and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;

(ii) become guarantor or endorser or otherwise become liable upon any note or other obligation;

(iii) borrow money, obtain credit or incur additional funded indebtedness (other than pursuant to the Credit Facilities);

(iv) declare or pay dividends on any class or kind of its shares, repurchase or redeem any of its shares or reduce its capital in any way whatsoever or repay any shareholders' advances;

(v) amalgamate with or permit all or substantially all of its assets to be acquired by any other person, firm or corporation or permit any reorganization or change of control of such Borrower;

(vi) permit any property taxes or strata fees to be past due at any time, other than property taxes stayed in connection with the NOI Proceedings;

(vii) after the date hereof, purchase any additional insurance, including "tail" insurance in respect of any director or officer of any Borrower without the prior written consent of the Bank;

(viii) challenge or fail to support the Liens and claims of the Bank;

(ix) use the proceeds of the Credit Facilities for any purpose other than those permitted under Section 1.2 or Section 1.3(d)(ii), as applicable;

(x) seek, obtain or support any Court Order or any material change, amendment or modification to any Court Order affecting the Bank, except with the prior written consent of the Bank;

(xi) seek to obtain, or consent to or fail to oppose a motion brought by any other Person for, approval by the Court of any transaction;

(xii) transfer, lease or dispose of all or any material part of its property, assets or undertaking outside the normal course of business, except as such asset sales or dispositions as are permitted pursuant to the Interim Facility Order, and in any event on notice to the Bank;

(xiii) without the approval of the Court or the prior written consent of the Bank in its sole discretion, cease to carry on business or activities or any material component thereof as currently being conducted or modify or alter in any material manner the nature and type of their operations or business;

(xiv) except to the extent agreed to by the Bank, take any steps that would cause the Bank to be an affected creditor in the Proposal Proceedings, or that would cause the rights or remedies of the Bank under this Facility Letter, the Loan Documents or applicable law to be subject to any compromise or arrangement under any Proposal;

(xv) execute any documents that would materially and adversely affect the rights of the Bank;

(xvi) Terminate any key employees included in the KERP, except with the consent of the Bank, which consent not to be unreasonably withheld or delayed; or

(xvii) Implement any employee retention program, other than the KERP, or seek to obtain, or consent to or fail to oppose a motion brought by any other Person for, approval by the Court of any charge in respect of any key employee retention program, other than the KERP Charge;

(b) The Bank shall have the right to waive the delivery of any Security Documents or the performance of any term or condition of the Facility Letter, and may advance all or any portion of the Loans prior to satisfaction of any of the Conditions Precedent, but waiver by the Bank of any obligation or condition shall not constitute a waiver of performance of such obligation or condition in the future;

(c) All financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently;

(d) If the amount outstanding under any Loan in Canadian Dollars plus the Canadian Dollar Equivalent of the amount outstanding under any Loan in a currency other than Canadian

Dollars at any time exceeds the amount authorized under that Loan, the Bank may, from time to time, in its sole discretion:

(i) limit the further utilization of that Loan;

(ii) convert all or part of the amount outstanding under that Loan to Canadian Dollars in which event, interest shall accrue and be paid on such converted amounts at the rate set out in the Facility Letter for Canadian Dollar advances accruing interest with reference to the Bank's Prime Rate. If no such rate is set out in the Facility Letter, interest shall accrue on the amount so converted at the Bank's Prime Rate plus 3% per annum, compounded monthly and payable on the last day of each month, both before and after demand, maturity, default and judgment, until paid;

(iii) require the Borrowers to pay off the excess;

(e) The Borrowers shall jointly and severally indemnify the Bank against any loss incurred by it as a result of any judgment or order being given or made for the payment of any amount due under the Facility Letter or the Security Documents, where:

(i) such judgment or order is expressed and paid in a currency (the "**Judgment Currency**")

(ii) other than the currency of an outstanding loan (the "**Loan Currency**"); and

(iii) there is a variation between:

(A) the rate of exchange at which the Loan Currency amount is converted into the Judgment Currency for the purposes of such judgment or order, and

(B) the rate of exchange at which the Bank is able to purchase the Loan Currency with the amount of the Judgment Currency when actually received by the Bank.

The foregoing indemnity shall constitute a separate and independent obligation of the Borrowers and shall apply irrespective of any indulgence granted to the Borrowers from time to time, and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection With the purchase of, or conversion into, the relevant currency;

(f) Each Borrower agrees to give the Bank written notice of any of the following events as soon as possible and in any event within 5 Business Days of the occurrence thereof:

(i) any litigation, proceeding or dispute affecting such Borrower which if adversely adjudged, mediated or arbitrated could reasonably be expected to constitute a Material Adverse Change;

(ii) any representation and warranty given by such Borrower to the Bank being false or misleading;

(iii) any notice from any Governmental Authority with respect to any violation, possible violation, non-compliance or possible non-compliance or claim which constitutes or could reasonably be expected to constitute a Material Adverse Change;

(iv) any claim or action made or taken by a creditor of such Borrower with respect to debt exceeding $500,000 with respect to an actual or alleged default; and

(v) copies of all motions or applications and other documents that the Borrowers intend to file with the Court at least 5 Business Days prior to the date on which the Borrowers file such documents in order to permit the Bank to satisfy itself that such document is not materially prejudicial to the Bank.

(g) Each Borrower shall give the Bank at least 5 Business Days prior notice of any proposed change of name by such Borrower and any proposed change in governing jurisdiction or location of such Borrower;

(h) The Borrowers covenant and agree with the Bank that, so long as any portion of the Loans or any indebtedness or liabilities of the Borrowers under this Facility Letter remain outstanding, the Borrowers shall be subject to, and comply with, the following covenants and conditions:

(i) to permit the Bank to undertake, at least annually, a review of the Borrowers' oil and gas properties evaluated in an independently prepared economic and reserve evaluation report (the "**Engineering Report**") Which shall be provided by the Borrowers, annually, within 120 days of the Borrowers' then current fiscal year-end, for the proposes of reviewing the Borrowing Base. To assist in such reviews, the Borrowers will provide to the Bank operating statements and such other technical information with respect to the properties being reviewed as the Bank may reasonably request. The next annual review is to occur on or before June 30, 2020;

Each review of the Borrowing Base shall be made by the Bank in its sole discretion and shall be effective upon written notice of such review to the Borrowers. As of the date hereof, the Bank has determined the Borrowing Base to be $36,400,000; notwithstanding the amount of the Borrowing Base, the Bank shall not demand the shortfall from the Borrowers during the NOI Proceedings; and

(ii) To permit the Bank to undertake semi-annual reviews of the Borrowing Base by November 30 of each year;

(i) The Borrowers covenant and agree to comply with the provisions of the Interim Facility Order and all other orders of the Court entered into in connection with the NOI Proceedings (collectively, the "**Court Orders**" and each a "**Court Order**");

(j) The Borrowers covenant and agree to pay promptly when due all amounts that the Borrowers are permitted or required to pay under any Court Order to the extent provided for in the Cash Flow Projections;

(k) The Borrowers covenant and agree to cooperate fully with the Proposal Trustee, provide the Proposal Trustee with access to all books, records and personnel of the Borrowers and make available to the Proposal Trustee any senior officers, directors or employees of the Borrowers required by the Proposal Trustee to carry out its duties;

(l) The Borrowers covenant and agree to conduct all activities and make all expenditures in a manner consistent with the Cash Flow Projections;

(m) The Borrowers covenant and agree to deposit all revenues of the Borrowers or proceeds of sale of any property into an account of the Bank.

6. <u>Reporting Requirements</u>

The continued availability of the Credit Facilities is subject to the Borrowers delivering to the Bank the following reports in a form and on a frequency acceptable to the Bank as advised by the Bank from time to time:

(a) Monthly, within 60 days of each calendar month end:

(i) an internally-prepared income statement and balance sheet for the Borrowers; and

(ii) lease operating statements.

(b) Quarterly, within 45 days of each quarter end:

(i) Certificate signed by Borrowers' executive management confirming Borrowers' production levels, pricing received , volumes hedged, and capex spent.

(c) Annually, within 120 days of the Borrowers' fiscal year end:

(i) an Engineering Report, including engineering reserves evaluation to be provided by GLJ Petroleum Consultants (or another consultant acceptable to the Bank, acting reasonably) evidencing, among other things, the proven developed producing reserves of the Borrowers;

(ii) audited financial statements for the Borrowers; and

(iii) management prepared pro forma financial statements including cash flow budget and capital expenditure budget.

(d) Semi Annual Engineering Update. On or prior to September 30 of each year, a written update to the engineering and reserves information provided in the Engineering Report previously delivered pursuant to Section 6(c)(i), effective as of June 30 of such year, or such other date as the Borrowers and the Bank may agree on, prepared by the internal engineering staff of the Borrowers; such update to include such updated reserve information and other information and otherwise to be in form and substance as may be required by the Bank.

(e) Such additional financial statements and information as and when requested by the Bank.

(f) Weekly updates on all material developments in the Proposal Proceedings, any claims process and generally with respect to the property, business and affairs of the Borrowers.

(g) With the assistance of the Proposal Trustee, keep the Bank informed on a bi-weekly basis of the cash flow requirements of the Borrowers by providing cash flow and cash requirement projections together with actual cash flow results from the prior two (2) weeks, comparing the forecast to actual cash receipts and expenditures for each line item therein, in a form consistent with the 13 Week Cash Flow Projections and in form and content satisfactory to the Bank, which projections will be provided by no later than 5:00pm (Calgary time) on the second Thursday following each bi-weekly period end (individually, a "**Cash Flow Projection**", and collectively, the "**Cash Flow Projections**"), together with a memorandum in writing from a senior officer of the GP explaining any changes in the actual cash flow from the previous Cash Flow Projections.

7. Counterparts and Electronic Communication

This Facility Letter and each other Loan Document may be executed in one or more counterparts, each of which when so executed when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Facility Letter or other Loan Document by facsimile or by Electronic Communication shall be as effective as physical delivery of an original counterpart signed manually.

This Facility Letter (and each other Loan Document) may be signed by handwritten signature or electronically by using technology acceptable to the Bank. To evidence execution of this Facility Letter (or any other Loan Document), each Borrower, as applicable, must deliver and return to the Bank an executed copy of each with the original handwritten signatures of such Borrower's duly authorized signatories (or Electronic Signatures of such signatories if so permitted by the Bank) by physical delivery, or if so permitted by the Bank, by facsimile, email or other electronic delivery or transmission and such transmission shall constitute delivery of an executed copy of the Facility Letter or other relevant Loan Document. If a Credit Party uses an electronic signature to indicate its agreement, it shall ensure that its electronic signature is attached to or associated with this Facility Letter (or such other Loan Document).The words "execution", "execute", "signed", "signature", and words of like import in or related to any document to be signed in connection with this Facility Letter and the transactions contemplated hereby shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided under applicable law.

8. Notices

Any notice, request or other communication which the Bank, the Borrowers may be required or may desire to give to the other party(ies) for purposes of this Facility Letter shall be in writing and may be sent either by electronic transmission (facsimile or email), or hand delivery or first class registered mail postage prepaid to the addresses below. Any such notice, request or other communication shall be deemed to have been effectively given, made and received: (i) when transmitted with receipt confirmed in the case of electronic transmission if such transmission was made on or before 5:00 p.m. (Toronto time) on that Business Day, failing which it shall be deemed to have been effectively given, made and received on the next following Business Day, (ii) when received if sent by hand delivery on or before 5:00 p.m. (Toronto time) on a Business Day, failing which it shall be deemed to have been effectively given, made and received on the next following Business Day, or (iii) five (5) days after deposit in the mail if so mailed, but any notice, request or other communication to be given or made during a strike, lock-out or other labour disturbance at the post office or during an actual or threatened interruption in the mail service shall be hand delivered or sent by electronic transmission and not mailed. Any party hereto may change the address to which all notices, requests and other communications are to be sent to it by giving written notice of such address change to the other parties in conformity with this paragraph, but such change shall not be effective until notice of such change has been received by the other parties. The addresses of the parties for the purposes hereof shall be:

If to the Borrowers, addressed as follows:

Glenogle Energy Inc./Glenogle Energy LP
1400, 444-5th Avenue SW, Calgary, Alberta T2P 2T8
Attention: James Blair, President & CEO Glenogle Energy Inc.
Email:

If to the Bank, addressed as follows:

HSBC Bank Canada
3rd Floor, 2910 Virtual Way, Vancouver BC V5M 0B2
Attention: Paul Irving, Vice-President, Loan Management Unit and Natalie Coates, Assistant Vice-President, Loan Management Unit
Email: and

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9. Lapse and Cancellation

This Facility Letter shall, at the option of the Bank, expire, and be of no further force and effect if an initial advance of credit under the Credit Facility has not been made within sixty (60) days of the date of this Facility Letter.

Credit Facilities under this Facility Letter are uncommitted and, notwithstanding any other provision of this Facility Letter, the Bank may, at any time, in its sole discretion on notice to the Borrowers: (i) terminate the Borrowers' right to make requests for credit or advances under the Credit Facilities; (ii) even if the Bank has not terminated the Borrowers' right to request credit or advances under the Credit Facilities, decline any request for credit or advances under the Credit Facilities and refuse to honour any cheques or other payment items; (iii) subject to Section 1.4, demand repayment of all outstanding indebtedness and liability of the Borrowers at any time, all upon such notice and otherwise in accordance with applicable law as the Bank may determine.

10. Schedules

Each of the following Schedules and Appendices attached hereto comprise part of the Facility Letter:

Schedule A - Definitions and Additional Terms and Conditions

11. Language Choice

The parties hereto have requested that this Facility Letter and any document relating thereto be drafted in English. Les parties aux présentes ont exigé que cette et tout document y afferent soient rédigés en anglais.

12. Acceptance

The offer of credit upon the terms and conditions contained in this Facility Letter may be accepted by the Borrowers signing, dating and delivering a copy of this Facility Letter to the Bank by 5:00 p.m. local time on June [●], 2020 Failing such acceptance and delivery to the Bank, this offer shall be of no further force or effect.

Yours truly,

HSBC BANK CANADA

Per: ______________________________

Paul Irving

Vice President, Loan Management Unit

Per: ______________________________

Natalie Coates

Assistant Vice President, Loan Management Unit

The undersigned hereby acknowledge and agrees to the terms and conditions of this Facility Letter this _____ day of _____________, 2020.

BORROWER
GLENOGLE ENERGY INC.

Per: ______________________________

Authorized Signatory

Title: James S. Blair

Name: President & CEO

Per: ______________________________

Authorized Signatory

Title: Jason Chin

Name: Vice President & Controller

BORROWER
GLENOGLE ENERGY LIMITED PARTNERSHIP, by its general partner, GLENOGLE ENERGY INC.

Per: ______________________________

Authorized Signatory

Title: James S. Blair

Name: President & CEO

Per: ______________________________

Authorized Signatory

Title: Jason Chin

Name: Vice President & Controller

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SCHEDULE A

TO FACILITY LETTER
FROM HSBC BANK CANADA
TO GLENOGLE ENERGY LP and GLENOGLE ENERGY INC.
JUNE [•], 2020

This Schedule shall form part of the Facility Letter and the availability of the Credit Facilities as described in this Facility Letter shall also be subject to the terms and conditions contained in this Schedule.

I. Definitions

For the purpose of this Facility Letter, the following terms shall have the meanings indicated below.

"**Bank Branch**" means the branch of the Bank first described in the Facility Letter or as otherwise advised by the Bank from time to time.

"**Bank Group**" has the meaning ascribed to such term in the Facility Letter.

"**Bank's Prime Rate**" means the variable annual rate of interest per annum established and adjusted by the Bank from time to time as a reference rate for purposes of determining rates of interest it will charge on commercial loans in Canada denominated in Canadian Dollars based on the actual number of days in a year (whether 365 or 366 days) and which was [2.45]% per annum on June [•], 2020 but in no event shall such interest rate be less than 0% per annum. A certificate of a manager or account manager of the Bank shall, absent manifest error, be conclusive evidence of the Bank's Prime Rate from time to time.

"**Borrowing Base**" means the aggregate limit for advances under the Operating Loan Facility (expressed in CAD) established from time to time by the Bank in accordance with this Facility Letter based upon its assessment of the lending value of the proved developed producing reserves of the Borrowers and its lending criteria and practices in effect at the time of determination for loans to borrowers in the Canadian petroleum and natural gas industry.

"**Business Day**" means a day, other than a Saturday, Sunday or statutory (or civic) holiday, upon which the Bank is open for business in the Bank Branch.

"**CAD**" and "**Canadian Dollars**" means lawful currency of Canada in same day immediately available funds, or, if such funds are not available, the form of money of Canada that is customarily used in the settlement of international banking transactions on the day in question.

"**Canadian Dollar Equivalent**" means at any time on any date in relation to any specified amount in a currency other than Canadian Dollars, the amount of Canadian Dollars which could be purchased from the Bank by the payment of that specified amount of such other currency at the rate of exchange quoted by the Bank at or about 8:00 a.m. Pacific time on such date, including all premiums and costs of exchange.

"**Cash Flow Forecast**" has the meaning ascribed to such term in the Facility Letter.

"**Cash Flow Projections**" has the meaning ascribed to such term in the Facility Letter.

"**Collateral**" means all of the Borrowers' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, in respect of which the Bank has or will have or is intended to have a lien pursuant to the Loan Documents, including all proceeds thereof.

"**Compliance Action**" has the meaning ascribed to it in Section XVII of this Schedule A

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"**Court**" means the Alberta Court of Queen's Bench.

"**Court Order**" has the meaning ascribed to such term in the Facility Letter.

"**Credit Facilities**" has the meaning ascribed to such term in the Facility Letter.

"**Credit Party**" has the meaning ascribed to such term in the Facility Letter.

"**Electronic Communication**" means any agreement, instruction, document, information, disclosure, notice or other form of communication that is sent or stored by means of any electronic or other digital transmission.

"**Electronic Signature**" means a signature that consists of one or more letters, characters, numbers or other symbols in digital form incorporated in, attached to or associated with an electronic communication and includes a secure electronic signature. as may be prescribed by applicable law or otherwise required by the Bank.

"**Facility Letter**" means the letter from the Bank to the Borrowers to which this Schedule is attached, together with this Schedule, and includes all amendments and restatements thereof.

"**Filing Date**" means May 14, 2020, being the date on which the NOI Proceedings were commenced.

"**Financial LG**" means any LG which is not a Performance LG and in that regard, determination of whether an LG is a Financial LG or Performance LG shall be at the Bank's sole discretion.

"**Governing Jurisdiction**" has the meaning ascribed to such term in the Facility Letter.

"**Governmental Authority**" means any government, legislature or regulatory authority, agency, commission, law enforcement agency, board or court, tribunal or other law, regulation or rule making entity having or purporting to have jurisdiction on behalf of any nation, province, state, municipality or country or other subdivision thereof or other jurisdiction.

"**Interim Facility Charge**" has the meaning ascribed to such term in the Facility Letter.

"**Interim Facility Order**" means an order of the Court authorizing the Interim Financing Facility and this Facility Letter, creating the Interim Facility Charge, and providing that the Interim Facility Charge shall have priority over all Liens, in form and substance acceptable to the Bank.

"**Judgment Currency**" the meaning ascribed to such term in the Facility Letter.

"**KERP**" means a key employee retention program on terms and conditions reasonably acceptable to the Bank.

"**KERP Charge**" means a key employee retention program charge in respect of the KERP in an amount to be calculated in accordance with the KERP and not to exceed the sum of: (i) $278,829; and (ii) 1% of a restructuring transaction involving the assets or business of the Borrowers which shall rank behind the Interim Facility Charge.

"**Legal Requirement**" means any law, statute, code, ordinance, order, award, judgment, decree, injunction, rule, regulation, authorization, directive, guidance note, advisory; consent, approval, order, permit, franchise, licence, direction, deferred prosecution agreement or other requirement of any Governmental Authority.

"**LG's**" has the meaning ascribed to it in the Facility Letter and may be a Financial LG or a Performance LG.

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"**LG Limit**" the meaning ascribed to such term in the Facility Letter.

"**Loan**" means any advance to a Borrower in CAD on which interest is calculated and payable on the basis of the Bank's Prime Rate.

"**Loan Currency**" the meaning ascribed to such term in the Facility Letter.

"**Loan Documents**" means the Loan Documents described in the Facility Letter, any additional documents delivered in connection with the Credit Facilities by any Credit Party and any amendments or restatements of any of such documents from time to time.

"**Material Adverse Change**" means, with respect to any Credit Party any event, circumstance, act or omission which individually or in the aggregate has had or could reasonably be expected to have, a material adverse effect on: (i) the business, operations, prospects, properties, assets or condition, financial or otherwise, of such Credit Party; (ii) the ability of any Credit Party to perform its obligations and covenants in this Facility Letter or any other Loan Document to which it is a party; or (iii) to the rights and remedies of the Bank under this Facility Letter or any other Loan Document.

"**Maximum Limit**" means the maximum principal amount stipulated as being available under the Operating Loan Facility.

"**NOI Proceedings**" has the meaning ascribed to such term in the Facility Letter.

"**Operating Loan**" has the meaning ascribed to such term in the Facility Letter.

"**Performance LG**" means an LG which is (a) an LG issued to secure ordinary course performance obligations of the Borrowers to a third party (the "**Performance Obligations**"), including, without limitation, any performance related advance payment, retention or warranty obligations, in each case in connection with project engineering, procurement, construction, power business, maintenance and other similar projects (including projects about to be commenced) or bids for prospective project engineering, procurement, construction, power business, maintenance and other similar projects, or (b) an LG issued to back a bank guarantee, surety bond, performance bond, or other similar obligation in each case issued to support performance obligations and is not a documentary credit issued to finance the import or export of goods.

"**Permitted Encumbrances**" means:

(a) deficiencies or defects in title, existing on the date of the Facility Letter or arising subsequently and which do not result (except as otherwise permitted under this Facility Letter) from a voluntary act or the consent of the Borrowers;

(b) pledges or deposits made in the ordinary course of business in connection with contracts (other than to raise money or for the repayment of money borrowed) or leases or to secure statutory obligations;

(c) liens or privileges arising by operation of law and which have not become enforceable or relate to obligations not due or delinquent or are being contested diligently and in good faith;

(d) minor encumbrances, including, without limitation, easements, rights of way, servitudes or other similar rights in land granted to or reserved by other persons, or zoning or other restrictions as to the use of real or immoveable properties, which encumbrances do not, in the aggregate, materially affect the value of the said properties or materially impair their use in the operation of the business of the Borrowers;

(e) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit or by any statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;

(f) security given by the Borrowers in the ordinary course of its business 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 its operations;

(g) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown;

(h) Liens in favour of the Bank in respect of the Facility Letter;

(i) the Interim Facility Charge; and

(j) the KERP Charge.

"**Person**" shall mean and include an individual, a partnership, a corporation, a joint stock company, a trust, an unincorporated association, a joint-venture or other entity or a government or any agency or political subdivision of the above.

"**Premises**" has the meaning ascribed to such term in the Facility Letter.

"**Proposal**" means a proposal in connection with the Borrowers under the *BIA,* which shall be in form and substance satisfactory to the Bank.

"**Proposal Trustee**" has the meaning ascribed to such term in the Facility Letter.

"**Potential Prior Ranking Claims**" means the aggregate of all amounts owing or required to be paid, where the failure to pay any such amount could give rise to 13 lien or trust or other claim pursuant to any law, statute, regulation or similar enactment, which ranks or is capable of ranking in priority to all or any portion of the Bank's security or in priority to any claim by the Bank for repayment of amounts owing under the Credit Facilities including, without limitation, amounts due and payable for wages, vacation pay, employee deductions (including income, CPP, EI, workers compensation, social security or other employment tax withholdings), sales tax, excise tax, tax payable pursuant to Part. IX of the *Excise Tax Act* (Canada) (net of HST input credits) and pension fund obligations.

"**Sanctions**" has the meaning ascribed to it in Section II(f) of this Schedule A.

"**Taxes**" means any fee (including without limitation, any documentation, licence or registration fee), any tax (including, without limitation, any gross receipts, sales, use, property (personal and real), tangible or intangible and stamp tax, value added tax, income tax, excise tax), levy, imposts, duty, charge, assessment, deduction or withholding of any nature whatsoever, together with any fine, addition to tax and interest on the fee or tax.

"**13 Week Cash Flow Projections**" mean rolling 13 week cash flow forecast of the Borrowers setting out expected receipts and disbursements, with a reconciliation to monthly results and working capital account movements.

Whenever the singular or the masculine is used herein the same shall be deemed to include the plural and other Persons, and vice versa.

II. Representations and Warranties

Each Credit Party represents and warrants to the Bank, as of the date of the Facility Letter and as at the time of an advance or other utilization of any of the Credit Facilities from time to time that:

(a) if a corporation, it has been duly incorporated and organized (or if a partnership or other legal entity, has been duly formed, or settled as relevant) and organized and is properly constituted, is in good standing and subsisting and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;

(b) the execution of this Facility Letter and the other Loan Documents and the incurring of liability and indebtedness to the Bank does not and will not contravene:

(i) any Legal Requirement applicable to such Credit Party; or

(ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which it is a party;

(c) this Facility Letter and the other Loan Documents to which it is a party have been duly authorized, executed and delivered by it, and upon granting of the Interim Facility Order, constitute its valid and binding obligations and are enforceable in accordance with their respective terms;

(d) all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders, including the Interim Facility Order, have been obtained with respect to the execution and delivery of this Facility Letter and the other Loan Documents;

(e) all financial and other information provided to the Bank in connection with the Credit Facilities is true and accurate in all material respects, and it acknowledges that the offer of credit by the Bank contained in this Facility Letter is made in reliance on the truth and accuracy of this information and the above representations and warranties;

(f) neither Borrower nor any of its directors, officers, employees, agents, or affiliates is an individual or entity (nor does either Borrower nor any such other entity or person operate, possess, own, charter, or use a vessel) that is, or is owned or controlled by any one or more individuals or entities ("**Persons**") that are: (i) the subject of any sanctions issued, administered *or* enforced by, or named on any list of specially designated or blocked Persons maintained by, the Office of Foreign Assets Control ("**OFAC**") of the US Department of the Treasury, the US Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Hong Kong Monetary Authority, or the Department of Global Affairs (Canada), Foreign Affairs, Trade and Development Canada, Canada Border Services Agency, or Justice Canada, including any enabling legislation or executive order related thereto, and any similar sanctions laws as may be enacted from time to time in the future by the United States, Canada, the European Union (and any of its member states), the United Kingdom or the United Nations Security Council, or any other legislative body of the United Nations or other relevant Governmental Authority (collectively, "**Sanctions**"), or (ii) located, organised or resident in a country or territory that is, or whose government is, the subject of Sanctions;

(g) with respect to each LG issued by the Bank pursuant to any of the Credit Facilities all required import or export licenses applicable to the transactions for which such LG is issued have been obtained and the Borrowers are in compliance in all material respects with foreign and domestic laws and regulations pertaining to each jurisdiction in which it operates and to each LG and the subject matter of such LG including, if applicable, the shipment and financing of the goods described in such LG;

(h) this Facility Letter, including Sections 1.5, 1.6 and 2.5 hereof and Section III of the Schedule to this Facility Letter and the constituent definitions herein and under the other Loan Documents relating to interest and other amounts payable hereunder and thereunder, satisfies the requirements of section 4 of the *Interest Act* (Canada) to the extent that

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section 4 of the *Interest Act* (Canada) applies to the expression, statement or calculation of any rate of interest or other rate per annum hereunder or under any other Loan Document;

(i) the Borrowers are able to calculate the yearly rate or percentage of interest payable under any Loan Document based on the methodology set out herein and under the other Loan Documents, including Sections 1.5, 1.6 and 2.5 hereof and Section III of the Schedule to this Facility Letter and the constituent definitions herein and under the other Loan Documents relating to interest and other amounts payable hereunder and thereunder;

(j) no shares in a Credit Party have been issued as, or are held as, or convertible to, bearer shares;

(k) as of the date hereof, all information provided by the Borrowers to the Bank and the Proposal Trustee is true, correct and complete, and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, and all responses by each Borrower to inquiries of the Bank and the Trustee concerning the Borrowers and their business and affairs have been made in good faith and to the best of their knowledge; and

(l) except to the extent disclosed to the Proposal Trustee or the Bank, the Borrowers have complied with their obligations for payroll, source deductions, retail sales tax, goods and services tax, as applicable, and are not in arrears in respect of payment of these obligations.

III. <u>Interest, Fees</u>

(a) Interest on the daily balance of the principal amount advanced under the Credit Facilities and remaining unpaid from time to time shall accrue and shall be payable by the Borrowers as set out in this Facility Letter both before and after demand, default, maturity, or judgment and until indefeasible payment in full, except as otherwise expressly provided for.

(b) The fees paid to and received by the Bank shall be its entitlement as consideration for the time, effort and expense incurred by the Bank in the review of financial statements and its review and administration of documents, and the Borrowers acknowledge and agree that the determination of these costs is not feasible and that the fees set out in this Facility Letter represent a reasonable estimate of such costs.

(c) In the event that interest is not received by the Bank on any date for payment provided for in this Facility Letter or in any other relevant document, interest on such overdue interest shall be compounded on the basis of interest calculated and payable on overdue interest in the same manner and at the same rate per annum as is applicable to such overdue interest until indefeasible payment in full. Any other amounts which *become* payable to the Bank under this Facility Letter or the other Loan Documents and which are not paid when due shall accrue interest and be payable from the due date at the Bank's Prime Rate plus 4.75% per annum, calculated and payable monthly on the last day of each month, both before and after demand, default, maturity or judgment and until indefeasible payment in full (other than for overdrafts exceeding the permitted limit which shall accrue interest at the rate of 21% per annum both before and after demand, default and judgment until indefeasible payment in full).

(d) All payments by the Borrowers to the Bank shall be made at the address of the Bank Branch or at such other place as the Bank may specify in writing from time to time; The Borrowers shall make payment to the Bank in immediately available funds in the same currency as the currency in which the original Loan or other credit was advanced or made available by the Bank. Any payment delivered or made to the Bank by 1:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made after such time such payment shall be credited as of the next Business Day.

(e) Notwithstanding anything to the contrary contained in this Facility Letter, the Borrowers acknowledges that: (i) the applicable rate of interest payable by the Borrowers in connection with this Facility Letter shall not be less than zero, even if a reference rate used for the calculation of such interest, or the total of the reference rate and applicable interest spread, is less than zero; and (ii) the Bank may, in its discretion, and is hereby irrevocably authorized by the Borrowers to, make an advance under the Credit Facilities (or debit or set-off any bank account of the Borrowers with the Bank), to pay any unpaid interest, fees or other amounts which have become due under the terms of this Facility Letter.

(f) Each Borrower acknowledges that the actual recording of the amount of any advance or repayment thereof under the Credit Facilities, and interest, fees and other amounts due in connection with the Credit Facilities, in an account of such Borrower maintained by the Bank shall constitute *prima facie* evidence of such Borrower's indebtedness and liability from time to time under the Credit Facilities; provided that the obligation of such Borrower to pay or repay any obligations in accordance with the terms and conditions of the Credit Facilities shall not be affected by the failure of the Bank to make such recording. The Borrowers also acknowledge being indebted to the Bank for principal amounts shown as outstanding from time to time in the Bank's account records, and all accrued and unpaid interest in respect of such amounts, in accordance with the terms and conditions of this Facility Letter.

(g) The obligation of the Borrowers to make all payments under this Facility Letter and the other Loan Documents shall be absolute and unconditional and shall be made without any deduction or withholding of any nature and shall not be limited or affected by any circumstance, including, without limitation:

(i) any set-off, compensation, counterclaim, recoupment, defence or other right which the Borrowers may have against the Bank or anyone else for any reason whatsoever; or

(ii) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrowers.

(h) In addition to and not in limitation of any rights now or hereafter available to the Bank under applicable law or arising under the Loan Documents, the Bank is hereby irrevocably authorized, at any time and from time to time, to set-off and appropriate and to apply any and all deposits (general and special) and any other indebtedness at any time held by or owing by the Bank to or for the credit of the Borrowers against and on account of the obligations of the Borrowers to the Bank under this Facility Letter, irrespective of currency. The Bank agrees to provide written notice to the Borrowers of the exercise of any of the rights under this Section promptly after the exercise of such rights.

(i) The Borrowers shall pay to and indemnify and save harmless the Bank for the full amount of all out of pocket costs and expenses (including, but not limited to, any interest payable in order to maintain any Loan hereunder) which the Bank may sustain or incur as a consequence of the failure by any Borrower to pay when due any principal of or any interest on any Loan or any other amount due hereunder.

(j) All payments made on account of principal, interest or otherwise shall be made to the Bank, to the extent permitted by applicable Legal Requirements, free and clear of and exempt from, and without deduction for or on account of, any present or future Taxes or other charges of any nature imposed, levied, collected, withheld or assessed by any

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Governmental Authority. However, in the event that any payments made under this Facility Letter shall not be made free and clear of and exempt from, and without deduction or withholding for or on account of any Taxes, then the Borrowers shall gross up the payments to the Bank so that the Bank receives such additional amounts as may be necessary in order that each such net payment to the Bank, after payment or deduction or withholding for and on account of any such Taxes, will not be less than the amount to be paid and received by the Bank in accordance with this Facility Letter. With respect to each such deduction or withholding, the Borrowers shall promptly pay any such Taxes and (but in no event later than 90 days after payment) furnish to the Bank evidence of such payment, satisfactory to the Bank and also at the Bank's request provide such certificates, receipts and other documents required to establish any tax credit to which the Bank may be entitled.

(k) The agreements of the Borrowers pursuant to the foregoing subparagraphs (i) and (j) shall survive the repayment of the Loans and the termination of this Facility Letter or the Credit Facilities (or both).

(l) The remedies, rights and powers of the Bank under this Facility Letter, the Loan Documents and at law and in equity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Bank and no delay or omission in exercise of such remedy, right, or power shall exhaust such remedies, rights or powers or be construed as a waiver of any of them.

IV. Conditions Precedent

In addition to the Conditions Precedent previously set out in the Facility Letter, it shall also be a condition precedent to the initial advance and continued availability of any credit or advances under any of the Credit Facilities that the Bank shall have received and be satisfied with:

(a) completed Loan Documents registered where necessary in form and manner satisfactory to the Bank's solicitors;

(b) confirmation that the Borrowers are in compliance with each of the terms and conditions of this Facility Letter;

(c) all identification, business activity, business structure and other "know your customer" documents and information as required by the Bank and any screening conducted in accordance with Sanctions and other applicable legal requirements; and

(d) such other conditions as the Bank may determine, in its discretion.

V. Borrowers' Covenants and Conditions of Credit

In addition to the conditions previously set out, the following additional conditions shall apply until all indebtedness and liability under the Credit Facilities are indefeasibly repaid in full to the Bank and the Credit Facilities cancelled:

(a) Each Borrower shall not, without the prior written consent of the Bank:

(i) grant or allow any lien, charge, security interest, right or other encumbrance, whether fixed or floating, to be registered against or exist on any of its property, other than Permitted Encumbrances;

(ii) become a guarantor or an endorser or otherwise become liable upon any note or other obligation other than in the normal course of business of such Borrower;

(iii) declare or pay dividends on any class or kind of its shares or other securities, repurchase or redeem any of its shares or other securities, or reduce its capital in any way whatsoever or repay any shareholders' advances that would cause a breach of agreed covenants;

(iv) amalgamate with or permit all or substantially all of its assets to be acquired by any other person, firm or corporation or permit any reorganization or change in ownership or corporate structure of such Borrower, or the issuance of bearer shares;

(v) permit any property taxes to be past due at any time;

(vi) subject to the provisions of the Interim Facility Order, enter into any agreement for the purchase or sale of any property outside the normal course of business; or

(vii) borrow money, obtain credit or incur additional funded indebtedness (other than pursuant to the Credit Facilities).

(b) The Borrowers agree to file all tax returns which it is required to file in accordance with any Legal Requirement from time to time; to pay or make provision for the payment of all taxes (including any interest and penalties); to pay any Potential Prior Ranking Claims when due; and to maintain adequate reserves for the payment of any tax which is being contested diligently in good faith.

(c) The Bank shall have the right to waive the delivery of any Loan Documents or the performance of any term or condition of this Facility Letter, and may advance all or any portion of the Loan(s) prior to satisfaction of any of the Conditions Precedent, but waiver by the Bank of any obligation or condition shall not constitute a waiver of performance of such obligation or condition for any future advance.

(d) All financial terms and covenants shall be determined in accordance with Canadian generally accepted accounting principles, applied consistently.

(e) If the amount outstanding under any Credit Facility (other than the Interim Financing Facility) in CAD plus the Canadian Dollar Equivalent of the amount outstanding under any of the Credit Facilities in a currency other than Canadian Dollars, at any time exceeds the Maximum Limit, the Bank may, from time to time, in its sole discretion:

(i) limit the further utilization of that Credit Facility;

(ii) except during the continuation of the NOI Proceedings, convert all or part of the amount outstanding under that Credit Facility to Canadian Dollars in which event, interest shall accrue and be paid on such converted amounts at the rate set out in this Facility Letter for Canadian Dollar advances accruing interest with reference to the Bank's Prime Rate. If no such rate is set out in this Facility Letter, interest shall accrue on the amount so converted at the Bank's Prime Rate plus 3% per annum, calculated monthly and payable on the last day of each month, both before and after demand, default, maturity or judgment and until indefeasible payment in full; or

(iii) except during the continuation of the NOI Proceedings, require the Borrowers to pay the excess.

(f) Each Borrower confirms that it will (i) not use any amounts advanced or seek advances under the Credit Facilities for any illegal purpose or (a) to fund any activity or business with any person or in any country or territory that is the subject or target of Sanctions or (b) in any manner that would result in a violation of Sanctions by any person (including any lender, advisor, or otherwise) and (ii) not repay any amounts owing to the Bank using any funds derived directly or indirectly from any illegal or sanctionable activity, provided that this covenant shall be inapplicable only to the extent of any relevant violation of the *Foreign Extra-Territorial Measures Act* (Canada) or any similar applicable anti-boycott law or regulation.

(g) Each Borrower acknowledges and confirms that: (a) this Facility Letter, including Sections 1.5, 1.6 and 2.5 hereof and Section III of the Schedule to this Facility Letter and the constituent definitions herein and under the other loan documents relating to interest and other amounts payable hereunder and thereunder, satisfies the requirements of section 4 of the *Interest Act (Canada)* to the extent that section 4 of the *Interest Act (Canada)* applies to the expression, statement or calculation of any rate of interest or other rate per annum hereunder or under any other loan document; and (b) the Borrower is able to calculate the yearly rate or percentage of interest payable under this Facility Letter and any other Loan Document based on the methodology set out herein and under the other loan documents, including Sections 1.5, 1.6 and 2.5 hereof and Section III of the schedule to this Facility Letter and the constituent definitions herein and under the other loan documents relating to interest and other amounts payable hereunder and thereunder.

(h) Each Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to the Loan Documents, that the interest payable under this facility and the other Loan Documents and the calculation thereof has not been adequately disclosed to such Borrower whether pursuant to section 4 of the *Interest Act (Canada)* or any other applicable law or legal principle.

VI. Environmental Matters

(a) To the best of the Borrowers' knowledge after due and diligent inquiry, no regulated, hazardous or toxic substances are being stored on any of the Borrowers' lands, facilities or premises (the "**Premises**") or any adjacent property, nor have any such substances been stored or used on the Premises or in the Borrowers' business or any adjacent property prior to the Borrower's ownership, possession or control of the Premises. Each Borrower agrees to provide written notice to the Bank immediately upon such Borrower becoming aware that the Premises or any adjacent property are being or have been contaminated with regulated, hazardous or toxic substances. Each Borrower shall not permit any activities on the Premises which directly or indirectly could result in the Premises or any other property being contaminated with regulated, hazardous or toxic substances. For the purposes of this Facility Letter, the term "regulated, hazardous or toxic substances" means any substance, defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any Legal Requirement now or in the future in effect, or any substance or materials, the use or disposition of which is regulated by any such Legal Requirement.

(b) Each Borrower shall promptly comply with all Legal Requirements relating to the use, collection, storage, treatment, control, removal or cleanup of regulated, hazardous or toxic substances in, on, or under the Premises or in, on or under any adjacent property that becomes contaminated with regulated, hazardous or toxic substances as a result of construction, operations or other activities on, or the contamination of, the Premises, or incorporated in any improvements thereon. The Bank may, but shall not be obligated to, enter upon the Premises and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and such Borrower shall reimburse the Bank on demand for the full amount of all costs and expenses incurred by the Bank in connection with such compliance activities.

(c) The property of the Borrowers which are now or in the future encumbered by any one or more of the Loan Documents are hereby further mortgaged and charged to the Bank, and the Bank shall have a security interest in such assets, as security for the repayment of such costs and expenses and interest thereon, as if such costs and expenses had originally formed part of the Credit Facilities.

VII. Increased Cost Indemnities

If any change in the applicable Legal Requirements or in their interpretation or the administration of any of them by any Governmental Authority, or compliance by the Bank with any request (whether or not having the force of law) of any relevant central bank or other comparable agency or Governmental Authority, shall change the basis of taxation payments to the Bank of the principal of or interest on the Loans or any other amounts payable under this Facility Letter (except for changes in the rate of tax on, or determined by reference to, the net income or profits of the Bank) or shall impose, modify or deem applicable any reserve, special deposits or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank or shall impose on the Bank or the London interbank market any other conditions directly affecting this Facility Letter or the Loans, or any withholding tax becomes payable by any party and the result of any of the foregoing is to increase the cost to the Bank of making the Loans or maintaining the Loans or to reduce the amount of any sum received or receivable by the Bank under this Facility Letter by an amount deemed by the Bank to be material, then the Borrower shall, upon receiving notice from the Bank, reimburse to the Bank, on demand by the Bank, such amount or amounts as will compensate the Bank for such additional cost or reduction. A certificate of a manager or account manager of the Bank setting forth the additional amounts necessary to compensate the Bank as aforesaid, and the basis for its determination, shall be conclusive as to the determination of such amount in the absence of manifest error.

VIII. Bank Visits

Representatives of the Bank shall be entitled to attend at and inspect the Borrowers' place of business and to view all financial records of the Borrowers and meet with key officers or employees of the Borrowers at any time, on reasonable notice.

IX. Legal and Other Expenses

The Borrowers shall pay (i) all reasonable legal fees and disbursements (on a solicitor and own client basis) in respect of legal advice and services to or on behalf of the Bank in connection with the Credit Facilities including: the preparation, negotiation and settlement of the Facility Letter, the preparation, issue and registration of the Loan Documents together with any amendments or restatements thereto from time to time; the enforcement and preservation of the Bank's rights and remedies; searches from time to time, including in connection with any advance; and (ii) all reasonable fees and expenses relating to appraisals, insurance consultation, environmental investigation, credit reporting and other due diligence and to responding to demands of any Governmental Authority; whether or not the documentation is completed or any funds are advanced under the Credit Facilities.

X. Non-Merger: Records of Bank: Assignment

The terms and conditions of this Facility Letter shall not be merged by and shall survive the execution and delivery of the Loan Documents.

The taking of judgment on any covenant contained in this Facility Letter and/or the other Loan Documents shall not operate so as to create any merger or discharge of any indebtedness or liability of the Borrower under, nor of any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security of any form held or which may in the future be held by the Bank from the Borrowers or from any other Person.

The benefits conferred by this Facility Letter and the other Loan Documents shall enure to the benefit of the Bank and its successors and assigns and shall be binding on each Credit Party and their respective heirs, successors and permitted assigns.

The records of the Bank as to the making or rollover of Loans (and the amounts thereof) hereunder, payment of any money payable hereunder or any part thereof being in default or of any notice or demand for payment having been made shall be prima facie proof of such fact, absent manifest error.

No Credit Party shall assign all or any of its rights, benefits or obligations under this Facility Letter or the other Loan Documents without the prior written consent of the Bank. The Bank shall be entitled, without the consent of the Credit Parties, to assign, syndicate, sell or transfer all or any portion of its rights, benefits and obligations under this Facility Letter and the other Loan Documents.

XI. Waiver or Amendment

No term or condition of this Facility Letter or any of the other Loan Documents may be waived or varied verbally or deemed to be waived or varied by any cause or course of conduct of any officer, employee or agent of the Bank. All waivers must be in writing and signed by a duly authorized officer of the Bank.

Any amendment to this Facility Letter or the other Loan Documents must be in writing and signed by a duly authorized officer of the Bank. Without limiting the foregoing, the Bank may amend this Facility Letter if such amendment is required in connection with any change in applicable law or its interpretation or in connection with any Legal Requirement; the Bank shall provide 30 days prior written notice of any such amendment.

XII. Severability

Any provision of this Facility Letter or other Loan Document which is determined or adjudged to be illegal, invalid, prohibited or unenforceable under applicable law in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such illegality, invalidity, prohibition or unenforceability and shall be severed from the balance of this Facility Letter or such other Loan Document, all without affecting the remaining provisions of this Facility Letter or such other Loan Document or affecting the legality, validity or enforceability in any other jurisdiction.

XIII. Consent to Disclosure

(a) Each Credit Party consents to and acknowledges that it is aware that credit, financial and personal inquiries regarding each Credit Party and individuals connected to Credit Parties (including directors, officers, shareholders and individuals acting on behalf of a Credit Party) may be gathered, made, maintained and/or used at any time in connection with: (i) initial and ongoing credit assessment, (ii) any funding of the Credit Facilities by investors or participants or any assignment or sale of the Credit Facilities by the Bank, and (iii} the enforcement of any remedies that the Bank may have under the Credit Facilities, (iv) compliance and risk monitoring purposes and each Credit Party consents to the making of any such inquiries by or on behalf of the Bank and consents, without restriction and without further notice to or further consent of the such Credit Party, to disclosure of any such information to any prospective investor, participant, assignee or purchaser of all or any part of the Credit Facilities. Each Credit Party irrevocably waives, to the extent permitted under applicable law, any and all rights it may have to notice of or to prohibit such disclosure, including, without limitation, any right of privacy.

(b) The Bank may collect, use, transfer and disclose information for the following purposes and as follows:

- Providing information respecting other services;

- Taking any Compliance Action referred to in this Schedule A (including actions taken to comply with laws, international guidance, internal policies or procedures, requirements from judicial, administrative, law enforcement and regulatory authorities);

- Conducting financial crime risk management activity, including verifying the identification of the Credit Party and related individuals, screening, monitoring and investigation activity, and sharing information within HSBC Group, including in other jurisdictions, for these purposes; and

- Judicial, administrative, public or regulatory bodies, as well as governments, tax, revenue and monetary authorities, examiners, monitors, securities or futures exchanges, courts, central banks or law enforcement bodies with jurisdiction *over* any HSBC Group member.

(c) The Bank may collect, transfer and disclose information for these purposes from and to members of the HSBC Group, sub-contractors, agents and service providers within Canada and in other jurisdictions.

(d) Before providing the Bank with personal information respecting any connected individual, the Credit Party will ensure that it has provided all necessary disclosures to, and obtained any necessary consents from, such individuals in connection with the collection, use and disclosure of such information by the Bank.

XIV. Time of Essence

Time shall be of the essence of this Facility Letter.

XV. Indemnity

Each Borrower agrees to keep the Bank and its officers, directors, employees, solicitors, agents and affiliates (collectively, the "**Bank Group**") indemnified against any claim for any damages, losses, costs on expenses (including, without limitation, legal costs on a solicitor and his own client basis) incurred or suffered by any member of the Bank Group in relation to this Facility Letter or as a consequence (direct or indirect) of any breach by the Borrower of this Facility Letter, or as a result of an assessment made by any tax authority in respect of any payment made by the Bank (including, for certainty Covenant V.(h) and Representations 11.(h) and (i) hereof) to any third party including, without limitation, to the beneficiary of any LG, unless such damage, loss, cost or expense was incurred solely as a direct result of the Bank's gross negligence or wilful misconduct.

XVI. Governing Law

This Facility Letter and, unless otherwise specified therein, all Loan Documents or instruments delivered in accordance with this Facility Letter shall be governed by and interpreted in accordance with the laws of the Province of Alberta (the "**Governing Jurisdiction**") and the federal laws of Canada applicable therein. Each Credit Party irrevocably submits to the non-exclusive jurisdiction of the courts in the Governing Jurisdiction and waives, to the fullest extent permitted by applicable law any defence based on convenient forum.

XVII. Financial Crimes and Sanctions Laws Acknowledgements and Indemnification

Each Credit Party acknowledges and agrees that:

(a) the Bank, HSBC Holdings pie, its affiliates and subsidiaries (together, "**HSBC Group**"), and HSBC Group's service providers are required to act in accordance with the laws and regulations of various jurisdictions, including those which relate to Sanctions and the prevention of money laundering, terrorist financing, bribery, corruption and tax evasion;

(b) the Bank may take, and may instruct other members of the HSBC Group to take, to the extent it or such member is legally permitted to do so under the laws of its jurisdiction, any action (a "**Compliance Action**") that the Bank or any such other member, in its sole discretion, considers appropriate to act in accordance with Sanctions or domestic and foreign laws and regulations. Such Compliance Action may include but is not limited to the interception and investigation of any payment, communication or instruction or other information; the making of further enquiries as to whether a Person or entity is subject to any Sanctions; and the refusal to issue, pay, renew, extend or transfer any LG or to process any transaction or instruction that, in the Bank's discretion, may not conform with Sanctions. The Bank will use reasonable commercial efforts to notify the Borrower of the existence of such circumstances as soon as is reasonably practicable, to the extent permitted by law;

(c) neither the Bank nor any member of HSBC Group will be liable for any loss, cost, damage, claim, action, suit, liabilities, suffered or incurred by the Borrowers, any Guarantor or other Person, or for any delay or any failure of the Bank to perform its duties under this Facility Letter arising out of or relating to any Compliance Action taken by or on behalf of the Bank, its service providers, or any HSBC Group member in its sole discretion;

(d) the Bank may, in its sole. discretion, refuse to issue, pay, renew, extend or transfer any LG in connection with or relating to any countries, governments, entities or other Persons that are. subject to Sanctions or limitations imposed by domestic or foreign laws, or by the Bank or any member of the HSBC Group, and that the Bank has the right, without prior notice to any Credit Party, to reject, refuse to pay, any demand, or not process any transaction or instruction that does not conform with any such Sanctions, or limitations;

(e) each Borrower will indemnify the Bank for all losses, costs, damages, claims, actions, suits, demands and liabilities suffered or incurred by or brought against the Bank arising out of or relating to any Compliance Action, unless such losses, costs, damages, claims, actions, suits, demands and liabilities are determined by a final, non-appealable decision of a court of competent jurisdiction to have been caused solely and directly by the gross negligence or wilful misconduct of the Bank;

(f) neither of the Borrowers, any director or officer or any employee, agent, or affiliate of each Borrower is an individual or entity ("**Person**") that is, or is owned or controlled by Persons that are, (i) the target or subject of any sanctions administered or enforced by the US Department of the Treasury's Office of Foreign Assets Control, the US Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Hong Kong Monetary Authority or any similar authority in Canada (collectively, "**Sanctions**"), or (ii) located , organized or resident in a country or territory that is, or whose government is, the target or subject of Sanctions, including for certainty the Crimea region, Cuba, Iran, North Korea and Syria; and

(g) Each Borrower will not, directly or indirectly, use the proceeds of the Operating Loan Facility or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the target or subject of Sanctions or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Operating Loan Facility).

XVIII. Electronic Communications and Electronic Signatures

(a) The Borrowers hereby authorize the Bank to accept electronic communications and electronic signatures from the Borrowers in relation to this Facility Letter and the Loan Documents and hereby consents to receiving commercial electronic messages from or on behalf of the Bank and any agreement, instruction, document, information, disclosure, notice or other form of communication from the Bank by electronic communication.

(b) The Borrowers agree that any electronic communication, including any electronic signature associated with such electronic communication, which the Bank receives from either Borrower or such Borrower's name, or which appears to be from such Borrower or in its name, will be considered to be duly authorized and binding upon such Borrower (whether or not that electronic communication was actually from or authorized by such Borrower) and the Bank will be authorized to rely and act upon any such electronic communication. including any electronic signature associated with the electronic communication, even if it differs in any way from any previous electronic communication sent to the Bank.

(c) Each Borrower acknowledges that: (i) the form, format and delivery of each electronic communication will permit it to retain, store and subsequently access and retrieve such electronic communication without the requirement of any specialized or proprietary equipment or software from the Bank; and (ii) it is such Borrower's responsibility to acquire and maintain the necessary computer equipment and software to deliver, receive, store, retain and subsequently access each electronic communication.

(d) Each Borrower acknowledges and agrees that the Bank's methods of storing, maintaining and retrieving any electronic communication, including any electronic signatures associated with such electronic communication, and the Bank's data systems, maintain the. integrity of the electronic communication. If, for any reason, an electronic communication stored in the Bank's data systems differ from such Borrower's, such Borrower acknowledges and agrees that the version stored oh the Bank's data systems shall prevail over any inconsistency. In this regard, such Borrower acknowledges and agrees that electronic communications maintained by the Bank will be admissible in any legal or other proceedings as conclusive evidence as to the contents of those electronic communications in the same manner as an original paper document, and that further proof of our records system integrity is not required (the integrity of the Bank's records system is hereby acknowledged and agreed by such Borrower) and such Borrower hereby waives any right to object to the introduction of any such electronic communications into evidence. To the fullest extent permitted by applicable law, each Borrower waives any defence, or waiver of liability, based on the absence of a written document in paper format, signed manually. Each Borrower will keep its own records of all electronic communications for a period of 7 years (unless otherwise stipulated by local regulation) and will produce them to the Bank upon request.

(e) At the Bank's discretion, it may require: (i) electronic communications be delivered using technology acceptable to the Bank including the use of a secure electronic signature, and (ii) any agreement, instruction, document, information, disclosure, notice or other form of communication from the Borrowers to be manually signed and/or delivered to the Bank in paper format. If the Bank requires that each Borrower acknowledge its agreement to this Facility Letter or any Loan Document by clicking the appropriate button, each Borrower will follow any instructions that the Bank provides to indicate such Borrower's agreement (which may include typing such Borrower's name and/or clicking "I Agree" or similar button).

(f) When either Borrower's handwritten *or* electronic signature is delivered by facsimile, email or other electronic or digital transmission, such transmission shall constitute delivery of an executed copy of this Facility Letter or relevant Loan Document. If either Borrower uses an electronic signature to indicate its agreement, such Borrower shall ensure that its electronic signature is attached to or associated with the relevant electronic communication.

XIX. Further Assurance

Each Credit Party shall, at its cost and expense, upon request of the Bank, duly execute and deliver, or cause to be duly executed and delivered, to the Bank all such further agreements, instruments, documents and other assurances and do and cause to be done all such further acts and things as may be necessary or desirable in the reasonable opinion of the Bank to carry out more effectually the provisions and purposes of this Facility Letter or any of the other Loan Documents. Without limitation, in connection with any new tenancy of any of the Borrower's lands, the Bank may require that the tenant enter into an attornment agreement with the Bank in form satisfactory to the Bank.

XX. Conflict

In the event of any conflict between the terms of this Schedule and the corresponding terms of the Facility Letter to which this Schedule is attached, the terms of such Facility Letter shall prevail to the extent necessary to resolve such conflict. In the event of a conflict between the terms of this Facility Letter and the corresponding terms of any of the other Loan Documents, the terms of this Facility Letter shall prevail to the extent of such conflict.

XXI. Confidentiality

Each Credit Party acknowledges that the contents of this Facility Letter are confidential and shall not be disclosed by such Credit Party other than to its solicitors (or any other person bound by a duty of confidentiality) except with the prior written consent of the Bank.