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LOAN AGREEMENT

Between

Petrobank Energy and Resources Ltd.
(Borrower)

and

Norsk Tillitsmann ASA
(Loan Trustee)

on behalf of

the Bondholders

in the bond issue

3.00 per cent Petrobank Energy and Resources Ltd.
Senior Unsecured Convertible Bond Issue 2007/2012

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This agreement (the "**Loan Agreement**") has been entered into on 2 May 2007 between **Petrobank Energy and Resources Ltd.** (Alberta, Canada Company No 209673367 as borrower (the "**Borrower**") and **Norsk Tillitsmann ASA** (Company No 963 342 624) as loan trustee (the "**Loan Trustee**").

Through their subscription in the Loan the Bondholders have acceded to the Loan Agreement (i.e.):

* The Bondholders are bound by the terms of the Loan Agreement provided that information about the accession was given in the subscription documents.

* The Loan Trustee has through the Bondholders subscription been granted authority to act on behalf of the Bondholders to the extent provided for in the Loan Agreement.

The Loan Agreement is available to anyone and may be obtained from the Loan Trustee or the Borrower. The Borrower shall ensure that the Loan Agreement is available to the general public throughout the entire term of the Loan.

1 Definitions

Whenever used in this Loan Agreement the following terms shall have the following meaning:

Banking Day:	a day when the Norwegian Central Bank's Settlement System is open and when Norwegian banks can settle foreign currency transactions.
Bondholders:	the holders of the Bonds from time to time.
Bonds:	bonds in the Loan, as further described in Clause 2.1.
Borrower's Bonds:	Bonds in the Remaining Loan, owned by the Borrower (which are subject to cancellation) or any party over whom the Borrower has decisive influence or any party who has decisive influence over the Borrower.
Call Option:	the Borrower's redemption right as set out in Clause 10.2.
Canadian GAAP:	generally accepted accounting principles as interpreted and applied in accordance with the Handbook of the Canadian Institute of Chartered Accountants, consistently applied from year to year.
Certificate of the Borrower:	means an instrument signed in the name of the Borrower by any one of the Chief Executive Officer, the Chief Financial Officer or any Vice President of the Borrower certifying the matters specified therein.

Change of Control Conversion Period:	means the thirty (30) calendar day period following the notification of a Change of Control Event (cf. Clause 16.1 (j)).
Change of Control Conversion Price:	shall have the meaning given in Clause 10.5.
Change of Control Event:	an event where a shareholder of the Borrower or a group of affiliated shareholders acting jointly in concert, directly or indirectly acquire (including by purchase, merger etc.) the right to cast, at a general meeting of shareholders of the Borrower, more than 50 per cent of the votes that may ordinarily be cast in a general meeting of shareholders of the Borrower.
Change of Control Redemption Date:	means a date being ten (10) Banking Days after the Bondholder has given a notice of conversion if a Change of Control Event has occurred.
Conversion Date:	the Banking Day falling ten (10) Banking Days after (i) the Borrower has received the Conversion Request, (ii) the Bondholders have received an Optional Conversion Request specifying that the Call Option is exercised, or (iii) the Borrower has received a notice from Bondholders specifying their election to convert their Bonds to Shares following a Change of Control Event. In the event the Borrower exercises its Share Redemption Option, the conversion date shall be the Maturity Date.
Conversion Period:	the entire term of the Loan, subject to the Conversion Right being exercised within the Exercise Period.
Conversion Price:	USD 28.4902 subject to adjustments as provided in Clause 15.
Conversion Request:	the duly executed and irrevocable conversion request given by a Bondholder on a Banking Day specifying the number of Bonds to be converted to Shares in a form acceptable to the Paying Agent.
Conversion Right:	the right of each Bondholder to convert each Bond at the Conversion Price into Shares, subject to the terms and conditions of this Loan Agreement. Each Bond, if converted, shall be converted in its entirety.

Current Market Price:	at any date means the VWAP during the trading day immediately preceding the public announcement by the Borrower of the record date (or if no such date or announcement, the effective date) of the relevant distribution or event.
Disbursement Date:	4 May 2007.
Equity:	the aggregate book value (on a consolidated basis) of the Borrower's total equity in accordance with Canadian GAAP
Equity Ratio:	the ratio of Equity to Total Assets.
Event of Default:	means each event defined as an event of default in Clause 18.1.
Exchange:	securities exchange or other reputable market place for securities having satisfactory requirements as to listing and trading, where the Bonds and/or the Shares are listed.
Exchange Rate:	on any date, the equivalent amount in Canadian dollars or United States dollars, as the case may be, after giving effect to a conversion of a specified amount of: a) United States dollars to Canadian dollars; or b) Canadian dollars to United States dollars, as the case may be, in each case at the applicable noon rate of exchange for Canadian interbank transactions established by the Bank of Canada for the day in question, or, if any such rate of exchange is for any reason unavailable, at the spot rate quoted for wholesale transactions by the Paying Agent at approximately noon (Oslo time) on that date in accordance with its normal practice.
Exercise Period:	the period commencing on the Disbursement Date and ending on the tenth (10) Banking Day prior to the Maturity Date (both days inclusive) during which the Conversion Right may be exercised.
Finance Documents:	means (i) this Loan Agreement, (ii) the fee agreement according to Clause 17.1, and (iii) any other document which is executed at any time by the Borrower in relation to any amount payable under this Loan Agreement or any of the other documents referred to in this definition.
Group:	the Borrower and its Subsidiaries
Interest Payment Date:	7 May and 7 November each year.

Loan	This convertible loan as defined in Clause 2.1.
Maturity Date:	7 May 2012 unless the Loan is repaid or converted into Shares by the Bondholders exercising their rights pursuant to Clause 13 or the Borrower exercising its rights and/or obligations pursuant to Clause 10.2 and Clause 10.5.
Optional Conversion Request:	the duly executed and irrevocable conversion request given by the Borrower on a Banking Day, according to Clause 10, specifying, *inter alia*, the number of Bonds to be converted to Shares and that thereby the Share Redemption Option or the Call Option (whichever is applicable) is exercised, in a form acceptable to the Paying Agent.
Outstanding Loan:	Remaining Loan less Borrower's Bonds.
Paying Agent:	the entity appointed by the Borrower to act on behalf of the Borrower as Securities Depository paying agent and conversion agent.
Payment Date:	in relation to the Loan the dates specified for payment of interest or principal. If Payment Date is not a Banking Day payments should be made the following Banking Day.
Remaining Loan:	the aggregate principal amount of all Bonds outstanding in the Loan less the principal amount of the Bonds redeemed by the Borrower and discharged through the Securities Depository.
Securities Depository:	the relevant securities depository in which the Loan is registered and any relevant securities depository for the registration of the Shares following the conversion of the Bonds. On the Disbursement Date the securities depository for the Loan is Verdipapirsentralen ("VPS").
Securities Depository Act:	the Norwegian act of 2002 no. 64 regarding securities depository.
Selling Agent:	shall have the meaning given in Clause 9.3.
Share Compensation Plan:	the Borrower's stock option plan, deferred share compensation plan and other similar plans.
Shareholder Rights Plan	The shareholder rights plan agreement dated as of 22 December 2006, as amended and restated 20 April 2007 including any other amendments to it from time to time or any agreement or plan which, at any time, may replace this shareholder rights plan.

Share Redemption Conversion Price:	the VWAP for a period of twenty (20) consecutive trading days ending five (5) Banking Days before (i.e. not including) the Maturity Date.
Share Redemption Option:	as defined in Clause 10.1.
Shares:	the total number common shares issued by the Borrower at any given time, (of which, at the date of this Loan Agreement 76,432,949 common shares, are issued and outstanding as fully paid and non-assessable, representing, in aggregate, one hundred per cent (100 %) of the issued and outstanding share capital of the Borrower), each individually a "Share".
Subsidiaries:	shall have the meaning ascribed thereto in the *Business Corporations Act* (Alberta).
Total Assets:	the aggregate book value (on a consolidated basis) of the Group's total assets in accordance with Canadian GAAP.
VWAP:	the volume weighted average Share price on the Toronto Stock Exchange for a specified period (consisting of consecutive trading days if the period expands beyond one trading day) commencing on a specified date.

2 The Loan

2.1 The Borrower has resolved to issue a series of Bonds in the amount of USD 250,000,000 (U.S. Dollar two hundred and fifty million), herein referred to as the "Loan".

The Bonds will be in denominations of USD 100,000 each and rank *pari passu* with each other and with other senior debt of the Borrower.

The Loan will be described as "3.00 per cent Petrobank Energy and Resources Ltd. Senior Unsecured Convertible Bond Issue 2007/2012".

The international securities identification number (ISIN) of the Loan will be NO. 0010366701.

The term of the Loan is from and including the Disbursement Date to (but not including) the Maturity Date subject to the terms and conditions set out herein.

The net proceeds of the Loan will be employed for the general corporate purposes of the Borrower (including, without limitation, expenditures on the Borrower's WHITESANDS heavy oil project and an acceleration of the Borrower's recently expanded Bakken light oil resource play in southeast Saskatchewan. A portion of the proceeds may also be used to increase the Borrower's ownership interest in its WHITESANDS Insitu Ltd. Subsidiary).

3 Listing

3.1 The Bonds will initially not be listed on an Exchange. An application may be made for listing of the Bonds on Oslo Børs or at the OTC-list in Oslo at the discretion of the Borrower.

4 Registration with a Securities Depository

4.1 The Loan must prior to disbursement be registered with a Securities Depository according to the Securities Depository Act and the requirements of the Securities Depository.

4.2 The Borrower shall promptly arrange for notification to the Securities Depository of any changes in the terms and conditions of the Loan. The Loan Trustee shall have a copy of the notification.

4.3 The Borrower is responsible for the implementation of correct registration in the Securities Depository. The registration may be executed by an agent for the Borrower provided that the agent is qualified according to relevant regulation.

5 The functions, duties and liability of the Loan Trustee

5.1 The Loan Trustee shall pursuant to this Loan Agreement and in compliance with applicable laws and regulations monitor the Bondholders' interests and rights vis-à-vis the Borrower and shall, inter alia,

- monitor the Borrower's fulfillment of his obligations under the Loan Agreement,
- exercise necessary discretion in carrying out the duties assigned to the Loan Trustee under the Loan Agreement,
- ensure that valid decisions made at Bondholder meetings are carried out,
- make the decisions and implement the measures that are assigned to or imposed on the Loan Trustee pursuant to this Loan Agreement,
- forward to the Bondholders necessary information which is obtained and received in its capacity as Bondholder's representative,
- verify the timely and correct payment of interest and principal, and
- provided the Bonds are listed, inform the Exchange of circumstances which are of importance to the listing and quotation of the Bonds; however, this only applies to cases in which the Loan Trustee gains knowledge of or should have knowledge of such circumstances and the Borrower fails to fulfill its duty of information towards the Exchange after having been requested to do so by the Loan Trustee.

5.2 In performing its functions as Bondholder's representative, the Loan Trustee is not obligated to assess the Borrower's financial situation or ability to service the Loan except to the extent such duty may clearly be inferred from the Loan Agreement.

5.3 The Loan Trustee shall be liable to pay damages for financial losses suffered by the Bondholders as a result of negligence of the Loan Trustee in performing its functions and duties under the Loan Agreement. The Loan Trustee is not responsible for the content of the information the Loan Trustee has submitted on behalf of the Borrower.

6 Conditions Precedent

6.1 Disbursement of the Loan will be subject to the Loan Trustee having received the following documents, in form and substance satisfactory to it, acting reasonably, at least two (2) Banking Days prior to the Disbursement Date:

(a) the Loan Agreement duly executed,

(b) certified copies of all corporate resolutions necessary to issue the Bonds and execute the Finance Documents,

(c) a certificate of incumbency of the Borrower setting forth the names, titles and specimen signatures of the individuals authorized to execute the Finance Documents,

(d) certified copies of the Certificate of Incorporation and Bylaws of the Borrower including any amendments thereto,

(e) the latest available annual and interim report (if applicable) of the Borrower,

(f) to the extent necessary, approval of the Toronto Stock Exchange and a confirmation from the manager that the subscription documents have been controlled and that a prospectus is not required according to Norwegian law,

(g) confirmation that the Loan has been registered with a Securities Depository,

(h) the agreement set forth in Clause 17.1, duly executed, and

(i) legal opinions in a form and content acceptable to the Loan Trustee from such jurisdictions and advisers as the Loan Trustee may reasonably require, confirming *inter alia* (i) that the Borrower is legally incorporated and validly existing under its jurisdiction, (ii) the valid execution by the Borrower of this Loan Agreement and such other matters as may be reasonably requested by the Loan Trustee and its legal counsel, including compliance with applicable securities laws and certain matters relating to Canadian tax.

6.2 Subject to the conditions set out above the net proceeds of the Loan will be made available to the Borrower on the Disbursement Date.

6.3 The Loan Trustee is entitled to accept a delay in receiving documents listed above, i.e. to make the net proceeds ofthe Loan available to the Borrower even if all documents listed above have not been received.

7 Representations and Warranties

7.1 The Borrower hereby represents and warrants that, as at the date hereof(which is deemed to be repeated on the Disbursement Date):

(a) the Borrower is a limited liability company, duly incorporated and validly existing under the law in which it is registered, and has the power to own its assets and carry on its business as presently conducted;

(b) the Borrower has the power to enter into and perform, and has taken all necessary corporate action to authorise the entry into, performance and delivery of the Finance Documents;

(c) the Finance Documents constitute (or will constitute, when executed by the respective parties thereto) legal, valid and binding obligations of such parties, enforceable in accordance with its terms, and (save as provided for therein) no registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against the Borrower;

(d) the entry into and performance by the Borrower of the Finance Documents and the transactions contemplated thereby do not and will not conflict with (i) any present law or regulation or judicial or official order; (ii) its by-laws or other constitutional documents; or (iii) any document or agreement which is binding on the Borrower (except for the agreement governing the Borrower's senior secured credit facilities, until such time that the Borrower's covenant in Clause 16.4 hereof has been met by the Borrower or waived by the Loan Trustee);

(e) no Event of Default exists, and no other circumstances exist which constitute or (with the giving of notice, lapse of time, determination of materiality or the fulfilment of any other applicable condition, or any combination of the foregoing) would constitute a default under any document which is binding on the Borrower or any of its assets, and which may have a material adverse effect on the ability of the Borrower to perform its obligations under the Finance Documents;

(f) all documents and information which have been provided or reviewed by the Borrower in connection with this Loan, represent the latest available financial information concerning the Borrower and there has been no change in the Borrower's financial position which could have a material adverse effect on the Borrower's ability to perform its duties under the Finance Documents;

(g) all authorisations, consents, licenses or approvals of governmental authorities required for the Borrower in connection with the execution, performance validity or enforceability of the Finance Documents, and the transactions contemplated thereby, have been obtained and are valid;

(h) all authorisations, consents, licenses or approvals of governmental authorities required and which are material for the Borrower to carry on its business as presently conducted, have been obtained and are in full force and effect;

(i) no litigation, arbitration or administrative proceeding is pending or, to the best of the Borrower's knowledge, threatened against it which would materially and adversely affect the affairs, assets or financial condition of the Borrower or its ability to perform its obligations under the Finance Documents;

(j) the Borrower's payment obligations under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally; and

(k) the representations and warranties set out in this Clause 7.1, are made by the Borrower on the signing date of the Loan Agreement.

7.2 Except where caused by the Loan Trustee's own negligence or willful misconduct, the Borrower shall indemnify the Loan Trustee for any economic losses suffered as a result of its reliance on the representations and warranties provided by the Borrower herein.

8 Status of the Loan and security

8.1 The Loan shall rank *pari passu* with all other senior obligations of the Borrower save for such obligations that may be preferred by applicable Canadian law that are mandatory and of general application. The Loan shall rank ahead of subordinated debt of the Borrower. For the avoidance of doubt, the Bondholders acknowledge that they will have no interest whatsoever in any secured assets of the Borrower to the extent such assets provide security for outstanding debt to any other senior lender of the Borrower.

8.2 The Loan is unsecured.

9 Interest

9.1 The Borrower shall pay interest on the Loan from and including the Disbursement Date at a fixed rate of 3.00 per cent per annum. Interest payments shall be semi-annually in arrears on each Interest Payment Date each year, the first interest Payment Date being in November 2007 and the last Interest Payment Date occurring on the Maturity Date. Payment of interest will be carried out by the Paying Agent on behalf of the Borrower.

9.2 Interest shall be calculated on the basis of a year of 360 days with twelve 30-day months, unless:

(a) the last day of the period is the 31 day of a month but the first day of the period is a day other than the 30 or 31 day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or

(b) the last day of the period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month.

9.3 Provided that all applicable regulatory and stock exchange approvals have been obtained, the Borrower shall have the right to appoint a selling agent in the Borrower's sole discretion (the **"Selling Agent"**) and elect to have the Selling Agent raise sufficient funds to pay the interest owing hereunder from time to time by arranging for the subscription and purchase of a sufficient number of Shares of the Borrower. In the event of such an election by the Borrower, the Borrower shall deliver a sufficient number of its Shares to the Selling Agent and the Selling Agent shall thereafter solicit bids for such delivered Shares from investment banks, brokers, dealers and other financial institutions as directed by the Borrower in the Borrower's sole discretion. In the event the Selling Agent sells a sufficient number of such Shares, it shall, on behalf of the Borrower, pay the proceeds thereof to the Loan Trustee in full satisfaction of the applicable interest in respect of which such election by the Borrower was made.

For the avoidance of doubt, this Clause 9.3 shall have no limitation of the Borrower's obligations to ensure that the Bondholders receive full and timely payment of interest in accordance with the terms hereof.

10 Maturity of the Loan, Forced Conversion (Call Option) and Change of Control

10.1 The Loan shall mature in whole on the Maturity Date at par (100%) and is not subject to the payment of any repayment of principal prior to the Maturity Date.

On the Maturity Date, the Borrower may, in its sole discretion, elect to carry out the payment of principal of the entire Loan: a) in cash; or b) as a physical settlement in Shares (the "**Share Redemption Option**") by the application of the Share Redemption Conversion Price.

10.2 On or after the Interest Payment Date in May 2010, the Borrower may, provided that the closing price of the Shares on the Toronto Stock Exchange has exceeded 120 percent of the prevailing Conversion Price for at least twenty (20) trading days within a period of thirty (30) consecutive trading days (for avoidance of doubt, the first possible thirty (30) day period referred to above to start thirty (30) trading days before the Interest Payment Date in May 2010), call the whole Loan (the "**Call Option**") by forcing the Bondholders to convert their holdings of Bonds into Shares. Conversion due to forced conversion shall be carried out based on the prevailing Conversion Price. For the avoidance of doubt, in the event of forced conversion, the Borrower may, in its sole discretion, determine whether a physical settlement or a cash settlement shall be carried out.

10.3 In the event of the Share Redemption Option according to Clause 10.1 or the Call Option according to Clause 10.2:

(a) The Borrower shall, if the Share Redemption Option is exercised give notice (the Optional Conversion Request), to the Paying Agent, the Loan Trustee and, if the Loan is listed, the Exchange thereof no later than forty five (45) calendar days before the Maturity Date;

(b) The Borrower shall, if the Call Option is exercised, give notice (Optional Conversion Request) to the Paying Agent, the Loan Trustee and, if the Loan is listed, the Exchange thereof within thirty (30) Banking Days after the end of the period of thirty (30) consecutive trading days as set out in Clause 10.2 which Optional Conversion Request shall specify whether the settlement shall be a) in cash as set out in Clause 10.4; or b) as a physical settlement in Shares on the Conversion Date.

(c) The Loan Trustee and / or the Borrower, as the case may be, shall request that the Paying Agent promptly, upon receipt of the Borrower's Optional Conversion Request, forward it to the Bondholders (through the Securities Depository);

(d) Following the Borrower's delivery of the Optional Conversion Request to the Paying Agent, the Borrower shall, as soon as possible but in no event later than on the Conversion Date issue to and in the names of the Bondholders the number of new Shares which are necessary in order to fulfil the Borrower's obligations according to the Optional Conversion Request. The Borrower shall no later than twenty (20) Banking Days after the Conversion Date register the new Shares on the Exchange (if applicable) and in the Securities Depository;

(e) If the Share Redemption Option or the Call Option is exercised, conversion will be effected by the set-off of the total nominal value of the Bonds to be converted against the Borrower issuing the whole number of Shares resulting from dividing the total nominal value of the Bonds to be converted by the Share Redemption Conversion Price or the prevailing Conversion Price, whichever is applicable.

10.4 Notwithstanding the terms and conditions of Clause 10.3, if the Borrower has in the Optional Conversion Request elected to deliver cash settlement (cf. 10.3 (b)), the cash settlement shall be calculated and be due and payable as follows:

(a) the Borrower shall pay to the Paying Agent on behalf of the Bondholders an amount which is calculated as the product of (i) the number of Shares such Bondholder would have received if physical settlement had been elected (as set out in Clause 10.3 (e), and (ii) the VWAP for the twenty (20) trading day period commencing on the day following delivery of the Borrower's Optional Conversion Request (specifying its election to settle the Call Option by cash settlement). The cash settlement is due and payable to the Bondholders within thirty (30) Banking Days after the beginning of the applicable VWAP period.

(b) Upon the making of any such payment to the Paying Agent, the Outstanding Loan shall be accordingly and automatically reduced.

10.5 If a Change of Control Event has occurred, the Borrower shall (as set out in Clause 16.1 (j)) make an offer to each Bondholder to, at such Bondholders election:

either:

(a) purchase the Bonds held by such Bondholder at 100 % of their principal amount together with accrued interest at any time during the Change of Control Redemption Period (for the avoidance of doubt, the Borrower shall be obliged to purchase such Bonds if the offer is accepted in the manner described below and the settlement date shall be three (3) Banking Days thereafter).

The purchase price is due and payable to the Bondholders within ten (10) Banking Days after the Borrower's receipt of the Bondholders notice specifying its election to receive cash settlement. The Outstanding Loan amount shall be reduced accordingly, automatically upon the Borrower's payment of the purchase price,

or

(b) convert the Bonds at the Change of Control Conversion Price, which shall be set out below, but in each case adjusted, if appropriate, under the provisions of Clause 15 (provided that no adjustment to the Conversion Price will be made in respect of such Change of Control Event other than pursuant to this Clause 10.5 in respect of exercise of the conversion right in the Change of Control Conversion Period):

COCCP = OCP / (1 + (CP x (c/t))) where:

COCCP =Change of Control Conversion Price;

OCP = Conversion Price;

CP = means 40 per cent;

c = means the number of days from and including the date of the Change of Control Event to but excluding the Maturity Date; and

t = means the number of days from and including the Disbursement Date to but excluding the Maturity Date.

In the event of conversion pursuant to this Clause 10.5, the Borrower shall as soon as possible, but in no event later than on the Conversion Date issue to and in the names of the Bondholder the number of new Shares which are necessary in order to fulfil the Borrower's obligations to issue new Shares to the respective Bondholder. The Borrower shall no later than twenty (20) Banking Days after the Conversion Date register the new Shares on the Exchange (if applicable) and in the Securities Depository.

The respective Bondholder must notify the Paying Agent within the Change of Control Conversion Period of its election of whether or not to accept the Borrower's a) purchase offer, or b) offer to convert the Bonds to Shares. For the avoidance of doubt, the Borrower is not committed by its offer towards any Bondholder who has elected not to accept any of the Borrower's offers pursuant to Clause 10.5 within the Change of Control Conversion Period.

10.6 The terms and conditions set out in Clause 13 and Clause 14 shall (to the extent applicable) apply for any conversion of Bonds to Shares according to this Clause 10.

11 Interest in the event of late payment

11.1 In the event that payment of interest or principal is not made on the relevant Payment Date, the amount constituting such missed payment only (the **"Missed Payment")** (as opposed to the full amount of the Remaining Loan at such time) shall bear interest from the relevant Payment Date until actually paid at an interest rate of 8.00 per cent per annum.

11.2 The Missed Payment shall carry interest as mentioned above until payment is actually made, whether or not the Loan is declared to be in default pursuant to Clause 18.1 (a), cf. Clauses 18.2 - 18.4.

12 Borrower's acquisition of Borrower's Bonds

12.1 The Borrower has the right to acquire for cancellation, and its Subsidiaries have the right to acquire and own, the Bonds. Bonds acquired by the Borrower shall be cancelled. Bonds acquired by any relevant Subsidiary may, at the discretion of such Subsidiary, be held, sold or used for partial redemption (discharge) of the Remaining Loan.

13 Bondholders' conversion rights

13.1 Each Bondholder may, on any Banking Day within the Exercise Period, and provided that the respective Bondholder at the time of conversion is allowed to own Shares according to applicable law, deliver a Conversion Request to its account manager in order to exercise its Conversion Rights (in full or in part). The Bondholder requesting conversion shall direct its account manager to promptly forward the Conversion Request to the Paying Agent.

13.2 Upon the Borrower's receipt of the Bondholder's Conversion Request, the Borrower shall, as soon as possible but in no event later than on the Conversion Date, issue to such Bondholder the number of new Shares which are necessary in order to fulfil the Borrower's obligations according to the Conversion Request. The Borrower shall no later than twenty (20) Banking Days after the Conversion Date register the new Shares on the Exchange (if applicable) and in the Securities Depository.

13.3 Conversion will be effected by a set-off of the total nominal value of the Bonds specified in the Conversion Request, against the issuing of the whole number of Shares resulting from dividing the total nominal value of such Bonds to be converted by the Conversion Price.

13.4 Notwithstanding any Bondholder's exercise of its Conversion Right, the Borrower may at its own discretion, elect whether a physical settlement or a cash settlement shall be carried out.

If the Borrower elects to carry out a cash settlement:

(a) the Borrower shall give written notice to the Paying Agent no later than on the Banking Day prior to the Conversion Date.

(b) the Borrower shall pay to the Paying Agent on behalf of the Bondholders an amount which is calculated as the product of (i) the number of Shares such Bondholder would have received if physical settlement had been elected (as set out in Clause 13.3, and (ii) the VWAP for the twenty (20) trading day period commencing on the day following delivery of the Borrower's notice to the Paying Agent (of its election to settle the Bondholder's Conversion Request by cash settlement). The cash settlement is due and payable to the Bondholders within thirty (30) Banking Days after the beginning of the applicable VWAP period.

(c) Upon the making of any such payment to the Paying Agent, the Outstanding Loan shall be accordingly and automatically reduced.

14 Conversion - General Terms

14.1 Any conversion right or right of cash settlement hereunder is subject to the following terms and conditions (to the extent applicable):

(a) Notwithstanding the above, conversion of Bonds to new Shares can not take place prior to the due registration of the Bonds in the Securities Depository.

(b) The Bondholders hereby authorize the Paying Agent and/or the Loan Trustee each to provide directions to the Borrower with respect to the conversion of their respective Bonds and as to the registration of certificates representing Shares issuable to it upon such conversion as well as to the payment of any monies owing to them pursuant to the terms of this Agreement. The Borrower is entitled to rely upon any such directions received from the Loan Trustee and/or the Paying Agent and shall not be liable for any losses suffered by a Bondholder as a result of following any such direction.

(c) The Bondholders acknowledge that the certificates representing the Shares may be required to carry a legend setting forth certain transfer restrictions in respect of the Shares in accordance with applicable securities laws.

(d) No fractional Shares shall be issued. Any surplus cash after the conversion of the Bonds to Shares shall not be paid to the Bondholder and shall be retained by the Borrower.

(e) The holding of Bonds by the Bondholders shall not constitute the Bondholders as shareholders of the Borrower or entitle the Bondholders to any right or interest in respect thereof except as expressly provided for herein. Upon conversion of the Bonds in accordance with the terms hereof, the Bondholders of such converted Bonds shall be deemed as and from the date of any such conversion to be shareholders of the Borrower (unless the Borrower has elected to pay the Bondholder(s) cash pursuant to the terms of this Agreement upon such conversion) for all intents and purposes and shall cease to be Bondholders in respect of such converted Bonds and shall cease to have any further rights or claims under this Agreement other than the right to receive their Shares or cash proceeds issuable or payable, as the case may be, upon conversion.

(f) Any accrued and unpaid interest on the Loan on the relevant Conversion Date, shall be paid in cash to the Bondholders only if such Conversion Date is an Interest Payment Date. Interest which is due and payable on an Interest Payment Date after the Conversion Date shall not be paid to the respective Bondholder and shall be retained by the Borrower.

(g) The Borrower shall instruct the Paying Agent and/or the Loan Trustee, as the case may be, to (i) promptly forward to it any Conversion Request that it may receive (directly or indirectly) from any Bondholder, (ii) promptly forward to the Bondholders any Optional Conversion Request that it may receive from the Borrower, and (iii) carry out any other duties to fulfil the Borrower's obligations towards the Bondholders hereunder.

(h) The Bondholders acknowledge that the issuance of new Shares to the Bondholders according to this Loan Agreement on any relevant Banking Day is subject to simultaneous (or prior) payment by way of discharge of the Outstanding Loan amount and the Bonds (in part or in full whichever is applicable). The Bondholders undertake to, on the Borrower's request, to give such notices, and/or authorizations to its account manager and/or the Paying Agent that may be required in order for the Paying Agent to discharge the Outstanding Loan amount and the Bonds (in part or in full whichever is applicable) no later than simultaneously with the issuance of the new Shares upon conversion.

15 Adjustment of the Conversion Price

15.1 The Conversion Price in effect at any date will be subject to adjustment from time to time in the events and in the manner provided as follows:

(a) If and whenever at any time after the date hereof and prior to the Maturity Date, the Borrower:

(i) issues Shares or securities exchangeable for or convertible into Shares to the holders of all or substantially all of the outstanding Shares as a stock dividend;

(ii) makes a distribution on its outstanding Shares to the holders of all, or substantially all, of the outstanding Shares payable in Shares or securities exchangeable for or convertible into Shares;

(iii) subdivides or re-divides its outstanding Shares into a greater number of Shares; or

(iv) reduces, combines or consolidates its outstanding Shares into a smaller number of Shares,

(any of such events in subsections (i), (ii), (iii) and (iv) being called a "**Share Reorganization**"), then the Conversion Price then in effect will be adjusted effective immediately on the effective date or record date for the happening of a Share Reorganization, as the case may be, at which the holders of Shares are determined for the purpose of the Share Reorganization, so that it shall equal the price determined by multiplying the Conversion Price in effect on such effective date or record date by a fraction, the numerator of which will be the total number of Shares outstanding on such effective date or record date before giving effect to such Share Reorganization and the denominator of which will be the total number of Shares outstanding immediately after giving effect to such Share Reorganization (including, in the case where securities exchangeable for or convertible into Shares are distributed, the number of Shares that would have been outstanding had all such securities been exchanged for or converted into Shares on such effective date or record date).

(b) If and whenever at any time after the date hereof and prior to the Maturity Date, the Borrower fixes a record date for the issue of rights, options or warrants to the holders of all or substantially all of the Shares under which such holders are entitled, during a period expiring not more than forty five (45) days after the date of such issue (the "**Rights Period**"), to subscribe for or purchase Shares or securities exchangeable for or convertible into Shares at a price per share to the holder (or at an exchange or conversion price per share during the Rights Period to the holder in the case of securities exchangeable for or convertible into Shares) of less than 95% of the Current Market Price for the Shares on such record date (any of such events being called a "**Rights Offering**"), then the Conversion Price will be adjusted effective immediately after the end of the Rights Period so that it shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the end of the Rights Period by a fraction:

(i) the numerator of which will be the aggregate of:

A. the total number of Shares outstanding as of the record date for the Rights Offering, and

B. a number determined by dividing (I) either (x) the product of the number of Shares issued or subscribed for during the Rights Period upon the exercise of the rights, warrants or options under the Rights Offering and the price at which such Shares are offered, or, as the case may be, (y) the product of the exchange or conversion price of such securities exchangeable for or convertible into Shares and the number of Shares for or into which the securities so offered pursuant to the Rights Offering could have been exchanged or converted during the Rights Period, by (II) the Current Market Price of the Shares as of the record date for the Rights Offering, and

(ii) the denominator of which will be the number of Shares outstanding, or the number of Shares which would be outstanding if all the exchangeable or convertible securities were exchanged for or converted into Shares during the Rights Period, after giving effect to the Rights Offering and including the number of Shares actually issued or subscribed for during the Rights Period upon exercise of the rights, warrants or options under the Rights Offering.

Any Bondholder who has exercised the right to convert to Shares in accordance with Clause 13 during the period beginning immediately after the record date for a Rights Offering and ending on the last day of the Rights Period for the Rights Offering will, in addition to the Shares to which that holder would otherwise be entitled upon such conversion, be entitled to that number of additional Shares equal to the result obtained when the difference, if any, between the Conversion Price in effect immediately prior to the end of such Rights Offering and the Conversion Price as adjusted for such Rights Offering pursuant to this subsection is multiplied by the number of Shares received upon the conversion of the Bonds held by such Bondholder during such period, and the resulting product is divided by the Conversion Price as adjusted for such Rights Offering pursuant to this Clause 15.1 (b). Such additional Shares will be deemed to have been issued to the Bondholder immediately following the end of the Rights Period and a certificate for such additional Shares will be delivered to such Bondholder within fifteen (15) Business Days following the end of the Rights Period. To the extent that any such rights, options or warrants are not so exercised on or before the expiry thereof, the Conversion Price will be readjusted to the Conversion Price which would then be in effect based on the number of Shares (or the securities convertible into or exchangeable for Shares) actually delivered on the exercise of such rights, options or warrants.

(c) If and whenever at any time after the date hereof and prior to the Maturity Date, the Borrower fixes a record date for the issue or the distribution to the holders of all or substantially all of the Shares of (i) securities of the Borrower, including rights, options or warrants to acquire securities of the Borrower or any of its property or assets and including evidences of indebtedness, or (ii) any property or other assets (including cash dividends and distribution of securities (including the Petrominerales Ltd. shares)), including evidences of indebtedness, and if such issuance or distribution does not constitute a Share Reorganization or a Rights Offering (any of such non-excluded events being called a "**Special Distribution**"), the Conversion Price will be adjusted effective immediately after such record date to a price determined by multiplying the Conversion Price in effect on such record date by a fraction:

(i) the numerator of which will be:

A. the product of the number of Shares outstanding on such record date and the Current Market Price of the Shares on such record date; less

B. the fair market value, as determined by action by the directors of the Borrower, acting reasonably, (which determination, will be conclusive), to the holders of Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and

(ii) the denominator of which will be the product of the number of Shares outstanding on such record date and the Current Market Price of the Shares on such record date.

To the extent that any Special Distribution is not so made, the Conversion Price will be readjusted effective immediately to the Conversion Price which would then be in effect based upon such securities or property or other assets as actually distributed.

The Borrower has the right to give all the Bondholders any offer, as an alternative to any adjustment according to this Clause 15.1. (c), which can be accepted (or declined) by all or a portion of the Bondholders.

(d) If the purchase price provided for in any rights, options or warrants (the "**Rights Offering Price**") referred to in Clauses 15.1 (b) or (c) is decreased, the Conversion Price will forthwith be changed so as to decrease the Conversion Price to the Conversion Price that would have been obtained if the adjustment to the Conversion Price made under Clauses 15.1 (b) or (c), as the case may be, with respect to such rights, options or warrants had been made on the basis of the Rights Offering Price as so decreased, provided that the terms of this Clause 15.1 (d) will not apply to any decrease in the Rights Offering Price resulting from terms in any such rights, options or warrants designed to prevent dilution except to the extent that the resulting decrease in the Conversion Price under this Clause 15.1 (d) would be greater than the decrease, if any, in the Conversion Price to be made under the terms of this Clause by virtue of the occurrence of the event giving rise to such decrease in the Rights Offering Price.

(e) If and whenever at any time after the date hereof and prior to the Maturity Date, there is a reclassification of the Shares at any time outstanding or change of the Shares into other shares or into other securities or other capital reorganization (other than a Share Reorganization), or a consolidation, amalgamation, arrangement or merger of the Borrower with or into any other corporation or other entity (other than a vertical short-form amalgamation with one or more of its Subsidiaries), or a transfer of the undertaking or assets of the Borrower as an entirety or substantially as an entirety to another corporation or other entity in which the holders of Shares are entitled to receive shares, other securities or other property, or a liquidation, dissolution or winding up of the Borrower (any of such events being called a "**Capital Reorganization**"), any Bondholder who exercises the right to convert Bonds into Shares pursuant to Bonds then held after the effective date of such Capital Reorganization will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Shares to which such Bondholder was previously entitled upon such conversion, the aggregate number of shares, other securities or other property which such Bondholder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Bondholder had been the registered holder of the number of Shares to which such holder was previously entitled upon conversion, provided, however, that if, prior to the date that is five years plus one day from the date of original issuance of the Bonds, such Bondholder would otherwise be entitled to receive, upon conversion of the Bonds, any property (including cash) or securities that would not constitute prescribed securities for the purpose of Clause 212 (1) (b) (vii) (E) of the Income Tax Act (Canada) (referred to herein as "**Ineligible Property**") then such Bondholder shall not be entitled to receive such Ineligible Property, but the Borrower, or its successor or assignor, as the case may be, shall have the right (at the sole option of the Borrower, its successor or assignor, as the case may be) to deliver to the Bondholder either such Ineligible Property or "prescribed securities" for the purpose of Clause 212 (1) (b) (vii) (E) of the Income Tax Act (Canada) with an aggregate fair market value equal to the fair market value of such Ineligible Property. The Borrower will take all steps necessary to ensure that, on a Capital Reorganization, the holders of Bonds will receive the aggregate number of shares, other securities or other property to which they are entitled as a result of the Capital Reorganization. Appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Clause 15.1 with respect to the rights and interests thereafter of holders of Bonds to the end that the provisions set forth in this Clause 15.1 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the conversion of any Bond.

Notwithstanding the foregoing, the Borrower shall not effect any Capital Reorganization unless, prior to or concurrent therewith, an appropriate adjustment to give effect to this subsection is made by and set forth in an amending agreement hereto or agreement with the Borrower's successor or such purchasing corporation or entity as applicable in each case approved by action of the Board of Directors of the Borrower and by the Loan Trustee, in which event such adjustment will for all purposes be conclusively deemed to be an appropriate adjustment, subject to the prior written consent of the Toronto Stock Exchange and any other applicable regulatory approval or consent.

(f) If and whenever at any time after the date hereof and prior to the Maturity Date, the Borrower makes changes in the share capital other than those mentioned in Clauses 15.1 (a) – (e) above, which are unfavourable to the Bondholders compared to the shareholders of the Borrower, the Loan Trustee and the Borrower shall agree on a new Conversion Price. The principles expressed in Clauses 15.1 (a) – (e) above shall always be the basis for any adjustment of the Conversion Price pursuant to this Clause 15.1 (f).

15.2 In any case in which Clause 15.1 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Borrower may defer, until the occurrence of such event, issuing to the Bondholder of any Bond converted after such record date and before the occurrence of such event the additional Shares issuable upon such conversion by reason of the adjustment required by such event, provided, however, that the Borrower shall deliver to such Bondholder an appropriate instrument evidencing such Bondholder's right to receive such additional Shares upon the occurrence of such event and the right to receive any distributions made on such additional Shares declared in favour of holders of record of Shares on and after the Conversion Date or such later date on which such Bondholder would, but for the provisions of this Clause 15.2, have become the holder of record of such additional Shares pursuant to Clause 13.

15.3 If the Borrower shall take any action affecting the Shares, other than an action described in Clauses 15.1 (a), (b), (c), or (d), but including an action under Clause 15.1 (e) which results in a holder of Bonds being unable, for any period of time, to exercise conversion privileges that it would otherwise be permitted to exercise due to requirements necessary to ensure that the Bonds will be and will remain exempt from Canadian withholding tax, which in the opinion of the directors of the Borrower would have a material adverse effect upon the rights of Bondholders, the Conversion Price shall be adjusted in such manner and at such time, or such other adjustment to the conversion privilege shall be made, as the directors of the Borrower determine to be equitable in the circumstances, subject to the approval of the Toronto Stock Exchange and any other applicable regulatory approval or consent. Failure of the directors of the Borrower to take any such action shall be conclusive evidence that the directors of the Borrower have determined that it is equitable to make no adjustment in the circumstances.

15.4 Notwithstanding anything else in this Agreement, no adjustment to the Conversion Price will be made in connection with the issuance of rights, or any exercise thereof, under any Shareholder Rights Plan, provided that each Bondholder is treated equally favourable as any shareholder of the Borrower.

15.5 The adjustments provided for in Clauses 15.1 and 15.3 are cumulative will be made successively whenever an event referred to therein occurs, subject to the following subsections of this section, provided that, no adjustment of the Conversion Price shall be required unless such adjustment would require and increase or decrease of at least 1% in the Conversion Price then in effect provided, however, that any adjustments which by reason of this Clause are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

15.6 No adjustment in the Conversion Price will be required upon the issuance from time to time of Shares pursuant to any Share Compensation Plan, as such plans may be replaced, supplemented or further amended from time to time, or upon exercise of outstanding rights or agreements, including options, warrants and other convertible securities including any rights which have been granted or issued by the Borrower.

15.7 Subject to the prior consent of the Toronto Stock Exchange and any other applicable regulatory consent or approval, no adjustment in the Conversion Price will be made in respect of any event described in Clause 15.1 (a), (b) or (c), other than the events referred to in Clauses 15.1 (a) (iii) and (iv), if Bondholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if they had converted their Bonds prior to or on the effective date or record date of such event.

15.8 If at any time a dispute arises with respect to adjustments provided for in Clause 15.1, such dispute will be conclusively determined, subject to the Toronto Stock Exchange's consent and any other applicable regulatory approvals or consents, a Calgary office of a major Canadian, internationally recognized firm of independent chartered accountants as may be selected by action of the directors of the Borrower and approval by the Loan Trustee (without a Bondholders' meeting being and such approval not to be unreasonably withheld or delayed) and any such determination will be binding upon the Borrower, the Loan Trustee, the Bondholders and shareholders of the Borrower; such firm of chartered accountants will be given access to all necessary records of the Borrower. If any such determination is made, the Borrower will deliver a Certificate of the Borrower to the Loan Trustee describing such determination and the Loan Trustee shall be entitled to act and rely upon such Certificate of the Borrower.

15.9 To the extent a currency conversion to United States dollars is required in connection with adjustments of the Conversion Price in accordance with this Clause 15, such currency conversion shall be made in accordance with the Exchange Rate

In the event that the Shares are listed on two or more Exchanges, the Toronto Stock Exchange shall be preferred for all purposes under this Agreement unless the Borrower and the Loan Trustee otherwise agree in writing.

15.10 If the Borrower sets a record date to determine the holders of Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, legally abandons its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment in the Conversion Price shall be made and any related adjustments that were made shall be reversed.

15.11 In the absence of a resolution of the directors of the Borrower fixing a record date for a Special Distribution or Rights Offering, the Borrower will be deemed to have fixed as the record date therefor the date on which the Special Distribution or Rights Offering is effected.

15.12 The Borrower shall not be required to issue fractional Shares upon the conversion of Bonds. If more than one Bond shall be surrendered for conversion at one time by the same Bondholder, the number of whole Shares issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of the Bonds to be converted. If any fractional interest in a Share would, except for the provisions of this section, be deliverable upon the conversion of any principal amount of Bonds, the Borrower may, at its option, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Bondholder of such surrendered Bonds an amount in lawful money of Canada equal (computed to the nearest cent) to such fractional interest multiplied by the Current Market Price of the Shares on the Date of Conversion.

15.13 The Borrower covenants that it will at all times reserve and keep available out of its authorized Shares (if the number thereof is or becomes limited) solely for the purpose of issue upon conversion of Bonds as provided herein, and allot for issue to Bondholders who may exercise their conversion rights hereunder, such number of Shares as shall then be issuable upon the conversion of all outstanding Bonds. All Shares which shall be so issuable shall, when issued, be duly and validly issued as fully paid and non-assessable.

15.14 If at any time, any order, ruling, registration, notice or filing pursuant to any securities laws of Canada or any province thereof is required to ensure that any Shares issuable upon the conversion of the Bonds are issued in compliance with all such laws or to ensure that any such Shares, once issued, are not subject to any general restriction as to the resale thereof under the securities laws of Canada or any province thereof, the Borrower covenants that it will take all such action as may be necessary to make or obtain such order, ruling, registration or filing, or give such notice as the case may be.

15.15 All Bonds must be converted in whole and shall be forthwith delivered to and cancelled by the Loan Trustee.

15.16 The Borrower shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Clauses 15.1 or 15.3, deliver a Certificate of the Borrower to the Loan Trustee specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based and shall include the verification referred to below, if applicable, and the Loan Trustee shall be entitled to act and rely upon such Certificate of the Borrower. In the event that the readjustment changes the Conversion Price by more than five percent (5.00%), such Certificate of the Borrower and the amount of the adjustment specified therein shall be verified by an opinion of a Calgary office of a Canadian internationally recognized firm of chartered accountants appointed by the Borrower and consented to by the Loan Trustee acting reasonably and without delay (who may be the auditors of the Borrower) and shall be conclusive and binding on all parties in interest. Until such Certificate of the Borrower is received by the Loan Trustee, the Loan Trustee may act and be protected in acting on the presumption that no adjustment has been made or is required. Except in respect of any subdivision, re-division, reduction, combination or consolidation of the Shares, the Borrower shall forthwith give notice to the Bondholders specifying the event requiring such adjustment or readjustment and the amount thereof, including the resulting Conversion Price.

15.17 Subject to Clause 15.16, the Borrower covenants that, so long as any Bonds remain outstanding, it will give notice to the Loan Trustee and to the Bondholders of its intention to fix a record date for any event referred to in Clause 15.1(a), (b), (c), or (e) (other than the subdivision, re-division, reduction, combination or consolidation of Shares) or a cash dividend which may give rise to an adjustment in the Conversion Price, or other adjustment, and such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Borrower shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than fourteen (14) days prior to the applicable record date in the case of an event referred to in Clauses 15.1 (a), (b) or (c) and thirty (30) days prior to the applicable record date in the case of an event referred to in Clause 15.1 (e).

15.18 Notwithstanding the provisions of Clause 15.17, the Borrower shall not be required to give the notice referred to in Clause 15.17 if the Borrower has given notice of a proposed Change of Control in accordance with the provisions of Clause 16.1 (j).

15.19 If changes are made to the share capital of the Borrower other than those mentioned above in this Clause 15, which are materially unfavourable to the Bondholders compared to shareholders of the Borrower, the Loan Trustee and the Borrower shall agree on a new Conversion Price as is equitable in the circumstances. The principles expressed in this Clause 15 shall always be the basis for any adjustments pursuant to this Clause.

16 Covenants

16.1 During the term of the Loan the Borrower shall comply with the following information covenants:

(a) promptly inform the Loan Trustee of any default of the Loan pursuant to Clause 18 as well as of any circumstances which the Borrower understands or should understand may lead to default;

(b) of its own accord, make annual and interim financial statements available on the Borrower's website or www.SEDAR.com (alternatively by sending them to the Loan Trustee) as soon they are available, and with respect to annual financial statements not later than hundred and fifty (150) days after the end of the financial year and with respect to interim financial statements not later than sixty (60) days after the end of the relevant interim report period;

(c) at the request of the Loan Trustee send a report outlining the balance of Borrower's Bonds;

(d) forward to the Loan Trustee copies of any creditors' notifications of the Borrower, including but not limited to, mergers and reduction of shareholders capital;

(e) at the request of the Loan Trustee provide the documents and information reasonably necessary to (i) enable the Loan Trustee to carry out its rights and duties pursuant to the Loan Agreement and applicable laws and regulations, and (ii) maintain, if the Loan is listed, the listing and quotation of the Loan on the Exchange (if applicable);

(f) within a reasonable time limit provide information about the Borrower's financial condition as the Loan Trustee may reasonably request;

(g) the Borrower shall promptly provide the Loan Trustee with a copy of any alteration, amendment, modification, supplement, restatement, waiver or consent to its existing senior facility and the credit agreement in respect thereof, but in any event within five (5) days, after the entering into of such alteration, amendment, modification, supplement, restatement, waiver or consent;

(h) of its own accord, inform the Loan Trustee of any event that results in an adjustment of the Conversion Price promptly thereafter;

(i) at the request of the Loan Trustee and in connection with reporting under 16.1 (b), confirm to the Loan Trustee the Borrower's compliance with Clause 16; and

(j) following the occurrence of a Change of Control Event, immediately after the Borrower becomes aware of it, notify the Bondholders (via the Securities Depository), the Loan Trustee and (if listed) the Exchange thereof. The notice shall specify that by delivery of the notice the Borrower thereby offers to purchase or convert the Bonds in accordance with the terms of section 10.5 (i) the applicable Change of Control Conversion Price and purchase price, (ii) the Bondholders' entitlement to exercise their Conversion Rights or to exercise their right to require Conversion of the Bonds, (iii) the Change of Control Redemption Period, (iv) the Change of Control Redemption Date, and (v) details concerning the potential Change of Control Event.

16.2 During the term of the Loan, the Borrower shall (unless the Loan Trustee or the Bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with the following general covenants:

(a) not cease to carry on its business,

(b) not, and ensure that no member of the Group shall:

(i) sell or dispose of all or a substantial part of its assets or operations,

(ii) change the nature of its business, or

(iii) merge, amalgamate or in any other way restructure its business,

in a manner which may have a material adverse effect on the Borrower's ability to comply with its obligations under this Loan Agreement.

Notwithstanding the aforesaid, it is understood that the following shall be deemed not to have a material adverse effect on the Borrower's ability to comply with its obligations under this Loan Agreement and therefore not require advance approval from the Loan Trustee or the Bondholders and the Bonds shall not be required to be otherwise redeemed:

(1) any disposition or reorganization of the Borrower's assets (including interests in Subsidiaries) where the entire proceeds (net of transaction costs) are reinvested in the Borrower's business (including the reduction of debt of the Borrower); and

(2) distributions of cash or assets to the Borrower's shareholders already subject to an adjustment to the Conversion Price in accordance with Clause 15, if applicable.

(c) not, and shall not cause or permit any member of the Group to, directly or indirectly, incur any mortgage, charge, pledge, lien or any other form of encumbrance (including *inter alia* capitalized leases or any other arrangement with a commercial effect of secured borrowing) against or upon any of their respective properties or assets, whether owned on the Disbursement Date or acquired after the Disbursement Date, or any proceeds therefrom, that secure underlying obligations and indebtedness that in aggregate constitute more than 27.5 % of the Total Assets.

Notwithstanding the foregoing, any holder of secured debt of the Borrower or any Subsidiary, shall be entitled to rely, without independent inquiry, on a certificate from an officer of the Borrower, that the Borrower is in compliance this paragraph (c) after giving effect to the incurrence ofall secured debt of the Group.

(d) not permit any member of the Group to engage in, directly or indirectly, any transaction with any party, except in the ordinary course of such member of the Group's business and upon fair and reasonable terms that are no less favourable to the member of the Group than those which might be obtained in an arm's length transaction at the time.

16.3 During the term of the Loan, the Borrower shall (unless the Loan Trustee or the Bondholders' meeting (as the case may be) in writing has agreed to otherwise) ensure that the Group maintains an Equity Ratio of at least 0.30.

16.4 The Borrower hereby covenants and agrees that it shall, within five (5) Banking Days from the Disbursement Date, either a) obtain consents from its senior secured lenders to the issuance of the Bonds, or b) pay out and cancel its senior secured credit facilities (as presently constituted).

17 Fees and expenses

17.1 The Borrower shall pay an annual fee to the Loan Trustee, the amount of which is set out in a separate agreement between the Borrower and the Loan Trustee.

17.2 The Borrower shall cover all reasonable expenses of the Loan trustee in connection with the Loan, such as preparation of the Loan Agreement, listing of the Bonds on the Exchange (if applicable) and registration and administration of the Loan in the Securities Depository in accordance with the agreement between the Borrower and the Securities Depository.

17.3 The Borrower shall cover any document fee and other public fees in connection with the Loan. Any public fees or taxes on sales of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation.

17.4 All payments made by the Borrower hereunder or in respect of the Bonds will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments, or other governmental charges of any nature whatsoever imposed or levied by or on behalf of Canada or any political subdivision or authority thereof or therein having power to tax ("**Taxes**"), unless the Borrower is required by law or by the interpretation or administration thereof by the relevant government authority or agency to withhold or deduct any amount for or on account of Taxes, in which case the Borrower will make the required withholding or deduction, make payment of the amount so withheld or deducted to the appropriate government authority and pay such additional amounts ("**Additional Amounts**") to each Bondholder as may be necessary to ensure that the net amounts received by each Bondholder after the withholding or deduction (including any withholding or deduction from such Additional Amounts) will not be less than the amounts of principal and interest which would have been received in respect of the Bonds held by such Bondholder in the absence of the withholding or deduction. No Additional Amounts shall, however be payable:

(a) to a Bondholder who is subject to the Taxes by reason of any present or former connection between the Bondholder and Canada other than solely by the acquisition, holding or disposition of the Bonds or by the receipt of payments in respect of the Bonds or the enforcement of the rights hereunder,

(b) to the extent that Taxes would not have been imposed but for the failure of the Bondholder to comply with any certification, identification or other reporting requirements concerning the nationality, residence, identity or connection with Canada of the Bondholder if:

(1) such compliance is required or imposed by law as a precondition to exemption from all or a part of the Tax; and

(2) at least sixty (60) days prior to the first interest payment date with respect to which this Clause 17.4 will apply, the Borrower has notified the Bondholders that they will be required to comply with this requirement,

(c) to a Bondholder that does not deal at arm's length (as contemplated by the Income Tax Act (Canada)) with the Borrower at the time the payment is made.

If a Bondholder determines in its reasonable discretion that it has received a refund of any Taxes in relation to which the Borrower has paid an additional amount, it shall pay over such refund to the Borrower (but only to the extent of additional amounts paid by the Borrower), net of all out-of-pocket expenses of the Bondholder and without interest.

No Additional Amounts will be paid to a Bondholder that is a depositary or its nominee in respect of a Bond to the extent that the beneficial owner of such Bond would not have been entitled to receive payment of the Additional Amounts had the beneficial owner been the Bondholder of the Bond.

The Borrower will pay any present or future stamp, court, documentary or other similar taxes, charges or levies that arise from the execution, delivery or registration of, or enforcement of rights under, this Loan Agreement or any related document ("**Documentary Taxes**").

The Borrower's obligation to pay Additional Amounts and Documentary Taxes will survive any termination, defeasance or discharge of this Loan Agreement.

17.5 In addition to the fee of the Loan Trustee pursuant to Clause 17.1 and normal expenses pursuant to Clauses 17.2 and 17.3, the Borrower shall on demand cover reasonably incurred extraordinary expenses of the Loan Trustee incurred in connection with the Loan, as determined in a separate agreement between the Borrower and the Loan Trustee, subject to Clause 22.2.

18 Events of Default

18.1 The Loan may be declared to be in default by the Loan Trustee upon the occurrence and continuance of any of the following events (Events of Default):

(a) the Borrower shall on any Payment Date fail to pay any interest or principal due or any other amount payable under the Finance Documents; provided, however, that such failure shall not include failures which are remedied within five (5) Banking Days after the Payment Date, and it is obvious the Borrower will remedy the failure within this time.

(b) the Borrower shall fail to duly perform any other covenant or obligation, to be performed under Finance Documents and such failure is not remedied within ten (10) Banking Days after notice thereof is given to the Borrower by the Loan Trustee,

(c) if, for each member of the Group, the aggregate amount of financial indebtedness or commitment for financial indebtedness falling within paragraphs (i) to (iv) below exceeds a total of USD 10 million - or the equivalent thereof in other currencies;

(i) any financial indebtedness of, or guaranteed by it, is not paid when due nor within any originally applicable grace period,

(ii) any financial indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described),

(iii) any commitment for any financial indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described), or

(iv) any creditor becomes entitled to declare any financial indebtedness of due to and payable prior to its specified maturity as a result of an event of default (however described),

(d) if, for any member of the Group;

(i) it is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness,

(ii) the value of the assets is less than its liabilities,

(iii) a moratorium is declared in respect of the Borrower by a court of competent jurisdiction, or

(iv) a substantial part of its assets are seized, impounded, confiscated or subject to distraint.

(e) if, for any member of the Group; any corporate action, legal proceedings or other procedure or step (or any analogous procedure or step is taken in any jurisdiction) is taken in relation to;

(i) the suspension of payments, a moratorium is declared in respect of the Borrower by a court of competent jurisdiction of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than solvent liquidation or reorganisation,

(ii) a composition, compromise, assignment or arrangement with any creditor, having an adverse effect on the Borrower's ability to perform its payment obligations hereunder,

(iii) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or

(iv) enforcement of any security over any of its assets,

(f) any representation or statement made or deemed to be made by the Borrower in the Finance Documents or any other document delivered by or on behalf of any Borrower under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

18.2 In the event that one or more of the circumstances mentioned in Clause 18.1 occurs and is continuing, the Loan Trustee can, in order to protect the interests of the Bondholders, declare the entire Remaining Loan including accrued interest and expenses to be in default and due for immediate payment. The Loan Trustee may at his discretion, on behalf of the Bondholders, take every measure necessary to recover the Loan, and all other amounts outstanding under the Loan Agreement.

18.3 In the event that one or more of the circumstances mentioned in Clause 18.1 occurs and is continuing, the Loan Trustee shall declare the entire Remaining Loan including accrued interest and costs to be in default and due for payment if:

(a) the Loan Trustee receives a demand in writing with respect to the above from Bondholders representing at least 1/5 of the Outstanding Loan, and a Bondholders' meeting has been held to consider the specific Event of Default and such meeting did not decide on other solutions, or

(b) the Bondholders' meeting has decided to declare the Loan in default and due for payment.

In either case the Loan Trustee shall on behalf of the Bondholders take every reasonable measure necessary to recover the Remaining Loan. The Loan Trustee can request satisfactory security for anticipated expenses from those Bondholders who requested that the declaration of default be made pursuant to Clause 18.3 (a) above and/or those who voted in favour of the decision pursuant to Clause 18.3 (b) above.

18.4 In the event that the Loan Trustee pursuant to the terms of Clauses 18.2 or 18.3 declares the Loan to be in default and due for payment, the Loan Trustee shall immediately deliver to the Borrower a notice demanding the repayment of the Loan including accrued interest and any other amount due and payable pursuant to this Loan Agreement.

18.5 The individual Bondholder cannot of his own accord recover his bond(s) directly from the Borrower.

19 Authority of the Bondholders' meeting and the Loan Trustee

19.1 To the extent creditor's approval is required hereunder, the Bondholders' meeting may make decisions in all questions concerning the Loan, including, but not limited to:

(a) change of Loan Trustee,

(b) change of Borrower,

(c) changes to the Loan Agreement regarding interest, payment, maturity or other conditions,

(d) changes in the Borrower's corporate structure, such as mergers, reorganization, capital reduction or conversion,

(e) approve the sale or other transactions concerning the Borrower's assets or security for the Loan,

(f) declaring the Loan to be repayable due to an Event of Default.

The Bondholders' meeting may attach conditions to its decisions.

The Bondholders' meeting cannot make decisions that may give certain Bondholders an unreasonable advantage at the expense of other Bondholders.

19.2 The Loan Trustee can, subject as aforesaid, on its own make a decision as mentioned in Clause 19.1 (d) and (e), provided that:

(a) the changes are not, in the reasonable opinion of the Loan Trustee, of significant importance for the fulfillment of the Loan Agreement, or

(b) any security or other arrangements provided by the Borrower in connection with such changes, offers, in reasonable opinion of the Loan Trustee, adequate security for the fulfillment of the Loan Agreement.

The Loan Trustee can make a decision regarding other changes in the Loan Agreement as mentioned in Clause 19.1 (c), provided that the matters in question are, in the reasonable opinion of the Loan Trustee, of minor importance to the Bondholders' financial and legal rights in the Loan. Before such a decision is made, the Bondholders shall be notified in writing through the Securities Depository. The notification shall clearly describe the proposal and the opinion of the Loan Trustee of it, and shall also inform that the proposal cannot be approved by the Loan Trustee alone, if any Bondholders holding in aggregate not less than 1/10 of the Outstanding Loan submits a written protest against the proposal, and such protest is dispatched within a time limit which shall not be shorter than five (5) Banking Days from the delivery of the notification.

The Loan Trustee may attach conditions to its decision.

The Loan Trustee cannot make a decision under the Loan Agreement that is liable to give certain Bondholders unreasonable advantages at the expense of other Bondholders.

19.3 The Loan Trustee is free to submit any question to the Bondholders' meeting.

19.4 The Loan Trustee has the right and obligation to implement all decisions validly made at the Bondholders' meeting.

19.5 The Borrower, the Bondholders and if the Loan is listed the Exchange shall be notified of decisions made in accordance with Clauses 19.1 and 19.2 as soon as possible and in a suitable manner.

20 Procedural rules

20.1 A Bondholders' meeting shall be held at the request of:

(a) the Borrower,

(b) Bondholders representing at least 1/10 of the Outstanding Loan or

(c) the Exchange (if the Loan is listed) or

(d) the Loan Trustee.

Any request for a Bondholders' meeting shall be made in writing to the Loan Trustee and clearly state the matters to be discussed and the provisions of this Loan Agreement on which the request is based. The Loan Trustee shall immediately inform the Borrower of any request made for a Bondholders' meeting.

20.2 The Bondholders' meeting shall be summoned by the Loan Trustee pursuant to the provisions of Clause 20.3. Simultaneously with the decision to summon the Bondholders' meeting, the Loan Trustee can demand that the Borrower does not increase the Outstanding Loan and the Borrower hereby agrees to adhere to such demand by the Loan Trustee.

If the Loan Trustee has not complied with a valid request for a Bondholders' meeting as set forth in Clause 20.1 within five (5) Banking Days after having received such request, then the Borrower and the relevant Bondholder(s) and if the Loan is listed the Exchange have the right themselves to summon the meeting pursuant to the provisions of Clause 20.3.

20.3 The summons to a Bondholders' meeting shall be dispatched and if necessary notified at the latest ten (10) Banking Days before the date of the meeting.

The summons shall be effected by written notification through the Securities Depository to every Bondholder with known place of residence and if the Loan is listed the Exchange for publication. The notification through the Securities Depository shall also state the number of Bonds in the Loan (print-out) owned by the Bondholder in question at the time the print-out is made.

The summons shall clearly state the matters to be discussed at the Bondholders' meeting, and the provisions of this Loan Agreement on which the request is based and inform that the relevant documents are available from the Loan Trustee, the Borrower or at such other place as stated in the summons. If any change of the Loan Agreement has been proposed, the main content of the proposal shall be stated in the summons.

The meeting can only make decisions regarding the matters which were stated in the summons, unless all the Bondholders in the Outstanding Loan agree otherwise subject to the provisions hereof.

If in order to make a valid decision it is necessary, pursuant to Clause 21, to hold a new Bondholders' meeting and discuss the matter a second time, such new Bondholders' meeting cannot be summoned before the first meeting has been held. The summons to the second meeting shall inform of the turnout and result of the vote at the first Bondholders' meeting.

20.4 The meeting shall be held at the premises of the Loan Trustee or at premises designated by the Loan Trustee.

The meeting shall be presided over by the Loan Trustee, unless the Bondholders' meeting decides otherwise. If the Loan Trustee is not present, the meeting shall be presided over by a Bondholder or representative of the Bondholders, elected by the Bondholders.

The minutes of the meeting shall be kept, showing the Bondholders present personally or by proxy as well as how many votes each Bondholder can cast. Further, the decisions made at the meeting, as well as the result of the vote, shall be recorded. The minutes shall be signed by the chairman and two Bondholders or proxies. The minutes shall be kept in a safe manner by the Loan Trustee, and shall be available to the Bondholders.

20.5 Bondholders, the Borrower, the Loan Trustee and if the Loan is listed the Exchange have the right to attend the Bondholders' meeting. The Bondholders' meeting can grant entrance to the meeting to other parties. The participants at the meeting have the right to meet with an advisor and/or by proxy.

20.6 At the Bondholders' meeting each Bondholder has one vote for each Bond he owns. The notification of the number of Bonds in the Loan (print-out) which was sent to each Bondholder through the Securities Depository in the summons to the meeting, see Clause 20.3, serves as proof of ownership of the Bonds and of each owner's right to vote. In the event that Bonds have been transferred after the print-out was made, the new Bondholder must bring to the meeting the original summons and the print-out, endorsed so as to document the transfer.

The Borrower's Bonds do not give the right to vote and are not taken into account when determining the number of voting Bonds.

In case of doubt, the Bondholders' meeting decides which Bondholders can vote and how many votes each one has.

20.7 In order for the Bondholders' meeting to be able to make valid decisions, Bondholders representing at least 5/10 of the Outstanding Loan must be represented, see however Clausel 8.

Valid decisions may be made by a simple majority unless otherwise is required pursuant to Clause 20.8.

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20.8 In the following matters a majority of 2/3 of the Bonds represented at the meeting must vote in favour of the decision:

(a) change of bondholders' representative,

(b) change of borrower,

(c) changes in the Loan Agreement's conditions, including interest, maturity, term and security/collateral, or

(d) corporate or business changes in the Borrower which are of significant importance for the fulfilment of the Loan Agreement.

20.9 In all matters where unanimity is not attained, the voting shall be in writing and the number of votes shall be recorded in the minutes of the meeting. In the case of a tie in the votes, the matter shall be decided by the chairman, even if he is not a Bondholder or proxy.

Decisions made at a Bondholders' meeting which entail changes to the Loan Agreement shall be attached to the Loan Agreement in the form of a certified copy of the minutes of the meeting.

21 Repeated Bondholders' meeting

21.1 In the event that less than 5/10 of the Outstanding Loan are represented, a valid decision may not be made at the first Bondholders' meeting at which the matter is discussed. After a new meeting has been summoned and the matter discussed a second time, a valid decision may be made pursuant to the voting rules set forth above; this also applies to cases in which less than 5/10 of the Outstanding Loan are represented at the second Bondholders' meeting.

22 Change of Loan Trustee

22.1 In the event that the Borrower or Bondholders in accordance with Clause 20.1 (b) wish to replace the Loan Trustee, or a change of Loan Trustee is necessary according to law, regulation or ordinance, or the Loan Trustee has requested such change, the Loan Trustee shall immediately summon a Bondholders' meeting to discuss the matter.

The Loan Trustee shall put before the Bondholders' meeting a proposal for a new loan trustee. The bondholders, the Borrower and the Exchange if the Loan is listed can submit proposals.

The Bondholders and the Exchange if the Loan is listed shall after the Bondholders' meeting, be notified of the decision and the date on which the change of loan trustee becomes effective.

22.2 The Loan Trustee shall act as Loan Trustee until a new loan trustee has been elected. In the event that the Loan Trustee does not act properly and the interests of the bondholders suffer, the Exchange may appoint a temporary loan trustee. The cost of the temporary loan trustee shall be covered by the Borrower pursuant to Clause 17.4, but may be recovered wholly or in part from the former loan trustee if the change is due to breach of the loan trustee's duties under the Loan Agreement, or other circumstances for which the loan trustee is responsible.

22.3 The Loan Trustee shall co-operate so that the new loan trustee is given, without undue delay after the Bondholders' meeting, the documents and information necessary to perform his functions and duties under the Loan Agreement. The Loan Trustee shall provide a summary of the following up of conditions of the Loan Agreement.

23 Limitation

23.1 Claims for interest and principal shall be limited in time pursuant to the Norwegian Act relating to the Limitation Period for Claims of May 18, 1979 nr. 18.

24 Dispute resolution and legal venue

24.1 Disputes arising out of or in connection with the Loan Agreement which are not resolved amicably, shall be resolved in accordance with Norwegian law and in the Norwegian courts.

24.2 Legal suits shall be served at the competent legal venue of the Loan Trustee.

25 Eligible purchasers and transfer restrictions

25.1 The Bonds are not being offered to and may not be purchased by investors located in the United States except for "Qualified Institutional Buyers" (QIBs) within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended ("Securities Act"). In addition to the Subscription Agreement that each investor will be required to execute, each U.S. investor that wishes to purchase Bonds will be required to execute and deliver to the Issuer a certification in a form to be provided by the Borrower stating, among other things, that the investor is a QIB. The Bonds may not be purchased by, or for the benefit of, persons resident in Canada.

25.2 Bondholders located in the United States will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the Securities Act in a transaction on the Oslo Børs, and (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available).

The Bonds cannot be sold in Canada, to residents of Canada, or through the facilities of the Toronto Stock Exchange, except pursuant to applicable securities laws. After four months plus one (1) day from the issuance of the Bonds, the underlying Shares (upon due conversion in accordance with the terms of this Loan Agreement) will be freely tradable in Canada. The Bonds, and the underlying Shares will therefore be subject to such transfer and ownership limitations and will bear legends reflecting the same.

26 Miscellaneous

26.1 *Notices*

Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by transmittal by telecopy or facsimile addressed to the respective parties as follows:

To the Borrower:

Petrobank Energy and Resources Ltd..
2600, 240 – 4th Avenue SW
Calgary, Alberta
T2P 4H4

Attention:	Chief Financial Officer, Chief Executive Officer, and VP Finance
Facsimile:	+1403 266 5794

with a copy, in the case of each demand, notice or communication to the Borrower to:

McCarthy Tetrault LLP
3300, 421 7th Avenue SW
Calgary, Alberta
T2P 4K9

Attention:	Andrew Grasby/Dan Sears
Facsimile:	+1403 260 3501

To the Loan Trustee:

Norsk Tillitmann ASA
Haakon VII gate 1
0161 Oslo
Norway

Attention:	Ola Nygård
Facsimile:	+47 22 87 94 10

To the Bondholders:

To the relevant Paying Agent engaged by the Borrower from time to time, currently being Nordea Bank Norge ASA

To the Paying Agent:

Nordea Bank Norge ASA,
Securities Services, Issuer Services
Essendropsgate 7
NO-0368 Oslo
Norway

Attention:	Ellen S. Mathisen/Andreas Rindal
Facsimile:	+47 22 48 44 44

or to such other address, telecopy or facsimile number as any party may from time to time notify the other in accordance with this Clause. Any demand, notice or communication made or given by personal delivery or by telecopier or facsimile during normal business hours at the place of receipt on a Banking Day shall be conclusively deemed to have been made or given at the time of actual delivery or transmittal, as the case may be, on such Banking Day. Any demand, notice or communication made or given by personal delivery or by telecopier or facsimile after normal business hours at the place of receipt or otherwise than on a Banking Day shall be conclusively deemed to have been made or given at 9:00 a.m.CET on the first Banking Day following actual delivery or transmittal, as the case may be.

26.2 *Whole agreement*

This Agreement and the other Finance Documents constitute the whole and entire agreement between the parties hereto (including the Bondholders) regarding the subject matter hereof and thereof and cancel and supersede any prior agreements, undertakings, declarations, commitments, representations, written or oral, in respect thereof.

26.3 *Counterparts*

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of manually executed counterpart of this Agreement.

Calgary/Oslo, 2 May 2007

Petrobank Energy and Resources Ltd.
Borrower

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Norsk Tillitsmann ASA
Loan Trustee

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