THIRD AMENDED AND RESTATED CREDIT AGREEMENT

made among:

SURGE ENERGY INC.

as Borrower

- and -

NATIONAL BANK FINANCIAL

as Sole Lead Arranger and Sole Book Runner

- and -

NATIONAL BANK OF CANADA

as Operating Lender, Lender and Administrative Agent

- and –

THE BANK OF NOVA SCOTIA

as Syndication Agent

- and –

ALBERTA TREASURY BRANCHES

as Documentation Agent

- and -

THOSE OTHER FINANCIAL INSTITUTIONS WHICH

HEREAFTER BECOME LENDERS

UNDER THIS AGREEMENT

CREDIT AGREEMENT

November 30, 2017

TABLE OF CONTENTS

Page

ARTICLE 1
INTERPRETATION 2

1.1 Definitions 2
1.2 Headings 29
1.3 Subdivisions 29
1.4 Number 30
1.5 Statutes, Regulations and Rules 30
1.6 Monetary References 30
1.7 Time 30
1.8 Governing Law 30
1.9 Enurement 30
1.10 Amendments 30
1.11 No Waiver 30
1.12 Severability 31
1.13 Inconsistency 31
1.14 Accounting Terms and Principles 31
1.15 Schedules 32

ARTICLE 2
CONDITIONS PRECEDENT TO EFFECTIVENESS/DELIVERIES ON CLOSING DATE 32

2.1 Deliveries On Closing Date 32
2.2 Outstanding Advances 33

ARTICLE 3
CREDIT FACILITIES 33

3.1 Establishment of Credit Facilities 33
3.2 Operating Loan Facility 33
3.3 Committed Revolving Term Facility 34
3.4 Swap Facilities 34
3.5 Credit Card Facility 35
3.6 Outstanding Principal 35
3.7 Repayment 37
3.8 General Right to Prepay and Cancel 41
3.9 Use of Proceeds 42
3.10 Types of Accommodation 42
3.11 Interest and Fees 43
3.12 Borrowing Base 44

ARTICLE 4
SECURITY 46

4.1 Security 46

TABLE OF CONTENTS
(continued)

Page

4.2 Sharing of Security 47
4.3 Exclusivity of Remedies 48
4.4 Form of Security 48
4.5 After-Acquired Property 48
4.6 Undertaking to Grant Fixed Charge Security 48
4.7 Registration of Security 49
4.8 Discharge of Security 49
4.9 Permitted Liens 50
4.10 Swap Indebtedness 50

ARTICLE 5
FUNDING AND OTHER MECHANICS 51

5.1 Funding of Accommodations 51
5.2 Notice Provisions for Credit Facilities 53
5.3 Irrevocability 54
5.4 Rollover or Conversion of Accommodations for Credit Facilities 54
5.5 Agent's Obligations for Committed Revolving Term Facility 55
5.6 Lenders' Obligations under the Committed Revolving Term Facility 55
5.7 Operating Lender's Obligation under the Operating Loan Facility 56

ARTICLE 6
CONDITIONS PRECEDENT TO EFFECTIVENESS 56

6.1 Conditions Precedent to Drawdown 56
6.2 Waiver of Conditions Precedent 57

ARTICLE 7
HOSTILE ACQUISITIONS 57

7.1 Hostile Acquisitions 57
7.2 Adjustment of Rateable Portion 57
7.3 Subsequent Drawdowns 58
7.4 Prepayment 58

ARTICLE 8
CALCULATION OF INTEREST AND FEES 58

8.1 Records 58
8.2 Calculation and Payment of Interest and Fees 59
8.3 Interest on Overdue Amounts 59
8.4 Maximum Rate of Return 60
8.5 Waiver of *Judgment Interest Act* (Alberta) 60
8.6 Deemed Reinvestment Not Applicable 60

TABLE OF CONTENTS
(continued)

Page

ARTICLE 9
BANKERS' ACCEPTANCES 60

9.1 Bankers' Acceptances 60
9.2 Form and Execution of Bankers' Acceptances 60
9.3 Power of Attorney; Provision of Bankers' Acceptances to Lenders 61
9.4 Mechanics of Issuance 63
9.5 Rollover, Conversion or Payment on Maturity 64
9.6 Restriction on Rollovers and Conversions 65
9.7 Rollovers 65
9.8 Conversion into Bankers' Acceptances 65
9.9 Conversion from Bankers' Acceptances 66
9.10 BA Equivalent Loan 66
9.11 Termination of Bankers' Acceptances 66

ARTICLE 10
LETTERS OF CREDIT 67

10.1 General 67

ARTICLE 11
CHANGE OF CIRCUMSTANCES 69

11.1 Increased Costs 69
11.2 Illegality 71
11.3 Market Disruption 72
11.4 Replacement Lender 73
11.5 Defaulting Lender 74

ARTICLE 12
FEES AND EXPENSES 76

12.1 Commitment Fee 76
12.2 Agency Fee 76
12.3 Standby Fees 76
12.4 Renewal, Extension and Arrangement Fees 76
12.5 Expenses 76

ARTICLE 13
REPRESENTATIONS AND WARRANTIES OF THE BORROWER 76

13.1 Representations and Warranties 76
13.2 Acknowledgement 81
13.3 Survival and Inclusion 81

ARTICLE 14
COVENANTS OF THE BORROWER 81

TABLE OF CONTENTS
(continued)

Page

14.1 Affirmative Covenants 81
14.2 Negative Covenants 87

ARTICLE 15
REORGANIZATION 91

15.1 Reorganization 91
15.2 Formation of Subsidiaries 92

ARTICLE 16
EVENTS OF DEFAULT 93

16.1 Event of Default 93
16.2 Remedies 96
16.3 Right of Set-Off 96
16.4 Waivers 97
16.5 Deposit of Cash Upon Event of Default 97
16.6 Adjustments 97

ARTICLE 17
CONFIDENTIALITY 98

17.1 Non-Disclosure 98
17.2 Exceptions 98
17.3 Permitted Disclosures by the Agent or the Lenders 98
17.4 Survival 99

ARTICLE 18
ASSIGNMENT 99

18.1 Assignment and Participation Prior to Default 99
18.2 Assignment After Event of Default 100
18.3 Assignment by Borrower 100

ARTICLE 19
ADMINISTRATION OF THE CREDIT FACILITIES 100

19.1 Authorization and Action 100
19.2 Procedure for Making Advances 101
19.3 Remittance of Payments 102
19.4 Redistribution of Payment 102
19.5 Duties and Obligations 103
19.6 Prompt Notice to the Lenders 104
19.7 Agent and Agent Authority 104
19.8 Lenders' Credit Decisions 105
19.9 Indemnification 105
19.10 Successor Agent 105

TABLE OF CONTENTS
(continued)

Page

19.11 Taking and Enforcement of Remedies 106
19.12 Reliance Upon Agent 106
19.13 Agent May Perform Covenants 107
19.14 No Liability of Agent 107
19.15 Nature of Obligations under this Agreement 107
19.16 Unanimity 107
19.17 Article for Benefit of Agent and Lenders 108

ARTICLE 20
MISCELLANEOUS 108

20.1 Notices 108
20.2 No Partnership, Joint Venture or Agency 109
20.3 General Indemnity 110
20.4 Currency Indemnity 110
20.5 Further Assurances 111
20.6 Waiver of Law and Consequential Damages 111
20.7 Attornment and Waiver of Jury Trial 111
20.8 Interest on Payments Not Otherwise Covered Herein 111
20.9 Payments Due on Banking Day 112
20.10 Application of Proceeds 112
20.11 Anti-Money Laundering Legislation 113
20.12 USA Patriot Act Notice 114
20.13 Authorization Regarding Instructions Sent Electronically 114
20.14 Whole Agreement 114
20.15 Conflicting Provisions 114
20.16 Counterparts 115
20.17 Entire Agreement 115
20.18 Amendment and Restatement 115
20.19 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. 115

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS AGREEMENT made as of the 30th day of November, 2017,

AMONG:

SURGE ENERGY INC.
as Borrower

- and -

NATIONAL BANK FINANCIAL
as Sole Lead Arranger and Sole Book Runner

- and -

NATIONAL BANK OF CANADA
as Operating Lender, Lender and Administrative Agent

- and -

THE BANK OF NOVA SCOTIA
as Syndication Agent

- and -

ALBERTA TREASURY BRANCHES
as Documentation Agent

- and -

THOSE OTHER FINANCIAL INSTITUTIONS WHICH ARE OR HEREAFTER BECOME LENDERS UNDER THIS AGREEMENT

THIS THIRD AMENDED AND RESTATED CREDIT AGREEMENT is dated as of November 30, 2017 and is entered into among Surge Energy Inc., as Borrower, the Lenders from time to time parties hereto, as Lenders, and National Bank of Canada, as Agent.

WHEREAS the Borrower, the Lenders from time to time parties thereto and the Agent are parties to a second amended and restated credit agreement, dated as of June 5, 2014, as amended March 18, 2015, June 15, 2015, November 6, 2015, March 24, 2016, May 26, 2016, June 16, 2016, June 29, 2016, July 20, 2016, September 19, 2016, November 30, 2016 and April 17, 2017 (collectively, the "**Prior Credit Agreement**").

AND WHEREAS the Borrower, the Lenders under the Prior Credit Agreement and the Agent wish to amend and restate the Prior Credit Agreement on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, the Borrower and the Lenders agree that, as of the Effective Date, the Prior Credit Agreement is amended and restated in its entirety as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

As used in this Agreement, the following terms have the meanings specified below:

"**Accommodation**" means an accommodation referred to in Section 3.10.

"**Additional Compensation**" has the meaning attributed to it in Section 11.1(a).

"**Advance**" means, with respect to a Drawdown, Rollover or Conversion:

(a) in respect of Accommodations other than Bankers' Acceptances or Letters of Credit, the disbursement or credit of funds to, or to the credit of, the Borrower;

(b) in respect of Bankers' Acceptances, the acceptance by the Lenders of drafts issued under this Agreement by the Borrower; and the disbursement of the Net Proceeds to the Borrower as provided hereunder; or

(c) in respect of Letters of Credit, the issuance of Letters of Credit.

"**Affiliate**" means, in relation to any corporation (the "first corporation"), another corporation (i) which is a Subsidiary of the first corporation, (ii) of which the first corporation is a Subsidiary or (iii) which is a Subsidiary of a corporation of which the first corporation is also a Subsidiary.

"**After-Acquired Property**" has the meaning attributed to it in Section 4.5.

"**Agent**" means initially National Bank or any successor to National Bank appointed as administrative agent pursuant to Section 19.10.

"**Aggregate Principal Amount**" means the aggregate of the Principal Amount outstanding from time to time under all of the Credit Facilities, or any one or more of the Credit Facilities, as the context so requires, including the face amount of all unmatured Bankers' Acceptances and outstanding Letters of Credit issued thereunder (including obligations under any Mastercard facility).

"**Agreement**" or "**this Agreement**" means this Third Amended and Restated Credit Agreement, inclusive of all Schedules, as amended, confirmed, replaced or restated from time to time and "hereto", "hereof", "herein", "hereby" and "hereunder", and similar expressions mean and refer to the Agreement and, unless the context otherwise requires, not to any particular Article, Section, subsection, paragraph or other subdivision thereof.

"**Assignment and Assumption Agreement**" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Article 18), and accepted by the Agent, in the form approved by the Agent.

"**Available Cash Flow**" means for any period:

(a) the aggregate revenue of the Borrower and the Material Subsidiaries taken as a whole from operations (including all net proceeds of dispositions) for such period;

less

(b) royalties (net of any Government Assistance received) and other contractual obligations, the payment of which and compliance with which are necessary to preserve and maintain its consolidated P&NG Rights for such period; and

(c) its reasonable general and administrative and operating expenses for such period, including debt service but excluding any non-cash items; and

(d) Cash Taxes applicable to such period; and

(e) any mandatory capital expenditure requirements, agreed to by all of the Lenders in writing, as provided in the then most current independently prepared economic reserve and evaluation report applicable to the Borrower's consolidated P&NG Rights or which the Borrower has legally committed to make prior to being notified by the Agent of a Borrowing Base Shortfall.

"**Average Daily Production**" means the average daily petroleum and natural gas production (net of royalties) of the Borrower and Material Subsidiaries, taken as a whole, for the most recent month's production (as evidenced by the Borrower) immediately preceding the entering into of a Commodity Swap Contract by the Borrower or a Material Subsidiary subject to adjustments, as agreed to by the Agent acting reasonably, for acquisitions and dispositions of petroleum and natural gas reserves by the Borrower and the Material Subsidiary in the immediately preceding month in which the Commodity Swap Contract is entered into and during such immediately preceding fiscal month.

"**BA Discount Rate**" means:

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

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

(i) the Discount Rate then applicable to bankers' acceptances accepted by such Schedule II Lender or Schedule III Lender; and

(ii) the CDOR Rate plus [redacted]% per annum,

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

(c) in relation to a BA Equivalent Loan:

(i) made by a Schedule I Lender, the CDOR Rate;

(ii) made by a Schedule II Lender or Schedule III Lender, the rate determined in accordance with subparagraph (b) of this definition; and

(iii) made by any other Lender (other than Alberta Treasury Branches), the CDOR Rate plus [redacted]% per annum.

"**BA Equivalent Loan**" means Canadian Dollar Accommodations made pursuant to Section 9.10.

"**BA Maturity Date**" means the date on which a Bankers' Acceptance matures, or the date on which a BA Equivalent Loan becomes due and payable.

"**Bail-In Action**" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"***Bank Act* (Canada)**" means the Bank Act, S.C. 1991, c. 46 including the regulations made and, from time to time, in force under that Act.

"**Bankers' Acceptance**" means drafts or bills of exchange in Canadian Dollars drawn by the Borrower and accepted by a Lender pursuant to the Agreement, or depository bills as defined in the *Depository Bills and Notes Act* (Canada) in Canadian Dollars that are signed by the Borrower, made payable to CDS and accepted by a Lender pursuant to this Agreement.

"**Banking Day**" means a day on which banks are open for business in Montreal and Calgary, excluding Saturday and Sunday; and (i) where such term is used in the context of a USBR Loan, such day must also be a day on which banks are open for business in New York City and; (ii) where such term is used in the context of a LIBOR Loan, such day must also be a day on which banks are open for business in New York City and London, England.

"***Bankruptcy and Insolvency Act* (Canada)**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, including the regulations made and, from time to time, in force under that Act.

"**Bankruptcy Event**" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Agent,

has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, as long as such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within Canada or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"**Basis Point**" or "**bps**" means one one-hundredth of 1%.

"**Borrower**" means Surge Energy Inc. and its successors and permitted assigns.

"**Borrower's Account**" means one or more current accounts maintained by the Borrower at a branch of the Agent or such other account as may be agreed to by the Agent and the Borrower.

"**Borrower's Counsel**" means McCarthy Tetrault LLP, or another barrister or solicitor or firm of barristers and solicitors or other lawyers in an appropriate jurisdiction retained by the Borrower and the Material Subsidiaries.

"**Borrowing Base**" means, initially, the amount set forth in Section 3.12(a), and thereafter, the amount determined or redetermined by the Lenders in their absolute discretion from time to time in accordance with Section 3.12(b), taking into consideration such factors as each Lender determines relevant, including the estimated future net revenue after income tax from the oil and gas properties of the Borrower and any Material Subsidiary from time to time (in each case, after taking into account any Hedging Agreements to which any of them is a party and any royalties or other burdens applicable to such oil and gas properties) using each Lender's then current projections of oil and gas prices and direct operating and capital costs and other assumptions affecting such estimated future net revenue in accordance with its customary practice for oil and gas revolving loans.

"**Borrowing Base Date**" has the meaning attributed to it in Section 3.12(a).

"**Borrowing Base Properties**" means the Proved Producing Properties, Proved Non-Producing Properties and related facilities of the Borrower or any Material Subsidiary which are given lending value in determining the Borrowing Base and identified as such, from time to time, to the Borrower by the Agent.

"**Borrowing Base Shortfall**" means at any time, that amount, if any, by which the Aggregate Principal Amount of the Credit Facilities exceeds the Borrowing Base.

"***Business Corporations Act* (Alberta)**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended from time to time, including the regulations made, from time to time, under that Act.

"**Canadian Dollars**" or "**Canadian $**" or "**Cdn. $**" or "**$**" each means such currency of Canada which, as at the time of payment or determination, is legal tender in Canada for the payment of public or private debts.

"**Canadian Prime Rate**" means the variable rate of interest quoted by the Agent, as applicable, from time to time as the reference rate of interest which it employs to determine the interest rate it will charge for demand loans in Canadian Dollars to its customers in Canada and which it designates as its prime rate. Notwithstanding the foregoing, if the Canadian Prime Rate is determined to be less than zero, the Canadian Prime Rate shall be deemed to be zero.

"**Canadian Prime Rate Loan**" means, on any day, the annual rate of interest equal to the greater of: (i) the annual rate of interest announced by the Agent and in effect as its prime rate at its principal office in Montreal, Quebec on such day for determining interest rates on Canadian Dollar denominated commercial loans in Canada, and (ii) the annual rate of interest equal to the sum of (A) the one month CDOR Rate in effect on such day, plus (B) [redacted]%.

"**Capital Lease**" means, with respect to any Person, any lease or other arrangement relating to real or personal property which should, in accordance with IFRS, be accounted for as a capital lease on a balance sheet of such Person but excluding any lease that would in accordance with IFRS be determined to be an operating lease.

"**Cash Collateral Account**" means an account with the Agent or such institution as may be designated by the Agent from which neither the Borrower nor any Affiliates thereof have any withdrawal rights or privileges, and which account and all funds credited thereto and interest thereon shall be subject to a first fixed security interest in favor of the Agent on behalf of the Operating Lender, the Lenders and, if applicable, the Swap Lenders.

"**Cash Management Arrangements**" means any arrangement entered into or to be entered into by the Borrower or any Material Subsidiary with the Operating Lender for the purpose of creating secured centralized operating accounts for the Borrower and any Material Subsidiaries and providing for automated clearing house transactions, controlled disbursement services, treasury, depository, overdraft and electronic funds transfer services, foreign exchange facilities, currency exchange transactions or agreements and options with respect thereto, credit card processing services, credit or debit cards or purchase cards.

"**Cash Management Obligations**" means any and all obligations of the Borrower and any Material Subsidiary under any Cash Management Arrangements.

"**Cash Taxes**" means, for any period, the sum of the provisions for income and other taxes less the provision for future income taxes as reported on the consolidated statement of earnings for the applicable period.

"**CDOR Rate**" means, on any date when Bankers' Acceptances are to be issued pursuant hereto, the arithmetic average of the annual yield rates applicable to Canadian Dollar bankers' acceptances having identical issue and comparable maturity dates as the Bankers' Acceptances proposed to be issued by the Borrower displayed and identified as such on the display referred to as the "CDOR Page" (or any display substituted therefor) of Reuters Limited (or any successor thereto or Affiliate thereof) as at approximately 10:00 a.m. (Toronto time) on such day, or if such day is not a Banking Day, then on the immediately preceding Banking Day (as adjusted by the Agent in good faith after 10:00 a.m. (Toronto time) to reflect any error in a posted rate or in the posted average annual rate); provided, however, if such a rate does not appear on such CDOR

Page, then the CDOR Rate, on any day, shall be the Discount Rate quoted by the Agent (determined as of 10:00 a.m. (Toronto time) on such day) which would be applicable in respect of an issue of bankers' acceptances in a comparable amount and with comparable maturity dates to the Bankers' Acceptances proposed to be issued by the Borrower on such day, or if such day is not a Banking Day, then on the immediately preceding Banking Day. Notwithstanding the foregoing, if the CDOR Rate is determined to be less than zero, the CDOR Rate shall be deemed to be zero.

"**CDS**" means The Canadian Depository for Securities Ltd. or its nominee CDS & Co.

"**Change of Control**" means:

(a) if, after the Closing Date, any Person, other than the Borrower or a Material Subsidiary, acquires, directly or indirectly, alone or in concert with other Persons, over a period of time or at any one time, Voting Securities in the capital of the Borrower aggregating in excess of 50% of all of the then issued and outstanding Voting Securities of the Borrower;

(b) the Borrower ceases to own, control or direct 100% of the Voting Securities of a Material Subsidiary;

(c) if, after the Closing Date, Continuing Directors cease to constitute a majority of the board of directors of the Borrower; or

(d) if, at any time, the Borrower sells or otherwise disposes of all or substantially all of its assets, provided that no Change of Control shall be deemed to occur under this clause (d) where such a sale or other disposition results in the holders of Voting Securities of the Borrower prior to such sale or disposition holding not less than 50% of the Voting Securities in the entity which acquires such assets immediately following completion of such sale or disposition, it being understood and agreed that such entity will be subject to all terms and conditions applicable to Material Subsidiaries hereunder.

"**Closing Certificate**" means the certificate of the Borrower and each Material Subsidiary substantially in the forms of Schedule C with the blanks completed.

"**Closing Date**" means November 30, 2017 or such other date agreed upon in writing between the Borrower and the Agent.

"**Closing Opinion**" means the opinion(s) of the Borrower's Counsel regarding the Borrower and the Material Subsidiaries and with respect to Canadian legal and jurisdictional matters addressed to the Lenders and its legal counsel, in form and substance satisfactory to the Agent, acting reasonably.

"**Commitment**" means, with respect to each Lender, the commitment(s) of such Lender to make Loans hereunder, as such commitments may be reduced from time to time pursuant to Section 3.7, and as such commitments may be reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 18.1. The initial amount(s) of each

Lender's Commitment(s) are set forth on Schedule A, or in the Assignment and Assumption Agreement pursuant to which such Lender shall have assumed its Commitment(s), as applicable. The aggregate amount of the Commitments as of the Closing Date is $305,000,000.

"**Committed Lenders**" means, as of the Closing Date, National Bank of Canada, Canadian Imperial Bank of Commerce, The Bank of Nova Scotia, Bank of Montreal, The Toronto-Dominion Bank, Alberta Treasury Branches, HSBC Bank Canada, Business Development Bank Canada, Wells Fargo Bank, N.A., Canadian Branch and Goldman Sachs Lending Partners LLC and thereafter each lender which may become a Party to this Agreement, and who has agreed to extend a Committed Revolving Term Facility Commitment under the Committed Revolving Term Facility by executing and delivering to the Agent and to the Borrower an Instrument of Adhesion, and each of their respective successors and permitted assigns, and "**Committed Lender**" means any one of them in such capacity.

"**Committed Revolving Term Facility**" means the revolving term facility established in favour of the Borrower pursuant to Section 3.3.

"**Committed Revolving Term Facility Commitment**" means, in relation to a Committed Lender, the maximum principal amount such Committed Lender has agreed to make available to the Borrower under the Committed Revolving Term Facility as set forth in Schedule A, subject to reduction, adjustment, cancellation or termination pursuant to the terms hereof.

"**Commodity Swap Contracts**" means an agreement, whether in the form of an ISDA Master Agreement, futures contract, a swap, a written put, a written call or otherwise and whether or not such agreement contemplates physical delivery of commodities or is considered "financial", which agreement is entered into for managing, mitigating or eliminating risks relating to commodity price fluctuations.

"***Companies' Creditors Arrangement Act* (Canada)**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C 36, including the regulations made and, from time to time, in force under that Act.

"**Compliance Certificate**" means the certificate of the Borrower substantially in the form of Schedule I with the blanks completed.

"**Contaminants**" means those substances, pollutants, wastes and special wastes which are defined as contaminants, hazardous, toxic, or a threat to public health or to the Environment under any applicable Environmental Law, including any radioactive materials, urea formaldehyde foam insulation, asbestos or polychlorinated biphenyls (PCB's).

"**Continuing Directors**" means (i) members of the board of directors of the Borrower on the Closing Date ("**Existing Directors**"), and (ii) Persons that become members of the board of directors of the Borrower after the Closing Date that were nominated by a majority of Existing Directors (or by their successor nominees).

"**Conversion**" means in relation to an Advance, a conversion of an Advance into another type of Advance made pursuant to this Agreement.

"**Conversion Date**" means the date specified by the Borrower as being the date on which the Borrower has elected to convert, or this Agreement requires the conversion of, one type of Advance under a given Credit Facility into another type of Advance under the same Credit Facility and which shall be a Banking Day.

"**Convertible Debentures**" means the convertible debentures in the aggregate principal amount of Cdn. $44,500,000 issued by the Borrower on November 15, 2017 pursuant to the Convertible Debenture Indenture;

"**Convertible Debenture Documents**" means, collectively, the Convertible Debenture Indenture, all other indentures, guarantees, assignments, credit agreement, loan agreements or other similar agreements and other agreements provided in connection with the Convertible Debentures and all other agreements, instruments and other documents evidencing or governing or relating thereto.

"**Convertible Debenture Indenture**" means the debenture indenture dated as of November 15, 2017 made between the Borrower and Computershare Trust Company of Canada providing for the issue of the Convertible Debentures;

"**Convertible Debenture Obligations**" means, collectively, all of the present and future obligations, liabilities and indebtedness of the Borrower under, pursuant or relating to the Convertible Debentures and the Convertible Debenture Documents, including all loans thereunder and interest payable thereon.

"**Credit Facilities**" means the Committed Revolving Term Facility and the Operating Loan Facility.

"***Criminal Code* (Canada)**" means the *Criminal Code*, R.S.C. 1985, c. C 46, including the regulations made and, from time to time, in force under that Act.

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

"**Defaulting Lender**" means any Lender that (a) has failed, within two Banking Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to the Borrower any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Agent and the Borrower in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Agent and the Borrower in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) and generally under other agreements in which it commits to extend credit, (c) has failed, within two Banking Days after request by the Agent, acting in good faith, to provide a certification in writing from an authorized officer of such

Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Agent's receipt of such certification in form and substance satisfactory to the Agent, (d) has become the subject of a Bankruptcy Event, or (e) has, or has a Lender Parent that has, become the subject of a Bail-In Action.

"***Depository Bills and Notes Act* (Canada)**" or "**DBNA**" means the *Depository Bills and Notes Act* (Canada), S.C. 1998, c. 13, as amended from time to time, including the regulations made and, from time to time, in force under that Act.

"**Director**" means a director of the Borrower or a corporate Person, as applicable, and reference to action by the directors or board of directors when used with respect to the Borrower or such other corporate Person means action by the directors of the Borrower or such other corporate Person, as applicable, as a board or, whenever duly empowered, by an executive committee or any other duly authorized committee of the board.

"**Discount Proceeds**" means the net cash proceeds to the Borrower from the sale of a Bankers' Acceptance pursuant hereto or, in the case of a BA Equivalent Loans, the amount of a BA Equivalent Loan at the BA Discount Rate, in any case, before deduction of payment of the fees to be paid to the Lenders under Section 3.11(a)(iv).

"**Discount Rate**" means, with respect to the issuance of a bankers' acceptance, the rate of interest per annum, calculated on the basis of a year of 365 days, (rounded upwards, if necessary, to the nearest whole multiple of 1/100th of one percent) which is equal to the discount exacted by a purchaser taking initial delivery of such bankers' acceptance, calculated as a rate per annum and as if the issuer thereof received the discount proceeds in respect of such bankers' acceptance on its date of issuance and had repaid the respective face amount of such bankers' acceptance on the maturity date thereof.

"**Distribution**" means any:

(a) payment of any dividend on or in respect of any shares of any class in the capital of the Borrower or a Material Subsidiary (including any thereof acquired through the exercise of warrants or rights of conversion, exchange or purchase);

(b) redemption, retraction, purchase or other acquisition or retirement, in whole or in part, of shares of any class in the capital of the Borrower or a Material Subsidiary (including any thereof acquired through the exercise of warrants or rights of conversion, exchange or purchase); or

(c) payment of principal, interest or other amounts in whole or in part, of any Indebtedness of the Borrower or a Material Subsidiary (including any Indebtedness incurred or assumed by the Borrower or a Material Subsidiary pursuant to a capital lease or operating lease);

to (in the case of paragraphs (a) and (c) of this definition) or by or from (in the case of paragraph (b) of this definition) any shareholder or any Affiliate of a shareholder of the

Borrower or a Material Subsidiary (other than the Operating Lender or another Lender), whether made or paid in or for cash, property or both.

"**Documents**" means the Agreement and any other instruments or agreement entered into by the Parties relating to the Credit Facilities, including the Security and any document or agreement resulting from the operation of Section 4.1.

"**Drawdown**" means a borrowing or credit of funds by way of Advances, other than an Advance by way of Rollover or Conversion.

"**Drawdown Date**" means the date specified in a Notice of Borrowing as the date on which a Drawdown will occur and which date will be a Banking Day.

"**EBITDA**" for any Test Period means the sum determined in accordance with IFRS as the consolidated Net Income of the Borrower and the Material Subsidiaries for that Test Period,

(a) plus or minus, as determined in accordance with IFRS, to the extent deducted or included in the determination therefore, the sum of:

(i) non-cash income and expenses, Unrealized Hedging Gains, Unrealized Hedging Losses, stock based compensation, Capital Lease payments, any abandonment cost paid in cash, and any extraordinary or nonrecurring earnings, gains, and losses;

(ii) depletion, depreciation, accretion, impairment, and amortization (including amortization of goodwill and other intangibles);

(iii) Cash Taxes and future income taxes;

(iv) provisions for impairment of oil and gas assets;

(v) other charges to operations not requiring a current cash payment;

(vi) one time transaction costs and fees; and

(vii) interest expense, which includes, for any fiscal period, without duplication, interest expense of the Borrower determined on a consolidated basis, as the same would be set forth or reflected in such a consolidated statement of operations of the Borrower,

(b) and it being acknowledged that such consolidated Net Income shall be adjusted, in accordance with IFRS, for such other amounts as reasonably requested by the Agent, it being further acknowledged:

(i) that such consolidated Net Income shall include the income from any assets or business which are acquired and secured to the Operating Lender and the Lenders in such Test Period as if such assets or business had been

owned by the Borrower or the Material Subsidiary as at the commencement of such Test Period; and

(ii) that such consolidated Net Income shall exclude the income from any assets or business which are sold or disposed of in such Test Period as if such assets or business had been sold or disposed of immediately prior to the commencement of such Test Period,

provided that prior to making any adjustment as provided for in (v) and (vi) above, the Borrower must have first delivered to the Agent all such relevant information in such detail as reasonably required by the Agent (including supporting financial statements) relating to the adjustment to EBITDA certified by the president, chief executive officer, chief operating officer, chief financial officer or vice president-finance of the Borrower, and the Agent, acting reasonably, must have approved same.

"**Economic Sanctions**" means the restrictions with respect to funding operations, or financing investments, in any country, or making payments to, or receiving payments or property from, any country or Person, then prohibited by:

(a) any sanctions or requirements imposed by, or based upon the obligations or authorities set forth in the Executive Order, the U.S. Money Laundering Control Act of 1986 (18 U.S.C. §§ 1956 et seq.), the PATRIOT Act, the U.S. International Emergency Economic Powers Act (50 U.S.C. §§ 1701 et seq.), the U.S. Trading with the Enemy Act (50 U.S.C. App. §§ 1 et seq.), the U.S. United Nations Participation Act, the U.S. Syria Accountability and Lebanese Sovereignty Act, the U.S. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 or the Iran Sanctions Act, all as amended, or any of the foreign assets control regulations of the U.S. Department of the Treasury (including but not limited to 31 CFR, Subtitle B, Chapter V, as amended) or any other law or executive order relating thereto or regulation or sanction administered or enforced by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority, in each case, to the extent applicable; and

(b) any of the economic sanctions of Canada, including those provided for pursuant to the *Special Economic Measures Act* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the *United Nations Act* (Canada), in each case, to the extent applicable.

"**EEA Financial Institution**" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Effective Date**" means the date on which the conditions precedent specified in Section 6.1 have been satisfied or waived by all Lenders.

"**Environment**" means all components of the earth, including all layers of the atmosphere, air, land (including all underground spaces and cavities and all lands submerged under water), soil, water (including surface and underground water), organic and inorganic matter and living organisms, and the interacting natural systems that include the components referred to in this definition.

"**Environmental Law**" means all federal, provincial, local or foreign laws, rules, regulations, codes, ordinances, orders, decrees, judgements, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the generation, use, handling, collection, treatment, storage, transportation, recovery, recycling, release, threatened release or disposal of any Hazardous Materials, or to health and safety matters.

"**Equivalent Amount**" means, on any date, the equivalent amount in Canadian Dollars or U.S. Dollars, as the case may be, after giving effect to a conversion of a specified amount of U.S. Dollars to Canadian Dollars or of Canadian Dollars to U.S. Dollars, as the case may be, at the Noon Rate.

"**EU Bail-In Legislation Schedul**e" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Event of Default**" means an event specified in Section 16.1.

"**Exchange Rate**" means, on any day, with respect to the exchange of Canadian Dollars or U.S. Dollars (the "**First Currency**") into another currency (the "**Other Currency**"), the Agent's noon spot rate on that day for purchases of the First Currency with the Other Currency, or if such rate is not or has not yet been quoted on such day, the last proceeding noon spot note of the Agent.

"**Exchange Rate Swap Contracts**" means an agreement, whether in the form of an ISDA Master Agreement, a futures contract, a swap, a forward rate, currency exchange contract or otherwise, entered into for or in connection with a forward rate, currency swap or currency exchange and other similar currency-related transactions, the purpose and effect of which is typically to manage, mitigate or eliminate currency exchange rate risk in Canadian Dollars or U.S. Dollars.

"**Executive Order**" means the Executive Order No. 13224 of 23 September 2001, entitled "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism".

"**Exposure**" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Loans, plus its LC Exposure at such time.

"**Federal Funds Rate**" means, for any day, the rate of interest per annum set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor) for such day opposite the caption "Federal Funds (Effective)" and, if on any day such rate is not yet published in H. 15(519), the rate for such day will be the rate set forth in the Composite 3:30 p.m. Quotations for US Government Securities, or any successor publication, for such day published by the Federal Reserve Board (the "**Composite 3:30 p.m. Quotations**") under the caption "Federal Funds Effective Rate"; provided that if such rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, such rate will be the average of the interest rates per annum quoted for such day on overnight Federal funds (such words to have the meaning generally given to them by money market brokers of recognized standing doing business in the United States of America) transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent. Notwithstanding the foregoing, if the Federal Funds Rate is determined to be less than zero, the Federal Funds Rate shall be deemed to be zero.

"**Fiscal Quarter**" means one of the four three-month accounting periods of the Borrower and any Material Subsidiary, as applicable, comprising a Fiscal Year.

"**Fiscal Year**" means the 12 month accounting period of the Borrower and any Material Subsidiary, as applicable, which, as at the date hereof, ends on December 31st of each calendar year.

"**Government Assistance**" means any drilling royalty credits and or other royalty incentive programs received from a Governmental Authority and recorded in accordance with IFRS.

"**Governmental Authority**" means

(a) any government, parliament or legislature, any regulatory or administrative authority, agency, commission or board and any other statute, rule or regulation making entity having jurisdiction in the relevant circumstances;

(b) any Person acting under the authority of any of the foregoing or under a statute, rule or regulation thereof; and

(c) any judicial, administrative or arbitral court, authority, tribunal or commission having jurisdiction in the relevant circumstances.

"**Guarantor**" means each Material Subsidiary of the Borrower who has provided Security and a guarantee to the Agent and the Lenders from time to time under the Credit Agreement.

"**Hazardous Materials**" means any substance, product, liquid, waste, pollutant, chemical, contaminant, insecticide, pesticide, gaseous or solid matter, organic or inorganic matter, fuel, microorganism, ray, odour, radiation, energy, vector, plasma, constituent or material which (a) is or becomes listed, regulated or addressed under any Environmental Law, or (b) is, or is deemed to be, alone or in any combination, hazardous, hazardous waste, toxic, a pollutant, a deleterious substance, a contaminant or a source of pollution or contamination under any Environmental Law, including, asbestos, petroleum and polychlorinated biphenyls, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"**Hedge Monetization**" means the termination, restructuring or unwinding of any Commodity Swap Contract where lending value has been attributed to the underlying production by any one or more of the Lenders in determining the Borrowing Base resulting in proceeds being paid to the Borrower or a Material Subsidiary."

"**Hedging Agreements**" means any Exchange Rate Swap Contracts, Interest Rate Swap Contracts or Commodity Swap Contracts entered into between the Lenders, or any Affiliate of them, and the Borrower or any Material Subsidiary.

"**Historical Total Payout Ratio**" means, as at the date of determination and for the immediately preceding twelve month period, the ratio of (a) capital expenditures during such period plus cash dividends declared by the Borrower during such period plus share buybacks during such period, divided by (b) EBITDA (determined in accordance with IFRS) for such period.

"**Hostile Acquisition**" means an acquisition, which is required to be reported to applicable securities regulatory authorities, of shares of a corporation where the board of directors of that corporation has not approved such acquisition nor recommended to the shareholders of the corporation that they sell their shares pursuant to the proposed acquisition.

"**IFRS**" means International Financial Reporting Standards issued by the International Accounting Standards Board.

"**includes**" means "includes without limitation" and "including" means "including without limitation".

"***Income Tax Act** (Canada)*" means the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supp.), including the regulations made and, from time to time, in force under that Act.

"**Indebtedness**" means, without duplication, the aggregate amount of all obligations, liabilities and indebtedness of a Person which would be classified under IFRS as indebtedness for borrowed money upon the consolidated balance sheet of such Person, including all long-term borrowings, the current portion of long-term borrowings, short-term borrowings, obligations under capital leases (classified as such under IFRS) and all obligations, contingent or otherwise, of any of the foregoing arising from any guarantee made by such Person in respect of any of the foregoing.

"**Indemnified Parties**" has the meaning attributed to it in Section 14.1(g).

"**Individual Commitment Amount**" means, in relation to a Committed Lender, its Rateable Portion of the Revolving Term Commitment Amount and, in respect of the Operating Lender, the Operating Loan Commitment Amount. The Individual Commitment Amount of each Lender is as set out in Schedule A.

"***Interest Act* (Canada)**" means the *Interest Act*, R.S.C. 1985, c. I 15, as amended from time to time, including the regulations made and, from time to time, in force under that Act.

"**Interest Period**" means with respect to each Bankers' Acceptance, the period selected by the Borrower hereunder and being of a minimum of thirty (30) days and a maximum of one hundred and eighty (180) days duration, subject to market availability, (or, subject to the agreement of the Lenders, a longer or shorter period) commencing on the Drawdown Date, Rollover Date or Conversion Date of such Advance, provided that in any case: (i) the last day of each Interest Period shall be also the first day of the next Interest Period whether with respect to the same or another Advance; (ii) the last day of each Interest Period shall be a Banking Day and if the last day of an Interest Period selected by the Borrower is not a Banking Day the Borrower shall be deemed to have selected an Interest Period the last day of which is the Banking Day next following the last day of the Interest Period selected unless such next following Banking Day falls in the next calendar month in which event the Borrower shall be deemed to have selected an Interest Period the last day of which is the Banking Day immediately preceding the last day of the Interest Period selected by the Borrower; and (iii) the last day of all Interest Periods for Advance outstanding under a given Credit Facility shall expire on or prior to the Maturity Date applicable thereto.

"**Interest Rate Swap Contracts**" means an agreement, whether in the form of an ISDA Master Agreement, a futures contract, a swap transaction, an interest rate option, a cap transaction, floor transaction, collar transaction or otherwise, typically entered into for the managing, mitigating or eliminating risks relating to interest rate fluctuations.

"***Judgment Interest Act* (Alberta)**" means the *Judgment Interest Act*, R.S.A. 2000, c. J-1, as amended from time to time, including the regulations made and from time to time in force under that Act.

"**Law**" means all constitutions, treaties, laws, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws, whether domestic, foreign or international, any judgments, orders, writs, injunctions, decisions, rulings, decrees and awards of any Governmental Authority and any policies, voluntary restraints, practices or guidelines of any Governmental Authority and including any principles of common law and equity.

"**LC Disbursement**" means a payment made by a Lender pursuant to a Letter of Credit.

"**LC Exposure**" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time, plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Rateable Portion of the total LC Exposure at such time.

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

"**Lenders**" means, initially the lenders as set out in Schedule A attached hereto and thereafter each Lender which may become a Party to this Agreement, as a lender, under the Credit Facilities by executing and delivering to the Agent and to the Borrower a Lender Assignment and Assumption Agreement, and each of their respective successors and permitted assigns, and "Lender" means any one of them in such capacity, and shall include the Operating Lender.

"**Letters of Credit**" has the meaning attributed to it in Section 3.10.

"**LIBOR**" means, for any LIBOR Period with respect to a LIBOR Loan, the rate per annum determined by the Agent at approximately 11:00 a.m. (London time), on the date that is two (2) Banking Days prior to the commencement of such LIBOR Period by reference to the rate set by ICE Benchmark Administration (or any display substituted therefor or any successor thereto) for deposits in US Dollars (as set forth by any service selected by the Agent that has been nominated by ICE Benchmark Administration (or any display substituted therefor or any successor thereto) as an authorized information vendor for the purpose of displaying such rates) for a period equal to such LIBOR Period; provided, however, that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the "LIBOR" shall be the interest rate per annum determined by the Agent, in accordance with its normal practices at approximately 11:00 a.m. (London time) on the date that is two (2) Banking Days prior to the beginning of such LIBOR Period; provided however that in no event shall the LIBOR be less than zero (0).

"**LIBOR Loan**" means an Advance in U.S. Dollars for which LIBOR is the reference interest rate.

"**LIBOR Period**" means, in relation to a LIBOR Loan, the interest period selected by the Borrower hereunder, commencing on the relevant Drawdown Date, Rollover Date or Conversion Date for such LIBOR Loan; provided that:

(a) each LIBOR Period shall have a term of approximately one, two or three months and shall be subject to the availability of a market for LIBOR Loans of such term,

(b) the last day of each LIBOR Period shall be also the first day of the next LIBOR Period in the case of a Rollover, and

(c) the last day of each LIBOR Period must end prior to the Maturity Date and shall be a Banking Day and if the last day of a LIBOR Period selected by the Borrower is not a Banking Day the Borrower shall be deemed to have selected a LIBOR Period the last day of which is the next Banking Day following the last day of the LIBOR Period selected unless such next following Banking Day falls in the next calendar month in which event the Borrower shall be deemed to have selected a LIBOR Period the last day of which is the Banking Day preceding the last day of the LIBOR Period selected by the Borrower.

"**Lien**" means any mortgage, lien, pledge, charge (whether fixed or floating), security interest, title retention agreement (other than operating leases in respect of tangible personal property which are not in the nature of financing transactions) or other encumbrance of any kind, contingent or absolute but excludes any contractual right of set off created in the ordinary course of business and any writ of execution, or other similar instrument, arising from a judgment relating to the non-payment of indebtedness.

"**Loan**" means any loan made by the Lenders to the Borrower pursuant to this Agreement, and unless the context otherwise requires, includes any Bankers' Acceptance (and any BA Equivalent Loan made) by any Lender hereunder.

"**Loan Indebtedness**" means the aggregate, at any time, (but without duplication) of:

(a) the Aggregate Principal Amount;

(b) all accrued and unpaid interest including interest on overdue and unpaid interest payable by the Borrower hereunder; and

(c) all fees, indemnities and other amounts due and payable by the Borrower or any of the Material Subsidiaries hereunder or under the other Documents.

"**Majority Lenders**" means, if there are two or less Lenders, all Lenders, and if there are more than two Lenders, Lenders holding, in aggregate, at least 66 2/3% of the Total Commitment under the Credit Facilities.

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

(a) the financial condition of the Borrower and the Material Subsidiaries, taken as a whole;

(b) the Borrower's and each Material Subsidiary's ability taken as a whole to perform their respective obligations under the Documents;

(c) the validity or enforceability of a material provision of the Documents;

(d) the property, business, operations, corporate governance or liabilities of the Borrower and the Material Subsidiaries, taken as a whole; or

(e) the priority ranking of any Security, or the rights or remedies intended or purported to be granted to the Agent, the Operating Lender or any other Lender under or pursuant to this Agreement or any other Documents.

"**Material Subsidiaries**" means any Subsidiary of the Borrower who from time to time (i) grants Security in accordance herewith, (ii) owns Borrowing Base Properties or (iii) whose net tangible assets represent more than 5% of the total net tangible assets of the Borrower; and "**Material Subsidiary**" means any one of them.

"**Maturity Date**" means, with respect to each Lender, the date that is one (1) year after its Term Date.

"**National Bank**" means National Bank of Canada, a Canadian chartered bank, and its successors and permitted assigns.

"**Net Income**" means, for any period, the consolidated net income (loss) of the Borrower for such period calculated in accordance with IFRS.

"**Net Proceeds**" means the amount received by the Borrower from the sale of an Accommodation by way of Bankers' Acceptance (or in the case of a BA Equivalent Loan, the amount of such BA Equivalent Loan), less the applicable stamping fee as provided hereunder in respect of Bankers' Acceptances.

"**Non-BA Lender**" means a Lender that (i) is not a bank chartered under the *Bank Act* (Canada); or (ii) has notified the Agent in writing that it is unwilling or unable to accept bankers' acceptance drafts.

"**Non-Participating Lender**" has the meaning attributed to it in Section 7.2.

"**Noon Rate**" means, in relation to the conversion of one currency into another currency, the rate of exchange for such conversion as quoted by the Bank of Canada (or, if not so quoted, the spot rate of exchange quoted for wholesale transactions made by the Agent at Toronto, Ontario at approximately noon (Toronto local time)).

"**Notice of Borrowing**" means, in relation to Advances, a notice by the Borrower to the Agent substantially in the form of Schedule F with the blanks completed, as applicable.

"**Notice of Rollover or Notice of Conversion**" means, in relation to Advances, a notice by the Borrower to the Agent substantially in the form of Schedule G with the blanks completed, as applicable.

"**OFAC**" means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

"**Oil and Gas Ownership Certificate**" the certificate substantially in the form of Schedule D with the blanks completed.

"**Operating Lender**" means initially National Bank of Canada, or any other lender which provides from time to time the Operating Loan Facility in accordance with the terms hereof.

"**Operating Loan Commitment Amount**" means $30,000,000 as it may be increased or decreased from time to time in accordance with this Agreement.

"**Operating Loan Facility**" means the operating facility established in favour of the Borrower pursuant to Section 3.2.

"**P&NG Rights**" means all of the right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", of

the Borrower or a Material Subsidiary at such time in and to any, or such as are stipulated, of the following, by whatever name the same are known:

(a) rights to explore for, drill for, produce, take, save or market Petroleum Substances from or allocated to its lands or lands with which the same have been pooled or unitized;

(b) rights to a share of the production of Petroleum Substances from or allocated to its lands or lands with which the same have been pooled or unitized;

(c) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances from or allocated to its lands or lands with which the same have been pooled or unitized;

(d) rights of the Borrower or any Material Subsidiary in lands or documents of title related thereto, including leases, subleases, licenses, permits, reservations, rights and privileges; and

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

and includes interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests and other economic interests.

"**Participating Lender**" has the meaning attributed to it in Section 7.2.

"**Parties**" means the Borrower, the Agent, the Operating Lender and the other Lenders and their respective successors and permitted assigns, and "Party" means any one of the Parties.

"**Payout Forecast**" means a detailed consolidated budget for the twelve months immediately following the effective date of any proposed increase in dividend payments (as compared to the then most recent previously announced dividend payment) to the Borrower's shareholders, including, cash flow and capital expenditure forecasts for such period, and forecasted share buybacks, repurchases or redemptions and cash dividends per share to be declared by the Borrower during such period.

"**Pension Plan**" means any retirement or pension benefit plan that is established by a Person for the benefit of its employees, that requires such Person to make periodic payments or contributions.

"**Permitted Dispositions**" means any:

(a) sale or disposition of Borrowing Base Properties (and related tangibles) resulting from any pooling or unitization entered into in the ordinary course of business and in accordance with sound industry practice when, in the reasonable judgment of the Borrower, it is necessary to do so in order to facilitate the orderly exploration, development or operation of such Borrowing Base Properties;

(b) sale or disposition in the ordinary course of business and in accordance with sound industry practice of tangible personal property forming part of the Borrowing Base Properties that is obsolete, no longer useful for its intended purpose or being replaced in the ordinary course of business;

(c) sale or disposition of current production from Borrowing Base Properties made in the ordinary course of business;

(d) sales or dispositions of Borrowing Base Properties and related tangibles made in the ordinary course of business for fair market value to third parties or Hedge Monetizations, in each case since the last determination of the Borrowing Base having an aggregate fair market value not exceeding the Threshold Amount; and

(e) sales or dispositions of Borrowing Base Properties from the Borrower or a Material Subsidiary to another Material Subsidiary or from a Material Subsidiary to the Borrower; provided that any such acquiring Material Subsidiary has granted a guarantee and security as required under this Agreement.

"**Permitted Distribution**" means any Distribution: (i) to repay Permitted Indebtedness; (ii) by a Material Subsidiary to the Borrower; (iii) by the Borrower to a Material Subsidiary; (iv) by a Material Subsidiary to another Material Subsidiary; (v) by the Borrower or a Material Subsidiary to its shareholders by way of the payment of a dividend in the ordinary course of business; or (vi) consented to by all the Lenders in writing.

"**Permitted Encumbrances**" means:

(a) undetermined or inchoate Liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to Law against any of the Borrower or a Material Subsidiary or in respect of which no steps or proceedings to enforce such Lien have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, any Lien which the Borrower or a Material Subsidiary is in good faith contesting if such contest involves no risk of loss that could reasonably be expected to have a Material Adverse Effect and an adequate reserve in accordance with IFRS has been established by the Borrower;

(b) Liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the joint operation of oil and gas properties or related production or processing facilities as security in favour of any other Person conducting the development or operation of the property to which such Liens relate, for any of the Borrower's or a Material Subsidiary's portion of the costs and expenses of such development or operation, provided such costs or expenses are not due or delinquent or if due or delinquent, any lien which the Borrower or a Material Subsidiary is in good faith contesting if such contest involves no risk of loss that could reasonably be expected to have a Material Adverse Effect and an adequate reserve in accordance with IFRS has been established by the Borrower;

(c) to the extent a Lien is created thereby, a sale or disposition of oil and gas properties resulting from any pooling or unitization agreement entered into in the ordinary course of business when, in any of the Borrower's or a Material Subsidiary's reasonable judgment, it is necessary to do so in order to facilitate the orderly exploration, development or operation of such properties, provided that, the Borrower's or a Material Subsidiary's resulting pooled or unitized interest is proportional (either on an acreage or reserve basis) to the interest contributed by it and is not materially less than the Borrower's or a Material Subsidiary's interest in such oil and gas properties prior to such pooling or unitization and its obligations in respect thereof are not greater than its proportional share based on the interest acquired by it;

(d) to the extent a Lien is created thereby, farmout interests or overriding royalty interests, net profit interests, reversionary interests and carried interests in respect of any of the Borrower's or a Material Subsidiary's P&NG Rights that are or were entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound industry practice;

(e) Liens for penalties arising under non participation provisions of operating agreements in respect of any of the Borrower's or a Material Subsidiary's P&NG Rights, if such Liens could not reasonably be expected to have a Material Adverse Effect;

(f) easements, rights of way, servitudes, zoning or other similar rights or restrictions in respect of land held by the Borrower or any Material Subsidiary (including rights of way and servitudes for railways, sewers, drains, pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect;

(g) any Lien or trust arising in connection with worker's compensation, unemployment insurance, pension and employment Law which the Borrower or Material Subsidiary, as applicable, is in good faith contesting if such contest involves no risk of loss that could be reasonably be expected to have a Material Adverse Effect and an adequate reserve in accordance with IFRS has been established by the Borrower;

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

(i) all reservations in the original grant from the Crown of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;

(j) any right of first refusal in favour of any Person granted in the ordinary course of business with respect to all or any of the P&NG Rights of the Borrower or a Material Subsidiary;

(k) public and statutory Liens not yet due and similar Liens arising by operation of Law;

(l) the interest of any Person under any Purchase Money Lien, subject to Section 14.2(i) and under any Capital Lease, subject to Section 14.2(j);

(m) any Lien from time to time disclosed by the Borrower to the Agent and which is consented to by the Lenders;

(n) Lien for taxes, assessments or governmental charges:

(i) not at such date due or delinquent; or

(ii) the validity of which the Borrower or its Material Subsidiary, as applicable, shall be contesting in good faith and in respect of which:

(A) an amount in cash sufficient to pay such taxes, assessments or charges shall have been deposited with a court, a taxing or assessing authority or the Agent; or

(B) a surety bond, satisfactory to the Agent, for such amount shall have been deposited with the Agent.

(o) The lien of any judgment rendered, or claim filed, against the Borrower or any Material Subsidiary which the Borrower or such Material Subsidiary shall be contesting in good faith and in respect of which:

(i) An amount in cash sufficient to pay such judgment or claim shall have been deposited with a court or the Agent; or

(ii) A surety bond, satisfactory to the Agent, for such amount, shall have been deposited with the Agent.

(p) Security Interests in favour of the Lenders or the Agent on behalf of the Lenders;

(q) any operating lease entered into in the ordinary course of business (which, for certainty, shall not include any operating leases entered into in connection with any Sale and Lease-Back Transaction);

(r) landlords' liens or any other rights of distress reserved in or exercisable under any lease of real property for rent and for compliance with the terms of such lease; provided that such lien does not attach generally to all or substantially all of the undertaking, assets and property of the Borrower or any Material Subsidiary;

(s) deposits to secure performance of (i) bids, tenders, contracts (other than contracts for the payment of money) or (ii) leases of real property (other than P&NG Leases) entered into in the ordinary course of business, in each case, to which the Borrower or a Material Subsidiary is a party;

(t) minor defects of title which, individually and in the aggregate, do not materially affect the right of ownership of the Borrower or its Material Subsidiary in the P&NG Rights or the right of the Borrower or its Material Subsidiary to utilize the P&NG Rights to conduct its business;

(u) liens granted to a public utility or any municipality or other Governmental Authority when required by such utility or municipality or other authority in connection with the operations of the Borrower and its Material Subsidiaries, all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of the asset concerned or result in a Material Adverse Effect;

(v) security granted by the Borrower or a Material Subsidiary in favour of another Material Subsidiary, or from a Material Subsidiary to the Borrower, as part of a tax plan or restructuring provided such security shall be, in all respects, subordinated to the Security;

(w) the interest of any Person under Sale and Lease-Back Transactions not prohibited under Section 14.2(h) (including the lease of the Rental Facilities pursuant to each of the Valhalla Rental Agreement and the Shaunavon Rental Agreement); and

(x) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the preceding paragraphs (a) to (w) inclusive of this definition, so long as any such extension, renewal or replacement of such Lien is limited to all or any part of the same property that secured the Lien extended, renewed or replaced (plus improvements on such property) and the indebtedness, liability or obligations secured thereby is not increased.

"**Permitted Indebtedness**" means:

(a) Indebtedness of the Borrower or a Material Subsidiary under the Credit Facilities or any of the Documents;

(b) Swap Indebtedness;

(c) Indebtedness arising from a Sale and Lease-Back Transaction, subject to Section 14.2(h);

(d) Indebtedness arising under Purchase Money Liens, subject to Section 14.2(i);

(e) Indebtedness arising under Capital Leases, subject to Section 14.2(j);

(f) Indebtedness secured by a Permitted Encumbrance, which is not otherwise Permitted Indebtedness;

(g) Indebtedness which is not otherwise Permitted Indebtedness, provided that the principal amount of such obligations do not, in aggregate at any time, exceed Cdn $10,000,000;

(h) Indebtedness of the Borrower to any Material Subsidiary, or of any Material Subsidiary to the Borrower or to another Material Subsidiary; and

(i) Convertible Debenture Obligations provided that the outstanding aggregate principal amount of the Convertible Debentures at no time exceeds Cdn. $44,500,000;

"**Person**" means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively an "**entity**") and the heirs, executors, administrators, successors, or other legal representatives, as the case may be, of such entity.

"**Petroleum Substances**" means petroleum, natural gas, natural gas liquids, related hydrocarbons and any and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing.

"**Principal Amount**" means, (i) where the context so requires, in relation to a Lender under the Committed Revolving Term Facility, that portion of the Aggregate Principal Amount which has been advanced by such Lender; and (ii) where the context so requires, that portion of the Aggregate Principal Amount which has been advanced by the Operating Lender under the Operating Loan Facility.

"**Proved Non-Producing Properties**" has the same meaning as Proved Producing Properties except such properties are not in commercial production due to lack of facilities and/or markets.

"**Proved Producing Properties**" means the P&NG Rights to which are attributed Proved Producing Reserves and which are identified as such by an economic reserve and evaluation report delivered to the Agent by the Borrower as required under this Agreement.

"**Proved Producing Reserves**" means, as determined by the Lenders, those oil and gas reserves estimated as recoverable under current technology and existing economic conditions from that portion of a reservoir which can be reasonably evaluated as economically productive on the basis of analysis of drilling, geological, geophysical and engineering data, including reserves to be obtained by enhanced recovery processes demonstrated to be economic and technically successful in the subject reservoir and which are actually on production.

"**Purchase Money Lien**" means a Lien, whether given to a vendor, lender or any other Person, securing indebtedness assumed or incurred as, or to provide, all or part of the purchase price or other acquisition cost of property, other than P&NG Rights, which Lien is limited exclusively to such property and any proceeds thereof and any extension, renewal, refinancing or replacement thereof.

"**Rateable Portion**" means, with respect to a Lender, the proportion from time to time of the Individual Commitment Amount of such Lender to the Total Commitment.

"**Release**" includes releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping.

"**Rental Facilities**" means, collectively, the Shaunavon Rental Facilities and the Valhalla Rental Facilities.

"**Resignation Notice**" has the meaning attributed to it in Section 19.10.

"**Revolving Period**" means, in respect of the Committed Revolving Term Facility, the period commencing on the date of this Agreement and ending at 2:30 p.m. (Calgary time) on the Term Date, or such later date to which the Revolving Period may be extended pursuant to Section 3.7(d).

"**Revolving Term Commitment Amount**" means $275,000,000 as such amount may be reduced in accordance with this Agreement or as otherwise increased with the unanimous consent of the Committed Lenders.

"**Rollover**" means:

(a) with respect to an Advance in relation to maturing Bankers' Acceptances, the issuance of new Bankers' Acceptances in respect of all or any portion of such Bankers' Acceptances at their Maturity Date; and

(b) with respect to a LIBOR Loan, the continuation of all or any portion of such LIBOR Loan for an additional LIBOR Period after the initial or any subsequent LIBOR Period applicable thereto.

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

"**Sale and Lease-Back Transaction**" has the meaning attributed to it in Section 14.2(h).

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

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

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

"**Security**" has the meaning attributed to it in Section 4.1 and includes any other Lien hereafter granted by the Borrower or a Material Subsidiary to secure the payment of Indebtedness in connection with the Credit Facilities and Swap Indebtedness.

"**Shaunavon Rental Agreement**" means the rental agreement dated August 5, 2014, among the Borrower, Surge General Partnership and Stream Asset Financial Surge LP.

"**Shaunavon Rental Facilities**" means the Facilities (as defined in the Shaunavon Rental Agreement) and all present and future contractual rights related thereto, including, subject to Section 7.2 of the Shaunavon Rental Agreement, any third party agreements to process and transport petroleum, natural gas and natural gas liquids, and related hydrocarbons produced in association with any of the foregoing through such facilities.

"**Shortfall Notice**" has the meaning attributed to it in Section 3.7(e).

"**Subsidiary**" means any Person of which more than 50% of the outstanding Voting Securities are owned, directly or indirectly by or for the Borrower, if any, provided that the ownership of such securities confers the right to elect at least a majority of the board of directors of such Person, or a majority of Persons serving similar roles and includes any legal entity in like relationship to a Subsidiary.

"**Successor Agent**" has the meaning attributed to it in Section 19.10.

"**Super Majority Lenders**" means, if there are two or less Lenders, all Lenders, and if there are more than two Lenders, Lenders holding, in aggregate, at least 90% of the Total Commitment under the Credit Facilities.

"**Swap Documents**" means the Hedging Agreements to which (i) a Swap Lender and (ii) the Borrower or a Material Subsidiary are parties.

"**Swap Indebtedness**" means the actual Indebtedness of the Borrower or a Material Subsidiary to a Swap Lender under or pursuant to a Hedging Agreement.

"**Swap Lender**" means any Lender or any Affiliate of any of them that is a hedge provider under a Hedging Agreement, that is entered prior to such Swap Lender ceasing to be a Lender under the Committed Revolving Term Facility. For greater certainty, any Person who enters into a Hedging Agreement after such Person ceases to be a Lender under the Committed Revolving Term Facility is not a Swap Lender.

"**Taxes**" means all taxes of any kind or nature whatsoever including income taxes, capital taxes, minimum taxes, levies, imposts, stamp taxes, royalties, duties, charges to tax, value added taxes, commodity taxes, goods and services taxes, and all fees, deductions, compulsory loans, withholdings and restrictions or conditions resulting in a charge imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future by any governmental or quasi-governmental authority of or within any jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon and any instalments in respect thereof.

"**Term Amount**" means, with respect to the Credit Facilities, all Advances outstanding on the last day of the Revolving Period.

"**Term Date**" means, with respect to each Lender, May 28, 2018 or such later date to which it may be extended pursuant to Section 3.7(d).

"**Term Facility**" has the meaning assigned to such term in Section 3.7(a).

"**Test Period**" at any time means the period of four consecutive Fiscal Quarters most recently ended.

"**Threshold Amount**" means initially 5.0% of the Borrowing Base until changed by the unanimous consent of the Lenders and the Borrower.

"**Total Commitment**" means, $305,000,000, being the aggregate of the Revolving Term Commitment Amount and the Operating Loan Commitment Amount, as such amount may be reduced in accordance with this Agreement or as otherwise increased with the unanimous consent of the Lenders.

"**Total Debt**" means the sum (without duplication) of the total amount of all Indebtedness of the Borrower and the Material Subsidiaries to any Person that is not the Borrower or a Material Subsidiary.

"**Total Debt/EBITDA Ratio**" for any Test Period means the ratio of (i) Total Debt at the end of that Test Period divided by (ii) EBITDA for that Test Period.

"**Total Payout Ratio**" means, as at the date of determination and for the next following twelve month period, the ratio of (a) forecasted capital expenditures for the applicable period plus forecasted cash dividends to be declared by the Borrower for the applicable period plus forecasted share buybacks during the applicable period, divided by (b) forecasted EBITDA (determined in accordance with IFRS) for such period, in each case, based on a Payout Forecast delivered by the Borrower as required hereunder and approved by the Majority Lenders.

"**Unrealized Hedging Gains**" means mark to market unrealized gains in respect of a Hedging Agreement or other risk management products recorded in accordance with IFRS.

"**Unrealized Hedging Losses**" means mark to market unrealized losses in respect of a Hedging Agreement or other risk management products recorded in accordance with IFRS.

"**USBR**" means, for any day, a rate per annum equal to the greater of:

(a) the variable lending rate of interest (expressed as a rate per annum) which the Agent establishes from time to time as the reference rate of interest in order to determine the interest rate it will charge for demand loans in U.S. Dollars to its customers in Canada and which it designates as its base rate, on such date;

(b) the Federal Funds Rate for such day as published by the Federal Reserve Board plus [redacted]% per annum, provided that if for any reason the Federal Funds Rate is not released or is otherwise unavailable, the "USBR" shall be the rate specified in (a) above; and

(c) [redacted]% per annum above LIBOR for a LIBOR Period of one month (commencing on the date of determination or, if such date is not a Banking Day, commencing on the immediately preceding Banking Day).

"**USBR Loan**" means an Advance in U.S. Dollars for which USBR is the reference interest rate.

"**U.S. Dollar Exchange Equivalent**" means the amount of U.S. Dollars which would be required to purchase the relevant stated amount of Canadian Dollars based on the Exchange Rate at the effect date of calculation.

"**U.S. Dollars**" means lawful money of the United States of America for the payment of public and private debts.

"**Valhalla Rental Agreement**" means the rental agreement dated March 24, 2016, among the Borrower, Surge General Partnership and Stream Asset Financial ValleyHo LP.

"**Valhalla Rental Facilities**" means the Facilities (as defined in the Valhalla Rental Agreement) and all present and future contractual rights related thereto, including, subject to Section 7.5 of the Valhalla Rental Agreement, any third party agreements to process and transport petroleum, natural gas and natural gas liquids, and related hydrocarbons produced in association with any of the foregoing through such facilities.

"**Voting Securities**" means securities of capital stock of any class of any corporation, partnership units in the case of a partnership or other evidence of ownership serving similar purposes, carrying voting rights under all circumstances, provided that, for the purposes of this definition, shares which only carry the right to vote conditionally on the happening of an event will not be considered Voting Securities, whether or not such event will have occurred, nor will any securities be deemed to cease to be Voting Securities solely by reason of a right to vote accruing to securities of another class or classes by reason of the happening of such event.

"**Write-Down and Conversion Powers**" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.2 Headings

Headings, subheadings and the table of contents contained in the Documents are inserted for convenience of reference only, and will not affect the construction or interpretation of the Documents.

1.3 Subdivisions

Unless otherwise stated, reference herein to a Schedule or to an Article, Section, paragraph or other subdivision is a reference to such Schedule to this Agreement or such Article, Section, paragraph or other subdivision of this Agreement.

1.4 Number

Wherever the context in the Documents so requires, a term used therein importing the singular will also include the plural and vice versa.

1.5 Statutes, Regulations and Rules

Any reference in the Documents to all or any Section, Section or paragraph or any other subdivision of any Law will, unless otherwise expressly stated, be a reference to that Law or the relevant section, sub-section or paragraph or other subdivision thereof, as such Law may be amended, substituted, replaced or reenacted from time to time.

1.6 Monetary References

Whenever an amount of money is referred to in the Documents, such amount will, unless otherwise expressly stated, be in Canadian Dollars. All payments made hereunder shall be made in the currency in respect of which the obligation requiring such payment arose.

1.7 Time

Time will be of the essence with respect to the Documents.

1.8 Governing Law

This Agreement shall be governed by and construed in accordance with the Law in force in the Province of Alberta from time to time and the laws of Canada applicable therein and shall be treated as an Alberta contract, without prejudice to or limitation of any other rights or remedies available under the Laws of any other jurisdiction where property or assets of the Borrower may be found. Each party to this Agreement hereby irrevocably and unconditionally attorns to the non-exclusive jurisdiction of the courts of Alberta and all courts competent to hear appeals therefrom.

1.9 Enurement

The Documents will be binding upon and will enure to the benefit of the Parties and their respective successors and permitted assigns.

1.10 Amendments

No Document may be amended orally and, subject to Sections 1.11(a), 19.16 and 20.1(e), any amendment may only be made by way of an instrument in writing signed by all the Parties.

1.11 No Waiver

(a) Subject to Sections 1.11(c) and 19.16, no waiver by a Party of any provision or of the breach of any provision of the Documents will be effective unless it is contained in a written instrument duly executed by an authorized officer or representative of such Party. Such written waiver will affect only the matter

specifically identified in the instrument granting the waiver and will not extend to any other matter, provision or breach.

(b) The failure of a Party to take any steps in exercising any right in respect of the breach or non-fulfillment of any provision of the Documents will not operate as a waiver of that right, breach or provision, nor will any single or partial exercise of any right preclude any other or future exercise of that right or the exercise of any other right, whether in Law or otherwise.

(c) Acceptance of payment by a Party after a breach or non-fulfillment of any provision of the Documents requiring a payment to such Party will constitute a waiver of such provision if cured by such payment, but will not constitute a waiver or cure of any other provision of the Documents.

1.12 Severability

If the whole or any portion of the Documents or the application thereof to any circumstance will be held invalid or unenforceable to an extent that does not affect the operation of the Document in question in a fundamental way, the remainder of the Document in question, or its application to any circumstance other than that to which it has been held invalid or unenforceable, will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable Law.

1.13 Inconsistency

To the extent that there is any inconsistency or ambiguity between the provisions of this Agreement and any other Document, the provisions of this Agreement will govern to the extent necessary to eliminate such inconsistency or ambiguity.

1.14 Accounting Terms and Principles

Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with IFRS, as in effect from time to time. All calculations for the purposes of determining compliance with any financial covenant contained herein shall be made on a basis consistent with IFRS in existence as at the date of this Agreement and used in the preparation of the consolidated financial statements of the Borrower and any Material Subsidiary. In the event of a change in IFRS, the Borrower and the Agent shall negotiate in good faith to revise (if appropriate) any such covenant to give effect to the intention of the parties under this Agreement as at the Effective Date, and any new covenant shall be subject to approval by the Lenders. Until the successful conclusion of any such negotiation and approval by the Lenders, all calculations thereafter made for the purpose of determining compliance with any financial covenant contained herein shall be made on a basis consistent with IFRS in existence as at the date of this Agreement. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in this Agreement and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed in this Agreement.

1.15 Schedules

The following are the Schedules which form part of this Agreement:

Schedule A:	Commitments
Schedule B:	Interest Rates and Fees
Schedule C:	Form of Closing Certificate for the Borrower and the Material Subsidiaries
Schedule D:	Form of Oil and Gas Ownership Officer's Certificate
Schedule E:	Form of Environmental Certificate
Schedule F:	Form of Notice of Borrowing
Schedule G:	Form of Notice of Rollover or Notice of Conversion
Schedule H:	List of Subsidiaries
Schedule I:	Form of Compliance Certificate
Schedule J;	Requested Offer of Extension
Schedule K:	Repayment Notice
Schedule L:	Prepayment Notice
Schedule N::	Assignment and Assumption Agreement
Schedule O:	Form of Security and Guarantee Confirmation Agreement

ARTICLE 2
CONDITIONS PRECEDENT TO EFFECTIVENESS/DELIVERIES ON CLOSING DATE

2.1 Deliveries On Closing Date

As conditions precedent to this Agreement becoming effective, on or before the Closing Date, the Borrower will deliver or cause to be delivered to the Agent for the benefit of the Lenders the following:

(a) an executed copy of this Agreement;

(b) executed copies of the Borrower's and each Material Subsidiary's Closing Certificate;

(c) confirmation satisfactory to the Lenders that the Borrower will have not less than $75,000,000 in liquidity on the Closing Date;

(d) a certificate of status or partnership search or equivalent document, as applicable, from the Alberta Corporate Registry and such other applicable registry with respect to which the Borrower and each Material Subsidiary carries on business;

(e) executed copies of the Security including the security and guarantee confirmation agreement pursuant to Section 4.1(i) (or acknowledgment and confirmation agreements in respect thereof);

(f) the Closing Opinion;

(g) the Borrower's Oil and Gas Ownership Officer's Certificate;

(h) the payment of all fees and expenses pursuant to the Fee Letter dated October 30, 2017 from the Agent to the Borrower;

(i) all documentation required under AML Legislation as determined by the Agent, the Operating Lender and the other Lenders, acting reasonably; and

(j) such other documents, consents, acknowledgements and agreements as may be reasonably required by the Agent or its counsel.

2.2 Outstanding Advances

It is acknowledged that the Borrower has outstanding obligations to the Agent and Lenders with respect to Letters of Credit, Bankers' Acceptances and Canadian Prime Rate Loans (the "**Outstanding Principal**") and such Outstanding Principal shall be dealt with in accordance with Section 3.6 hereof.

ARTICLE 3
CREDIT FACILITIES

3.1 Establishment of Credit Facilities

Upon the terms and subject to the conditions hereof, the Lenders agree to make the Credit Facilities available to the Borrower to obtain Advances from the Operating Lender and the other Lenders, as applicable, in an aggregate principal amount up to the Total Commitment; provided that the obligation of each Lender to make Advances under the Credit Facilities shall be several and shall not exceed its Individual Commitment Amount as set out in Schedule A with respect to the Committed Revolving Term Facility, or the Operating Loan Commitment amount as set out in Schedule A for the Operating Lender with respect to the Operating Loan Facility.

3.2 Operating Loan Facility

(a) Upon the terms and subject to the conditions hereof, the Operating Lender hereby establishes the Operating Loan Facility in favour of the Borrower.

(b) The Operating Loan Facility is a revolving facility and may be drawn and re-drawn from time to time by the Borrower, as provided for in Section 3.10(a) hereof provided that, subject to Section 3.7(e) hereof, the Aggregate Principal Amount of the Operating Loan Facility will at no time exceed the Operating Loan Commitment Amount.

3.3 Committed Revolving Term Facility

(a) Upon the terms and subject to the conditions hereof, the Committed Lenders hereby establish the Committed Revolving Term Facility in favour of the Borrower.

(b) The Committed Revolving Term Facility is a revolving facility and may be drawn and re-drawn from time to time by the Borrower, as provided for in Section 3.10(b) hereof, provided that, subject to Section 3.7(e) hereof, the Aggregate Principal Amount of the Committed Revolving Term Facility will at no time exceed the Revolving Term Commitment Amount. The Individual Commitment Amount of each of the Committed Lenders is as set out in Schedule A.

3.4 Swap Facilities

(a) At the Borrower's request, a Lender may agree to enter into Hedging Agreements with the Borrower or a Material Subsidiary from time to time provided that all Swap Indebtedness ranks at all times *pari passu* with the Loan Indebtedness. The Borrower acknowledges that each Lender makes no formal commitment herein to enter into any Hedging Agreement and a Lender may, at any time and at all times, in its sole and absolute discretion, accept or reject any request by the Borrower to enter into any Hedging Agreement. Any Swap Lender that enters into a Hedging Agreement in good faith and without actual knowledge of a contravention of the hedging restrictions contained in Section 14.2 shall be entitled to the benefit of the Security regardless of the contravention of such hedging restrictions. If a Lender does enter into a Hedging Agreement with the Borrower or a Material Subsidiary, it will do so subject to the following:

(i) at the applicable time, the Borrower or a Material Subsidiary, as applicable shall promptly issue or countersign and return a confirmation or acknowledgement of the terms of each such Hedging Agreement as required by the Agent;

(ii) the Borrower or a Material Subsidiary, as applicable shall have previously enter into a master agreement or other agreement in form and substance satisfactory to such Lender (a "**Master Agreement**") including, without limitation, any agreement used by the International Swap and Derivatives Association, Inc.;

(iii) in the event of demand for payment under a Master Agreement, in accordance with its terms, such Swap Lender may terminate all or any Hedging Agreements in accordance with the terms of such Master Agreement. Such Swap Lender shall apply any amount properly owing by such Swap Lender to the Borrower or a Material Subsidiary, as applicable pursuant to the Master Agreement on termination of any Hedging Agreement against the Loan Indebtedness and any amount properly owing

to such Swap Lender by the Borrower or a Material Subsidiary, as applicable pursuant to the Master Agreement on such termination shall be added to the Loan Indebtedness and secured by the Security;

(iv) any rights of the Parties herein in respect of any Hedging Agreements are in addition to and not in limitation of or substitution for any rights of the Parties under any Master Agreement. In the event that there is any inconsistency at any time between the terms hereof and any Master Agreement, the terms of such Master Agreement shall prevail;

(v) no Swap Lender shall be able to enforce any Security granted by the Borrower or a Material Subsidiary under this Agreement with respect to any Hedging Agreements it enters into with the Borrower or a Material Subsidiary after such Swap Lender or its affiliate ceases to be a Lender hereunder or which Hedging Agreements mature after the date which such Swap Lender or its affiliate ceases to be a Lender hereunder; and

(vi) no Swap Lender shall be able to enforce any Security granted by the Borrower or a Material Subsidiary under this Agreement other than in accordance with this Agreement.

3.5 Credit Card Facility

The Agent shall, in addition to the Credit Facilities, be entitled to make available to the Borrower and the Material Subsidiaries, or any of them, MasterCard facilities on such terms and conditions, in such amounts and pursuant to such agreements as the Agent agrees to from time to time, provided that such MasterCard facilities shall not exceed the Equivalent Amount in Cdn. Dollars of $250,000. Notwithstanding the fact that the MasterCard facilities will be established as additional and separate facilities from the Credit Facilities: (i) all amounts owing under such MasterCard facilities shall be deemed to be Loan Indebtedness arising under the Committed Revolving Term Facility for purposes of those provisions under this Agreement respecting repayment of the Loan Indebtedness (including, without limitation, Section 16.2), the Agent's share thereof, the definitions of "Documents" and "Security", and the granting, discharge and *pari passu* sharing of Security in connection with such Loan Indebtedness and (ii) all amounts owing under such MasterCard facilities shall be included in the calculation of the Principal Amount under all of the Credit Facilities for purposes of the *pari passu* sharing of Security.

3.6 Outstanding Principal

In order to give effect to the new Committed Revolving Term Facility Commitments provided for herein, the Outstanding Principal under the Committed Revolving Term Facility (the "**Committed Revolving Term Facility Outstandings**") shall be adjusted (by the Agent in accordance with its normal practices) as follows:

(a) on the Effective Date, each Committed Lender, as the case may be, shall purchase from each other Committed Lender, such portion of the Committed Revolving Term Facility Outstandings owed to each Committed Lender as is necessary to

ensure that the Committed Revolving Term Facility Outstandings owed to each Committed Lender are outstanding in accordance with such Lender's Rateable Portion based on the new Committed Revolving Term Facility Commitments of all such Lenders; save and except that:

(i) with respect to any portion of the Committed Revolving Term Facility Outstandings that are outstanding by way of Bankers' Acceptances, no such purchase shall be made, and instead, each Committed Lender hereby, to the extent necessary, provides an indemnity to the other Committed Lenders in order to ensure such Bankers' Acceptances are outstanding in accordance with such Lender's Rateable Portion;

(ii) the allocation of the BA Stamping Fees on the outstanding Bankers' Acceptances shall be adjusted in accordance with the Agent's normal practice for the period commencing on the Effective Date until the maturity of such outstanding Bankers' Acceptance; each Committed Lender agrees to remit to the Agent any amounts owing by it to the other Committed Lenders as a result of the new allocations of the BA Stamping Fees; each of the Committed Lenders acknowledge and agree that such revised allocations are reasonable having regard to the liabilities and obligations of each with respect to such outstanding Bankers' Acceptances; and

(iii) until the expiry of each existing term relating to any LIBOR Loans that are outstanding on the Effective Date, no such purchase shall be made;

(b) for certainty, if and to the extent any Bankers' Acceptances or LIBOR Loans that are outstanding on the Effective Date are subject to a Rollover or Conversion on or after the Effective Date, each Committed Lender shall fund its Rateable Portion of such Rollover or Conversion based on its new Committed Revolving Term Facility Commitment;

(c) if and for so long as any Bankers' Acceptances or LIBOR Loans are outstanding on the Effective Date, no Committed Lender shall participate in any other Committed Revolving Term Facility Advances to the extent that such participation would result in such Lender exceeding its new Committed Revolving Term Facility Commitment or being owed more than its new Rateable Portion of the Committed Revolving Term Facility Outstandings; and

if and for so long as the Committed Revolving Term Facility Outstandings owed to the Committed Lenders do not match their respective new Rateable Portion as a result of the foregoing provisions, the applicable provisions of the Credit Agreement relating to determination and payment of amounts owing to the Lenders on a Rateable Portion basis shall be adjusted accordingly.

3.7 Repayment

(a) **Term Facility**. With respect to the Credit Facilities, on the Term Date of each Lender thereunder, any undrawn portion of its Individual Commitment Amount shall be cancelled, its Individual Commitment Amount shall be permanently reduced to Advances outstanding to it on such date and the Total Commitment Amount shall be permanently reduced to the Term Amount; and such Lender's *pro rata* portion of the Credit Facilities shall convert to a one (1) year non-revolving committed term facility (a "**Term Facility**"). The Borrower shall ensure that any Bankers' Acceptances, BA Equivalent Loans, LIBOR Loans and Letters of Credit made or accepted by such Lender mature or expire, as the case may be, on or prior to such Lender's Maturity Date and shall ensure that the maturities of all Bankers' Acceptances, BA Equivalent Loans, LIBOR Loans and the expiry dates of all Letters of Credit are such that any repayments required pursuant to this Section 3.7(a) can be so effected.

(b) **Term Facility Interest Rate**. Each Term Facility shall bear interest at the rates as set out in Sections 8.2 to 8.3 plus an additional [redacted]% per annum.

(c) **Repayment on Maturity Date**. Subject to the terms and conditions herein contained, all Loan Indebtedness of the Borrower to the Lenders under this Agreement and the Security will immediately become due and payable in full on the Maturity Date.

(d) **Extension**.

(i) Not more than 90 days and not less than 60 days prior to the then current Term Date, the Borrower may request an offer of extension as set out in Schedule J attached hereto (the "**Offer of Extension**") from the Lenders in respect of the Credit Facilities for a further period of up to 364 days. Such request shall be made by the Borrower delivering to the Agent an executed request for an Offer of Extension as set out in Schedule J attached hereto (the "**Request for Offer of Extension**"). The Agent shall forthwith notify the Lenders of such request by the Borrower, and each Lender shall advise the Agent and the Borrower as to whether or not it agrees to such request no later than 30 days prior to the then current Term Date (the "**Notification Date**"). If a Lender does not so advise the Agent and the Borrower on or prior to the Notification Date, such Lender shall be deemed to have elected not to agree to such request. Any such Lender that does not, or is deemed not to, agree to such request shall become a "**Non-Agreeing Lender**" and unless its Individual Commitment Amount is purchased pursuant to Section 3.7(d)(iii) or repaid pursuant to Section 3.7(d)(iv) the provisions of Section 3.6(a) shall become applicable to such Non- Agreeing Lender.

(ii) Provided the Majority Lenders agree to such request, with respect to the Lenders agreeing, the Agent shall within two (2) Banking Days deliver to

the Borrower an Offer of Extension. Any such Offer of Extension shall be open for acceptance by the Borrower until the Banking Day which is ten (10) Banking Days prior to the then current Term Date. Upon written notice by the Borrower to the Agent accepting an Offer of Extension and agreeing to the terms and conditions specified therein (including, without limitation, the payment of any fees relating thereto), if any, the Term Date, in respect of those Lenders agreeing to such extension (the "**Agreeing Lenders**"), shall be extended to the date specified in the Offer of Extension and the terms and conditions, if any, specified thereunder, shall become effective on the first day following the then current Term Date.

(iii) Each of the Agreeing Lenders shall have the right (but not the obligation) to purchase the Individual Commitment Amount of any Non-Agreeing Lender (provided that, however, only one (1) Agreeing Lender may acquire the Operating Loan Commitment Amount and shall acquire the entire amount thereof) for a purchase price in an amount equal to the aggregate outstanding principal amount of the Advances owing to such Non-Agreeing Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Non-Agreeing Lender under this Agreement. Each of the Agreeing Lenders (each, a "**Purchasing Lender**") wishing to exercise its rights to purchase the Individual Commitment Amount of a Non-Agreeing Lender shall forthwith so notify the Borrower, the Agent and each of the other Lenders, if any, and such Purchasing Lender shall thereupon be obligated to purchase not less than fifteen (15) days prior to the then current Term Date an undivided share of the Individual Commitment Amount of each Non-Agreeing Lender equal to the ratio that such Purchasing Lender's Individual Commitment Amount is of the aggregate of all Purchasing Lenders' Individual Commitment Amounts or as otherwise agreed to by the Borrower and all Purchasing Lenders, provided that any Agreeing Lender that acquires the Operating Loan Commitment Amount hereunder shall acquire the entire outstanding Operating Loan Commitment Amount. The Non-Agreeing Lender, the Purchasing Lenders, the Agent, the Borrower and each of the other Lenders, if any, shall forthwith duly execute and deliver any necessary documentation to give effect to such purchase, whereupon each Non-Agreeing Lender shall, as of the effective date thereof, be released from its obligations to the Borrower hereunder and under the other Documents arising subsequent to such date with the exception of any obligations owing to the Borrower by such Non-Agreeing Lender under any Hedging Agreements.

(iv) If a Non-Agreeing Lender's Individual Commitment Amount is not purchased pursuant to Section 3.7(d)(iii), then at the option of the Borrower:

(A) so long as there exists no Default or Event of Default, the Borrower may repay all Advances (which shall include, for greater

certainty, the amount outstanding on maturity of all LIBOR Loans made by, and all Bankers' Acceptances and BA Equivalent Loans accepted by, such Non-Agreeing Lender and other amounts owing hereunder to such Non-Agreeing Lender) on its then current Term Date and, upon such repayment, (A) such Non-Agreeing Lender shall cease to be a Lender hereunder and such Non-Agreeing Lender's Individual Commitment Amount shall be terminated, (B) the Total Commitment in respect of the Credit Facilities shall be reduced by the amount of the Non-Agreeing Lender's terminated Individual Commitment Amount, and (C) the Rateable Portion of each remaining Lender shall be adjusted accordingly;

(B) the Borrower may have such Non-Agreeing Lender's outstanding Individual Commitment Amount sold, assigned and transferred to a replacement Lender pursuant to Section 18.1;

(C) the undrawn portion of the Individual Commitment Amount of the Non-Agreeing Lender under the Committed Revolving Term Facility shall be cancelled and such Non-Agreeing Lender's Individual Commitment Amount shall be converted to a one year non-revolving term facility as provided for in Section 3.6(a) *mutatis mutandis*.

(v) If an Offer of Extension has been provided to the Borrower which the Borrower has accepted then, upon the payment of the fee referred to in Section 12.4, the Maturity Date and Term Date for each Agreeing Lender that has approved the Request for Offer of Extension shall be extended to the date which is 364 days subsequent thereto, and the terms and conditions specified in such Offer of Extension shall be immediately effective.

(vi) If an Offer of Extension is not provided to the Borrower, or if the Borrower does not accept or is deemed not to have accepted the Offer of Extension, the Credit Facilities shall convert to a non-revolving facility on the Term Date, and the Borrower shall repay all Loan Indebtedness outstanding hereunder in accordance with Sections 3.6(a) to 3.6(c).

(vii) This Section 3.7 shall apply from time to time to permit successive extensions of the Term Date and Maturity Date for Lenders if and for so long as the Majority Lenders have agreed to all prior extensions in accordance with Section 3.7(d)(ii).

(e) **Borrowing Base Shortfall**. If at any time there occurs a Borrowing Base Shortfall, the Agent, at the direction of the Lenders, may deliver to the Borrower a notice setting out the amount of the Borrowing Base Shortfall (the "**Shortfall Notice**"). Upon receipt of the Shortfall Notice, the Borrower will do one of the following or a combination thereof:

(i) reduce, on a Rateable Portion basis amongst all the Lenders, the Loan Indebtedness under the Committed Revolving Term Facility and/or the Operating Loan Facility by the amount of the Borrowing Base Shortfall within 60 days of its receipt of the Shortfall Notice. For greater certainty, to reduce the Loan Indebtedness on a Rateable Portion basis amongst all the Lenders, reduction of the Loan Indebtedness under both the Committed Revolving Term Facility and the Operating Loan Facility may be required;

(ii) eliminate the Borrowing Base Shortfall by providing in favour of the Agent for and on behalf of the Lenders, additional security, such security to be in form and substance acceptable to the Lenders, to be delivered by the Borrower to the Agent for and on behalf of the Lenders within 60 days of its receipt of the Shortfall Notice;

(iii) eliminate the Borrowing Base Shortfall within 60 days of its receipt of the Shortfall Notice by such other means as are acceptable to the Lenders, including adding additional P&NG Rights acceptable to the Lenders to the Borrowing Base Properties or by making a prepayment; or

(iv) sell such P&NG Rights and or Borrowing Base Properties as approved by the Lenders in writing and to apply the proceeds of such sale to reduce the Loan Indebtedness as agreed to by the Lenders in writing with the Borrower.

Notwithstanding the foregoing provisions of this Section 3.7(e), nothing herein contained will effect or modify the rights of the Lenders under the Documents or the obligations of the Borrower thereunder.

(f) E**ffect of Borrowing Base Shortfall**. If a Shortfall Notice is given, then unless and until the Borrowing Base Shortfall is eliminated as required by Section 3.6(e), the Borrower will:

(i) not request Advances under the Credit Facilities, except for the Rollover or Conversion of a then maturing Advance, provided the BA Maturity Date or last day of the LIBOR Period of such maturing Advances following their Conversion or Rollover, as the case may be, does not exceed the earlier of (A) one month, and (B) the date which is 60 days after receipt by the Borrower of the Shortfall Notice;

(ii) pay on such Borrowing Base Shortfall interest at the rates as set out in Section 3.11 plus an additional [redacted]% per annum (excluding standby fees); and

(iii) provide to the Agent, for the benefit of the Lenders, such information available to it to assist the Lenders in determining the forecasted Available Cash Flow over the anticipated period of the Borrowing Base Shortfall.

If the Borrowing Base Shortfall is eliminated, then the Borrower will no longer be subject to the restrictions and obligations imposed in this Section 3.7(f).

(g) **Dedication of Available Cash Flow**.

Following receipt of a Shortfall Notice and until the Borrowing Base Shortfall described therein is eliminated, the Borrower will dedicate on a monthly basis to the Loan Indebtedness under the Committed Revolving Term Facility such portion of Available Cash Flow as is designated by the Lenders to eliminate as soon as possible, and in any event within 60 days, the Borrowing Base Shortfall. The first such monthly dedication will take place 30 days after the Borrower receives the Shortfall Notice.

(h) **Prepayment**.

Any prepayment for the purpose of eliminating a Borrowing Base Shortfall will be made on a *pro rata* basis to the Lenders and the Operating Lender on the basis of the proportion from time to time of each Lender's Rateable Portion thereof.

(i) **Payments to Agent**.

All payments of the Indebtedness of the Borrower to the Lenders under the Credit Facilities will be made by the Borrower to the Agent for the account of the Lenders, as applicable, under the applicable Credit Facility in accordance with each such Lender's Rateable Portions thereof.

(j) **Excesses to Credit Facilities by Reason of Foreign Fluctuations**.

If and each time the Agent determines (which determination shall be conclusive and bind the Borrower, absent manifest error) that the outstanding amount of all Aggregate Principal Amount under the Credit Facilities exceeds the Total Commitments by more than two percent (2.0%) by reason of fluctuations in exchange rates, the Agent may request (or shall request if such excess is more than five (5.0%) of the Total Commitments) the Borrower to repay the entire excess above the Total Commitments.

3.8 General Right to Prepay and Cancel

With the same notice required when the Advance to be prepaid was made, the Borrower may at any time prepay in the minimum amount of $5,000,000 under the Committed Revolving Term Facility and in the minimum amount of $1,000,000 under the Operating Loan Facility, and in each case multiples of $100,000 thereafter without premium, bonus or penalty, any or all of the Aggregate Principal Amount under such Credit Facilities except that a Bankers' Acceptance or a LIBOR Loan will not be paid prior to its BA Maturity Date or the end of its LIBOR Period, as applicable (unless cash collateralized). The Borrower may also, upon giving the Agent not less than 3 Banking Days prior written notice, cancel in the minimum amount of $5,000,000 under the Committed Revolving Term Facility and the minimum amount of $1,000,000 under the Operating Loan Facility and in each case in multiplies of $100,000 thereafter, any undrawn

portion of the Credit Facilities, including any undrawn portion resulting from a prepayment. Any prepayment or cancellation of a Credit Facility will be made *pro rata* to all Lenders on the basis of each Lender's Rateable Portion of such Credit Facility.

3.9 Use of Proceeds

(a) **Credit Facilities**. The Borrower will be entitled, subject to the provisions hereof dealing with Hostile Acquisitions, to use the proceeds of the Credit Facilities for general corporate purposes including, without limitation:

(i) operating and capital expenditures in Canada and the United States of America related to the exploration, development and production of oil and gas properties of the Borrower or any Material Subsidiary who has granted a guarantee in favour of the Agent in respect of the Loan Indebtedness under the Credit Facilities and the Documents to the extent permitted hereunder;

(ii) the funding of general working capital requirements of the Borrower and any Material Subsidiary;

(iii) the acquisition of oil and gas properties in Canada and the United States of America or of companies who own such properties; and

(iv) any other purpose that has been consented to in writing by the Agent on behalf of the Lenders, prior to such use.

3.10 Types of Accommodation

(a) **Operating Loan Facility**. The Borrower may from time to time obtain under the Operating Loan Facility, in an aggregate amount not to exceed the Operating Loan Commitment Amount, all or one or more of the following types of Accommodation:

(i) Canadian Prime Rate Loans;

(ii) USBR Loans;

(iii) LIBOR Loans;

(iv) Bankers' Acceptances; and

(v) letters of credit and letters of guarantee (each a "**Letter of Credit**"), up to the sublimit as set out in Section 10.1(a).

(b) **Committed Revolving Term Facility**. The Borrower may from time to time obtain under the Committed Revolving Term Facility, in an aggregate amount not to exceed the Commitment, all or one or more of the following types of Accommodation:

(i) Canadian Prime Rate Loans;

(ii) USBR Loans;

(iii) LIBOR Loans; and

(iv) Bankers' Acceptances.

3.11 Interest and Fees

(a) **Interest and Fees under the Credit Facilities**. Interest and fees payable by the Borrower under the Credit Facilities will be applied in the following manner:

(i) each Canadian Prime Rate Loan under the Operating Loan Facility or the Committed Revolving Term Facility, as applicable, will bear interest at a variable rate per annum equal to the Canadian Prime Rate plus the applicable margin indicated in Schedule B;

(ii) each USBR Loan under the Operating Loan Facility or the Committed Revolving Term Facility, as applicable, will bear interest in US Dollars at a variable rate equal to the USBR plus the applicable margin indicated in Schedule B;

(iii) each LIBOR Loan under the Operating Loan Facility or the Committed Revolving Term Facility, as applicable, will bear interest in US Dollars equal to the aggregate of the LIBOR for each LIBOR Period plus the applicable margin indicated in Schedule B. Such interest shall accrue daily on the principal amount of each LIBOR Loan outstanding during each such LIBOR Period and on the basis of the actual number of days each such LIBOR Loan is outstanding in a year of 360 days;

(iv) for each Bankers' Acceptance under the Operating Loan Facility or the Committed Revolving Term Facility, as applicable, the stamping fee (the "**BA Stamping Fee**") payable by the Borrower on the acceptance thereof by the Lenders will be as set out in Schedule B; and

(v) a standby fee payable by the Borrower as set forth in Section 12.3 will be calculated based upon, in respect of the undrawn amount of the Operating Loan Facility and the Committed Revolving Term Facility from time to time, the applicable standby fee indicated in Schedule B;

(b) **Extension Fee**. Upon any extension of the Term Date, the Borrower shall pay to the Agent for distribution to the Lenders an extension fee upon its acceptance of an Offer of Extension, equal to such amount as advised by the Agent and agreed to by the Borrower at such time.

(c) **Sundry Rates**. Other than set out in Schedule B with respect to Letters of Credit, sundry options (including a corporate MasterCard facility) will be provided to the

Borrower at the Agent's standard charges applicable thereto from time to time, but shall not form part of the Borrowing Base and any credit extended under such sundry options shall be in addition to the Credit Facilities.

3.12 Borrowing Base

(a) **Setting of Borrowing Base**. The Borrowing Base under the Credit Facilities as at the Closing Date is $305,000,000. A review and re-determination of the Borrowing Base will occur on or before May 31 and November 30 of each year the Credit Facilities remain available to the Borrower (in any such case, the "**Borrowing Base Date**"). In addition to the foregoing semi-annual redeterminations, the Borrowing Base will be redetermined by the Lenders in any of the following circumstances: (i) any Hedge Monetization occurs, the proceeds of which, together with the proceeds of any sale, exchange, lease, transfer or other disposition of Borrowing Base Properties, exceed the Threshold Amount since the last Borrowing Base determination; or (ii) in the opinion of the Majority Lenders, acting reasonably, there are reasons to believe that there has been a Material Adverse Effect (each an "**Additional Review**"). For each such Additional Review, the Borrower will provide the Agent and the Lenders with any additional information related to the Borrowing Base Properties that (A) may be reasonably requested by the Lenders, or (B) it wants the Lenders to consider as part of such Additional Review, in either case, within 10 Banking Days of being notified of such Additional Review and the Lenders will make a determination of the Borrowing Base in such circumstances within 10 additional Banking Days after the end of such first 10 Banking Day period.

(b) **Determination of Borrowing Base**. In making any determination or re-determination of the Borrowing Base pursuant to this Agreement, each Lender will act in accordance with its usual and customary practices for revolving loans of this nature using such reasonable assumptions as each Lender may determine in its sole discretion. With respect to Borrowing Base determinations or re-determinations to be made by a Borrowing Base Date pursuant to this Section 3.12(b) each Lender shall provide to the Agent written notice of its Borrowing Base determination or re-determination by no later than ten (10) days prior to the applicable Borrowing Base Date.

Each Borrowing Base determination or re-determination pursuant to this Agreement will require:

(i) The unanimous consent of the Lenders if the Borrowing Base is to be increased or confirmed at the same amount; and

(ii) The consent of the Super Majority Lenders if the Borrowing Base is to be reduced.

If the Lenders cannot agree by the applicable Borrowing Base Date upon an increase in the Borrowing Base or that the Borrowing Base is to be confirmed at

the same amount, or if the Super Majority Lenders cannot agree by the applicable Borrowing Base Date upon the amount of a Borrowing Base reduction, the Borrowing Base shall, subject to Section 11.4, be equal to the lowest Borrowing Base, as determined by any single Lender in conjunction with that Borrowing Base determination or re-determination on or before such applicable Borrowing Base Date.

Neither the Agent nor any Lender shall have any liability or responsibility for any acts or omissions of any other Lender in connection with any determination or re-determination by such other Lender of the Borrowing Base, including in connection with any Borrowing Base determination or re-determination that may result hereunder.

(c) **Notification of Borrowing Base**. The Agent will notify the Borrower of the determination of the Borrowing Base on or before each Borrowing Base Date. The Borrowing Base determination will remain in effect until the next redetermination is made as required or permitted herein. The Borrower will cooperate in all respects in providing the Agent, for the benefit of the Lenders, in a timely manner with such information as may be reasonably required by the Lenders to assist in determining the Borrowing Base within the time period required hereunder. To assist the Lenders in a determination of the Borrowing Base, the Borrower will provide the Agent, for the benefit of the Lenders, with the following:

(i) prior to April 30 of each calendar year, an independent economic and reserve evaluation report covering the then applicable Borrowing Base Properties of the Borrower and, as applicable, each Material Subsidiary, prepared by an engineering firm acceptable to the Lenders, acting reasonably, with an effective date no earlier than December 31 of the immediately preceding calendar year;

(ii) prior to October 31 of each calendar year, an internally prepared economic and reserve evaluation report covering the then applicable Borrowing Base Properties of the Borrower and, as applicable, each Material Subsidiary, prepared by the Borrower with an effective date no earlier than June 30 of the then current year in a format acceptable to the Agent, acting reasonably;

(iii) within 60 days of the end of each month-end of the Borrower, the most recent production revenue statements for the respective month of the Borrower covering the Proved Producing Reserves and indicating the gross oil and gas production, net production, total revenues, royalties and other burdens, operating expenses and net revenues of the Borrower and each Material Subsidiary; and

(iv) such other information available to the Borrower as the Lenders may request from time to time, acting reasonably.

(d) **Additional Reserve Report**. The Lenders shall have the right, not more than once per calendar year to request that an internally, or at the Agent's request, an external independent prepared report covering the Borrowing Base Properties be provided by the Borrower at the Borrower's expense.

(e) **Borrower May Request Redetermination**. The Borrower may at any time request a redetermination of the Borrowing Base. Upon such request, the Borrowing Base will be re-determined as soon as reasonably practicable, provided that the Borrower has made available to the Agent, for the benefit of the Lenders, the current information which, in the opinion of the Lenders, acting reasonably, is required to perform such redetermination. The Borrowing Base will be adjusted effective on the date of the notice of such adjusted Borrowing Base given by the Agent to the Borrower.

(f) **Meeting with Lenders**. The Borrower will meet annually with the Agent and the Lenders at a time and place mutually acceptable to the Borrower and the Lenders to review and discuss the production profile of the Borrowing Base Properties, and such other matters affecting the Borrower's and the Material Subsidiaries', business as the Agent and the Lenders may request, acting reasonably.

(g) **Confirmation of Re-Determination**. The Agent will advise the Borrower and the Lenders of any re-determination of the Borrowing Base and the Rateable Portion applicable to each Lender will be adjusted in Schedule A in accordance with the written agreement of the Lenders with respect to the re-determination of the Borrowing Base.

ARTICLE 4
SECURITY

4.1 Security

The present and future Loan Indebtedness and Cash Management Obligations of the Borrower and any Material Subsidiary to the Agent and the Lenders under the Documents and the Swap Indebtedness owing to the Swap Lenders under the Swap Documents and all other Obligations of the Borrower and any Material Subsidiary to the Agent, the Lenders and the Swap Lenders howsoever arising or incurred hereunder and under the Documents, the Cash Management Arrangements and the Swap Documents, as applicable, will be secured by the following (in each case in form and substance satisfactory to the Agent) (collectively, the "**Security**"):

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

(b) a fixed and floating charge demand debenture in the amount of Cdn. $1,500,000,000 from the Borrower and registered in all appropriate jurisdictions as required in Section 4.7;

(c) a debenture pledge agreement from the Borrower;

(d) an environmental certificate from the Borrower in substantially in the form attached as Schedule E;

(e) a guarantee from the Borrower and each Material Subsidiary in favour of the Agent for its own benefit and on behalf of the Lenders and the Swap Lenders with respect to the Borrower's and any other Material Subsidiary's obligations (as applicable) to the Agent, the Lenders and Swap Lenders under the Documents, the Swap Documents and the Cash Management Arrangements, as applicable;

(f) a general assignment of book debts from each Material Subsidiary;

(g) a fixed and floating charge demand debenture in the amount of Cdn. $1,500,000,000 from each Material Subsidiary and registered in all appropriate jurisdictions as required in Section 4.7 hereof;

(h) a debenture pledge agreement from each Material Subsidiary;

(i) a security and guarantee confirmation agreement from the Borrower and each Material Subsidiary, as applicable, and in substantially the form attached as Schedule P;

(j) when requested by the Agent in accordance with Section 4.6, such documents and instruments providing a fixed Lien in accordance with Section 4.6; and

(k) such other Security or Documents as may reasonably be requested by the Agent.

4.2 Sharing of Security

(a) The Borrower and the Lenders agree and acknowledge that the Security is being shared equally among the Lenders and the Swap Lenders to secure all Loan Indebtedness, Swap Indebtedness, Cash Management Obligations and any MasterCard facility with the Agent pursuant to Section 3.5 hereof on a *pari passu* basis; and that the Agent will hold the Security for the benefit of the Agent, the Lenders and the Swap Lenders hereunder. For the purposes of the above sentence, "*pari passu*" basis means:

(i) with respect to the Lenders under the Credit Facilities, the Aggregate Principal Amount and all other Loan Indebtedness under such Credit Facilities relative to the Aggregate Principal Amount and all other Loan Indebtedness under such Credit Facilities, the Swap Indebtedness and the Cash Management Obligations; and

(ii) with respect to the Swap Lenders, the Swap Indebtedness relative to the Aggregate Principal Amount and all other Loan Indebtedness under the Credit Facilities, the Swap Indebtedness and the Cash Management Obligations; and

(iii) with respect to the Operating Lender as it relates to the Cash Management Obligations, the Cash Management Obligations relative to the Aggregate Principal Amount and other Loan Indebtedness under the Credit Facilities, the Swap Indebtedness and the Cash Management Obligations.

(b) If requested by the Agent, for the benefit of the Lenders or any Swap Lender, each such Persons will enter into such further agreements and assurances as may be reasonably requested to further evidence the provisions of this Section 4.2.

4.3 Exclusivity of Remedies

Nothing herein contained or in the Security now held or hereafter acquired by the Agent and the Lenders, nor any act or omission of the Agent and the Lenders with respect to any such Security, will in any way prejudice or affect the rights, remedies or powers of the Agent and the Lenders with respect to any other security at any time held by the Agent and the Lenders.

4.4 Form of Security

The Security will be in such form or forms as will be required by the Agent, acting reasonably, and will be registered in such offices in Canada or any province thereof as the Agent may from time to time reasonably require to protect the Liens created thereby, provided that the Agent will not register, except pursuant to Section 4.6, against title to the P&NG Rights. Should the Agent, acting reasonably, determine at any time and from time to time that the form and nature of the then existing Security is deficient in any way or does not fully provide the Agent and the Lenders with the Liens and priority to which each is entitled hereunder, the Borrower will promptly execute and deliver or cause to be executed and delivered to the Agent, at the Borrower's expense, such amendments to the Security or provide such new security as the Agent may reasonably request.

4.5 After-Acquired Property

All property acquired by or on behalf of the Borrower or any Material Subsidiary after the date of execution of the Security which forms part of the property of the Borrower or any Material Subsidiary (hereafter collectively referred to as "**After-Acquired Property**"), will be subject to the Security without any further conveyance, mortgage, pledge, charge, assignment or other act on the part of the Parties. Without limiting the effect of the preceding sentence, the Borrower will, or will cause such Material Subsidiary to, from time to time execute and deliver and the Agent will register, all at the Borrower's expense, such instruments supplemental to the Security, in form and substance satisfactory to the Agent, acting reasonably, as may be necessary or desirable to ensure that the Security as amended and supplemented constitutes in favour of the Agent and the Lenders an effective Lien to the extent created by the Security over such After-Acquired Property as required hereunder, subject only to Permitted Encumbrances.

4.6 Undertaking to Grant Fixed Charge Security

If the Agent, on behalf of the Lenders, acting reasonably, determines in its sole discretion that there has been a Material Adverse Effect and the Lenders consider it necessary for their adequate protection, the Borrower, at the request of the Agent, will promptly (and in any event within five

(5) Banking Days of such request) grant or cause to be granted to the Agent for the benefit of the Agent and the Lenders a fixed Lien (subject only to Permitted Encumbrances) in such of the Borrower's or any Material Subsidiary's property as the Agent will, in its sole discretion, determine as security for all then present and future Loan Indebtedness of the Borrower to the Agent and the Lenders under the Credit Facilities. In this connection, the Borrower will:

(a) provide the Agent with such information as is reasonably required by the Agent to identify the property to be charged pursuant to this Section 4.6;

(b) do all such things as are reasonably required to grant, or cause such Material Subsidiary to grant, in favour of the Agent and the Lenders a fixed Lien (subject only to Permitted Encumbrances) in respect of such property to be so charged pursuant to this Section 4.6;

(c) provide the Agent with all corporate or partnership resolutions and take other action, as reasonably required, for the Borrower or such Material Subsidiary to grant the fixed Lien (subject only to Permitted Encumbrances) in the property identified by the Agent to be so charged;

(d) provide the Agent with such security instruments and other documents which the Agent, acting reasonably, deems are necessary to give full force and effect to the provisions of this Section 4.6;

(e) assist the Agent in the registration or recording of such agreements and instruments in such public registry offices in Canada or any province or state thereof, as applicable, as the Agent, acting reasonably, deems necessary to give full force and effect to the provisions of this Section 4.6; and

(f) pay all reasonable costs and expenses incurred by the Agent in connection with the preparation, execution and registration of all agreements, documents and instruments, including any amendments to the Security, made in connection with this Section 4.6.

4.7 Registration of Security

The Security will be registered in such offices in Canada or, if applicable, the United States of America or any province or state thereof, as applicable, as the Agent may from time to time require to protect the Liens created thereby, including pursuant to Section 4.6 only, by way of specific fixed charge registrations against the real property titles to or interests in the P&NG Rights at the sole cost of the Borrower. The Borrower will assist the Agent in the registration or recording of such agreements and instruments in such public registry offices in Canada or, if applicable, the United States of America or any province or state thereof, as applicable, as the Agent, acting reasonably, deems necessary to give full force and effect to this Section 4.7.

4.8 Discharge of Security

The Agent and the Lenders will discharge the Security at the Borrower's expense forthwith after all of the Loan Indebtedness, and (unless other arrangements have been made) Swap

Indebtedness and the Cash Management Obligations, have been unconditionally and irrevocably paid or satisfied in full and each such facility has been cancelled.

4.9 Permitted Liens

None of:

(a) the fact that the Borrower or a Material Subsidiary is, by the terms of this Agreement or any other Documents, permitted to create, assume or suffer to exist any Permitted Encumbrance or Permitted Indebtedness;

(b) the fact that any representation, warranty or covenant herein or in any other Documents may make an exception for the existence of any Permitted Encumbrance or Permitted Indebtedness; or

(c) the fact that the Liens created pursuant to the Security may be stated to be subject to, or are not required to rank in priority to, Permitted Encumbrance or Permitted Indebtedness,

shall in any manner, nor in any cause or proceeding, directly or indirectly, be taken to constitute a subordination of any Lien created pursuant to the Security to any Permitted Encumbrance or Permitted Indebtedness or to any other Lien or other obligation whatsoever, or be construed to mean that the Advances under this Agreement or the Documents (including the Security) are in any way subordinate or junior in right of payment to any Permitted Encumbrance, it being the intention of the parties that all Liens created pursuant to the Security shall at all times rank as first priority Liens, including in priority to Permitted Encumbrances or Permitted Indebtedness and all other Liens or other obligations whatsoever, subject only to applicable Law.

4.10 Swap Indebtedness

The following provisions shall apply in respect of the Swap Indebtedness and in the event of any conflict between the provisions of this Section 4.10 with any other provisions of this Agreement in respect of Swap Indebtedness, the provisions of this Section 4.10 shall govern and prevail:

(a) The Swap Indebtedness secured by the Security shall be limited to those: (i) that arise under Existing Hedging Agreements; and (ii) that arise under Hedging Agreements entered into between a Borrower or a Material Subsidiary and a Swap Lender (A) prior to the occurrence of an Event of Default; (B) after the date of this Agreement; and (C) during such time as the Swap Lender was a Lender or an Affiliate of a Lender under this Agreement. In the event a Swap Lender is no longer a Lender or an Affiliate of a Lender but there are outstanding Swap Indebtedness owed to such former Swap Lender, then such Swap Indebtedness shall continue to be secured by the Security;

(b) Any matter or thing done or omitted to be done by a Lender under or in respect of this Agreement, the other Documents, the Security and in respect of any

transactions contemplated thereby shall be binding upon any Affiliate of such Lender;

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

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

(e) In the event (i) a Swap Lender is no longer a Lender but there is outstanding Swap Indebtedness owed to such former Swap Lender and (ii) the Indebtedness have been fully paid and satisfied and the Credit Facilities cancelled, then the Agent may assign, transfer and convey to such former Swap Lender all of its rights, benefits and entitlements under this Agreement and the Security as Agent for the purpose of securing the outstanding Swap Indebtedness as contemplated by Sections 4.1 and 4.10 of this Agreement. Any such assignment, transfer or conveyance under this Section (e) shall be without recourse to the Agent; and

(f) For better certainty, the assignee of an assignment made under subsection (e) of this Section 4.10 shall be subrogated in place and instead of the assignor as the Agent for the purposes of this Agreement and the Security.

ARTICLE 5
FUNDING AND OTHER MECHANICS

5.1 Funding of Accommodations

(a) **Operating Loan Facility**. Until the Term Date, the Borrower may borrow, repay and reborrow up to the Operating Loan Commitment Amount in the following manner:

(i) Subject to Section 5.2(a) and Article 9, all advances for Bankers' Acceptances requested by the Borrower under the Operating Loan Facility will be made available by deposit of the applicable funds (which in the case of Bankers' Acceptances will be the Net Proceeds) into the appropriate Borrowers' Account for value on the Banking Day on which the Advances is to take place;

(ii) For all Advances for Canadian Prime Rate Loans under the Operating Loan Facility, the Borrower may borrow, repay and reborrow at any time

and from time to time in the minimum amount of Cdn. $100,000 and in whole multiplies of Cdn. $100,000 thereafter;

(iii) For all Advances for USBR Loans under the Operating Loan Facility, the Borrower may borrow, repay and reborrow at any time and from time to time in the minimum amount of U.S. $100,000 and in whole multiples of U.S. $100,000 thereafter;

(iv) Subject to Section 5.2(c) all Advances for LIBOR Loans under the Operating Loan Facility, may be requested by the Borrower in the minimum amount of U.S. $1,000,000 and in whole multiples of U.S. $100,000 thereafter and will be made available by deposit of the applicable funds into the appropriate Borrower's Account for value on the Banking Day on which the Advance is to take place; and

(v) Subject to Section 5.2(a) and Article 10, the Borrower may request the issuance of Letters of Credit under the Operating Loan Facility.

(b) **Committed Revolving Term Facility**. Until the Term Date, the Borrower may borrow, repay and reborrow up to the Revolving Term Commitment Amount in the following manner:

(i) Subject to Section 5.2(a) and Article 9, all Advances for Bankers' Acceptance requested by the Borrower under the Committed Revolving Term Facility will be made available by deposit of the applicable funds (which in the case of Bankers' Acceptances will be the Net Proceeds) into the appropriate Borrower's Account for value on the Banking Day on which the Advance is to take place;

(ii) Subject to Section 5.2(a) for all Advances for Canadian Prime Rate Loans under the Committed Revolving Term Facility, the Borrower may borrow, repay and reborrow in the minimum amount of Cdn. $1,000,000 and in whole multiples of Cdn. $100,000 thereafter;

(iii) Subject to Section 5.2(a) all Advances for USBR Loans under the Committed Revolving Term Facility, the Borrower may borrow, repay and reborrow in the minimum amount of U.S. $1,000,000 and in whole multiplies of U.S. $100,000 thereafter; and

(iv) Subject to Section 5.2(c) for all Advances for LIBOR Loans under the Committed Revolving Term Facility may be requested by the Borrower in the minimum amount of U.S. $5,000,000 and in whole multiplies of U.S. $1,000,000 thereafter and will be made available by deposit of the applicable funds into the appropriate Borrower's Account for value on the Banking Day on which the Advance is to take place.

(c) **Loan Currency**. For the purpose of calculating the Aggregate Principal Amount under the applicable Credit Facility and for any other relevant provisions of this

Agreement, the amount of Accommodations made in U.S. Dollars will be the Canadian Dollar Equivalent Amount for the purposes of determining the Total Commitment, the Operating Loan Commitment Amount, the Revolving Term Commitment Amount and the Individual Commitment Amount of the Lenders under this Agreement.

(d) **Currency Excess**. If, as a result of currency fluctuations, the Equivalent Amount in Canadian Dollars of the Aggregate Principal Amount under the Credit Facilities is at any time in excess of 105% of the Borrowing Base, the Borrower shall within 5 Banking Days after receipt of notice from the Agent of such excess:

(i) repay or otherwise reduce the Aggregate Principal Amount under the Credit Facilities by the amount of such excess;

(ii) if and to the extent permitted by the Agent or the Operating Lender (as applicable), pay to such Person for deposit into an escrow account maintained by and in the name of such Person for the benefit of the applicable Lenders an amount equal to such excess; or

(iii) any combination of (i) or (ii) above.

If such excess is less than 5% of the Borrowing Base, then the Borrower will only be required to repay such excess on the next interest payment date, Rollover Date or Conversion Date, as applicable.

If the Equivalent Amount in Canadian Dollars of the Aggregate Principal Amount exceeds the Borrowing Base for any reason other than currency fluctuations, the Borrower shall promptly after receipt of notice from the Agent of such excess repay or otherwise reduce the Aggregate Principal Amount under the Credit Facilities by the amount of such excess.

(e) **Payment of Interest**. The Borrower hereby authorizes the Agent and the Operating Lender, but the Agent and the Operating Lender are not obliged, to debit from time to time the Borrower's Account with the amount of interest accrued and unpaid by the Borrower with respect to the Operating Loan Facility and the Committed Revolving Term Facility, as applicable.

5.2 Notice Provisions for Credit Facilities

The Borrower may request Drawdowns upon the following notice provisions:

(a) Drawdowns under the Credit Facilities, other than Bankers' Acceptances or LIBOR Loans, will be made available to the Borrower and the Borrower will be entitled under the Credit Facilities to effect a Rollover or Conversion where permitted hereunder, provided a Notice of Borrowing or Notice of Rollover or Notice of Conversion, as applicable, is received from the Borrower by the Agent, or Operating Lender, as applicable, at least one (1) Banking Day prior to such Advance, provided notice is received by the Agent or Operating Lender, as

applicable, no later than 10:00 a.m. (Calgary time) on the first (1st) Banking Day immediately preceding the Drawdown Date or the date of Rollover or Conversion, as applicable;

(b) Drawdowns in the case of Bankers' Acceptances will be made available to the Borrower and the Borrower will be entitled under the Credit Facilities to effect a Rollover or Conversion where permitted hereunder, provided a Notice of Borrowing or Notice of Rollover or Notice of Conversion, as applicable, is received from the Borrower by the Agent, or Operating Lender, as applicable, at least two (2) Banking Days prior to such Advance, provided notice is received by the Agent or Operating Lender, as applicable, no later than 10:00 a.m. (Calgary time) on the second (2nd) Banking Day immediately preceding the Drawdown Date or date of a Rollover or Conversion, as applicable; and

(c) Drawdowns in the case of LIBOR Loans will be made available to the Borrower and the Borrower will be entitled under the Credit Facilities to effect a Rollover or Conversion where permitted hereunder, provided a Notice of Borrowing or Notice of Rollover or Notice of Conversion, as applicable, is received from the Borrower by the Agent, or Operating Lender, as applicable, at least three (3) Banking Days prior to such Advance, provided notice is received by the Agent or Operating Lender, as applicable, no later than 10:00 a.m. (Calgary time) on the third (3rd) Banking Day immediately preceding the Drawdown Date or date of a Rollover or Conversion, as applicable.

5.3 Irrevocability

A Notice of Borrowing, Notice of Rollover or Notice of Conversion when given by the Borrower will be irrevocable and will oblige the Borrower, the Agent, the Operating Lender and the other Lenders, as applicable, to take the action contemplated herein and therein.

5.4 Rollover or Conversion of Accommodations for Credit Facilities

(a) Subject to Section 3.7(f), Section 5.2 and Article 9, the Borrower will be entitled to effect a Rollover of a Bankers' Acceptance or LIBOR Loan under the Credit Facilities into the same type of Accommodation or to effect a Conversion of one type of Accommodation under the Credit Facilities into another type of Accommodation on the terms herein provided, provided it does not exceed the Maturity Date hereunder.

(b) If the Borrower fails to give the Agent or Operating Lender, as applicable, a duly completed Notice of Rollover or Notice of Conversion for maturing Bankers' Acceptances or LIBOR Loans if and as required by Section 5.2, or if in giving such notice the Borrower fails to provide for the Rollover or Conversion of all of the Bankers' Acceptances or LIBOR Loans then maturing, the Borrower will be deemed to have irrevocably elected to convert such maturing Advances, or that part of such maturing Advances which the Borrower has failed to provide for in

such notice, as the case may be, into a Canadian Prime Rate Loan for Bankers' Acceptances and a USBR Loan for LIBOR Loans.

(c) In respect of Conversions of an Accommodation denominated in one currency to an Accommodation denominated in another currency, the Borrower shall at the time of Conversion repay the Advance or portion thereof being converted into the currency in which it was denominated.

(d) No Conversion of a Bankers' Acceptance will be made prior to its BA Maturity Date.

(e) A Rollover or Conversion of a LIBOR Loan may occur only on the last day of the relevant LIBOR Period for such LIBOR Loan (unless the Borrower pays the LIBOR breakage costs to the Lenders in accordance with Section 20.3).

(f) A Rollover or Conversion shall not result in an increase in the Aggregate Principal Amount.

(g) Increases in the Aggregate Principal Amount shall only be effected by Drawdowns.

(h) Each of the representations and warranties under Section 13.1 shall be true and correct in all material respects as of the date such Rollover or Conversion is requested and as of the proposed Rollover Date or Conversion Date.

(i) No Default, Event of Default, or Material Adverse Effect has occurred that is continuing on the date such Rollover or Conversion is requested or on the proposed Rollover Date or Conversion Date, nor would any Default, Event of Default, or Material Adverse Effect result after giving effect to the requested Rollover or Conversion.

5.5 Agent's Obligations for Committed Revolving Term Facility

Upon receipt of a Notice of Borrowing, Notice of Rollover or Notice of Conversion with respect to a proposed Advance under the Committed Revolving Term Facility (other than by way of Bankers' Acceptances), the Agent will forthwith notify the Committed Lenders of the proposed date on which such Advance is to take place, of each Rateable Portion of such Advance and, if applicable, of the account of the Agent to which each Committed Lender's Rateable Portion thereof is to be credited.

5.6 Lenders' Obligations under the Committed Revolving Term Facility

Each Committed Lender will, prior to 9:00 a.m. (Calgary time) on the proposed date on which an Advance is to take place (other than by way of Bankers' Acceptances), credit the account of the Agent specified in the Agent's notice given pursuant to Section 5.5 with such Committed Lender's Rateable Portion of such Advance, and by 10:00 a.m. (Calgary time) on the same date, the Agent will make available to the Borrower the amount so credited.

5.7 Operating Lender's Obligation under the Operating Loan Facility

Upon receipt of a Notice of Borrowing, Notice of Rollover or Notice of Conversion with respect to a proposed Advance under the Operating Loan Facility (other than by way of Bankers' Acceptances), the Operating Lender will, prior to 11:00 a.m. (Calgary time) on the proposed date on which an advance is to take place under the Operating Loan Facility (other than by way of Bankers' Acceptances), credit the account of the Borrower with the amount of the Advance.

ARTICLE 6
CONDITIONS PRECEDENT TO EFFECTIVENESS

6.1 Conditions Precedent to Drawdown

The Lenders' obligation to provide Advances under the Credit Facilities will be subject to the following conditions precedent being met, unless waived in writing by the Agent, on behalf of the Lenders:

(a) the Borrower will have complied, or caused to be complied, with the deliveries required under Section 2.1;

(b) for Advances under the Credit Facilities, the appropriate Notice of Borrowing, Notice of Rollover or Notice of Conversion will have been delivered in accordance with the notice provisions provided in Section 5.2;

(c) each of the representations and warranties under Section 13.1 will have been true and correct in all material respects (or in all respects if any such representation or warranty is already qualified by materiality) as of the date such Advance is requested and as of the proposed Drawdown Date as though made on and as of each such date;

(d) no Event of Default will have occurred and be continuing;

(e) no Default or Material Adverse Effect will have occurred that is continuing on the date such Drawdown is requested or on the proposed Drawdown Date, nor would any Default or Material Adverse Effect result after giving effect to the requested Drawdown;

(f) no Borrowing Base Shortfall, subject to Section 3.7(f)(i) and (ii), will have occurred and be continuing;

(g) the notice with respect to a Hostile Acquisition if required to be given pursuant to Article 7 will have been provided by the Borrower and the other provisions of Article 7, if applicable, will have been complied with;

(h) the BA Maturity Date or a LIBOR Period, as applicable, under a Drawdown, Rollover or Conversion does not exceed the Maturity Date hereunder;

(i) such other information concerning the business affairs and operations of the Borrower and the Material Subsidiaries or the Borrowing Base Properties as the Agent and the Lenders may request, acting reasonably, will have been provided by the Borrower;

(j) evidence satisfactory to the Agent and Lenders that the Borrower is in compliance with the covenant set forth in Section 14.1(ee).

6.2 Waiver of Conditions Precedent

The conditions precedent set out in Sections 2.1 and 6.1 are inserted for the sole benefit of the Lenders. The conditions set out in Section 2.1 may be waived only by unanimous consent of the Lenders and the conditions set out in Section 6.1 may be waived only by the Majority Lenders, in whole or in part and with or without terms or conditions, in respect of all of any portion of the Drawdowns without affecting the right of the Lenders to assert such terms and conditions in respect of any other Drawdowns or any other matter contemplated by this Agreement.

ARTICLE 7
HOSTILE ACQUISITIONS

7.1 Hostile Acquisitions

If the Borrower wishes to utilize, whether directly or indirectly, Drawdowns to facilitate, assist or participate in a Hostile Acquisition by the Borrower, any Material Subsidiary or any other Affiliate of the Borrower:

(a) at least twenty (20) Banking Days prior to the delivery to the Agent of a Notice of Borrowing made in connection with a Hostile Acquisition, the president or chief financial officer of the Borrower will notify the Agent in writing (who will then notify the Lenders) of the particulars of the Hostile Acquisition in sufficient detail to enable each Lender to determine, in each of the Lenders' sole discretion, whether it will permit a Drawdown to be utilized for such Hostile Acquisition;

(b) if a Lender decides not to fund an Advance to be utilized for such Hostile Acquisition, then upon such Lender so notifying the Agent in writing (who will then notify the Borrower), such Lender will have no obligation to fund such Advance notwithstanding any other provision of this Agreement to the contrary; and

(c) each Lender will use reasonable commercial efforts to notify the Agent in writing as soon as practicable (and in any event within five (5) Banking Days of its receipt of the particulars thereof from the Agent) of its decision whether or not to fund a proposed Hostile Acquisition.

7.2 Adjustment of Rateable Portion

If a Committed Lender elects not to participate in a Drawdown under the Committed Revolving Term Facility for a Hostile Acquisition (a "**Non-Participating Lender**"), the Drawdown will be

reduced by the Non-Participating Lenders' Rateable Portion thereof and the allocation among all Committed Lenders who are not Non-Participating Lenders (each, a "**Participating Lender**") of interest and other fees payable by the Borrower hereunder, including standby fees, will be adjusted so as to reflect the reduction in the Drawdown, and thereafter the Rateable Portion of each Participating Lender, for such purposes only, will reflect the Aggregate Principal Amount under the Committed Revolving Term Facility then funded by each Participating Lender based on the Aggregate Principal Amount under the Committed Revolving Term Facility of all Participating Lenders after taking into account the amount of the requested Drawdown not funded by the Non-Participating Lender. Notwithstanding the adjustment of the Rateable Portion pursuant to this Section 7.2, there will be no reduction in the Individual Commitment Amount of each Non-Participating Lender.

7.3 Subsequent Drawdowns

If a Lender is a Non-Participating Lender, subsequent Drawdowns under the Committed Revolving Term Facility will be funded first by the Non-Participating Lenders rateably based on each Non-Participating Lender's Individual Commitment Amount, until the Principal Amounts of all Lenders are again in proportion to their respective Rateable Portions.

7.4 Prepayment

As an alternative to the provisions of Section 7.3, the Borrower will also be entitled, subject to the prepayment provisions herein contained but without obligation to make prepayments to all Lenders under the Committed Revolving Term Facility, to reduce the Principal Amount owing to the Participating Lenders under the Committed Revolving Term Facility until the Principal Amounts owing to all Lenders are again in proportion to their respective Rateable Portions.

ARTICLE 8
CALCULATION OF INTEREST AND FEES

8.1 Records

The Agent and the Operating Lender will maintain records, in written or electronic form, evidencing all Advances and all other Loan Indebtedness owing by the Borrower to the Operating Lender, the Agent and each Lender, as applicable, under this Agreement. The Agent and the Operating Lender will enter in such records details of all amounts from time to time owing, paid or prepaid by the Borrower to it hereunder. In addition, each Lender will maintain records, in written or electronic form, evidencing all Advances and other Loan Indebtedness owing by the Borrower to such Lender. The information entered in such records will constitute prima facie evidence of the Loan Indebtedness of the Borrower to the Agent and each Lender under the Committed Revolving Term Facility and to the Operating Lender under the Operating Loan Facility absent manifest error. In the event of a conflict between the records of the Agent and a Lender, with respect to Advances and all other Loan Indebtedness owed under the Committed Revolving Term Facility and maintained pursuant to this Section 8.1, the records of the Agent shall prevail, absent manifest error.

8.2 Calculation and Payment of Interest and Fees

(a) **Interest**. All Canadian Prime Rate Loans, USBR Loans and LIBOR Loans from time to time outstanding will bear interest, as well after as before maturity, default and judgment, with interest on overdue interest, at the applicable rates as prescribed under Section 3.11, Section 8.3 and Section 20.8, as applicable. Interest payable at a variable rate will be adjusted automatically without notice to the Borrower whenever there is a variation in such rate.

(b) **Calculation of Interest and Stamping Fees**. Interest on Canadian Prime Rate Loans, USBR Loans and LIBOR Loans will accrue and be calculated but not compounded daily and be payable monthly in arrears on the first Banking Day of each month for the immediately preceding month, or, after notice to the Borrower, on such other Banking Day as is customary for the Agent or the Operating Lender, as applicable, having regard to its then existing practice. Interest on Canadian Prime Rate Loans, USBR Loans, and stamping fees on Bankers' Acceptances will be calculated on the basis of a 365 or 366 day year (as applicable), and on LIBOR Loans on the basis of a 360 days year and shall be paid on the expiry of the applicable LIBOR Period and also on the ninetieth (90th) day of such applicable LIBOR Period, if the applicable LIBOR Period is for greater than ninety (90) days.

(c) ***Interest Act* (Canada).** For the purposes of the *Interest Act* (Canada) and any other applicable Laws which may hereafter regulate the calculation or computation of interest on borrowed funds, the annual rates of interest and fees applicable to Canadian Prime Rate Loans, USBR Loans and LIBOR Loans and Bankers' Acceptances, respectively, are the rates as determined hereunder multiplied by the actual number of days in a period of one year commencing on the first day of the period for which such interest or stamping fee is payable and divided by 365 or 366 (as applicable for that year).

8.3 Interest on Overdue Amounts

Notwithstanding any other provision of this Agreement, in the event that any amount due hereunder (including, without limitation, any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall and hereby agrees to pay to the Agent on behalf of the Lenders interest on such unpaid amount (including, without limitation, interest on interest), if any to the fullest extent permitted by applicable Law, from the date that such amount if due until the date that such amount is paid in full (but excluding the date of such payment if the payment is made before 10:00 a.m. at the place of payment on the date of such payment), and such interest shall accrue daily, be calculated and compounded on the last Banking Day of each calendar month and be payable in the currency of the relevant Advance on demand, as well after as before maturity, default and judgment, at a rate per annum that is equal to: (i) the rate of interest then being charged on any Advance under the applicable Credit Facility plus [redacted]% per annum, for overdue amounts in Canadian Dollars under such Credit Facility.

8.4 Maximum Rate of Return

Notwithstanding any provision herein to the contrary, in no event will the aggregate "interest" (as defined in section 347 of the *Criminal Code* (Canada)) payable under this Agreement exceed the maximum effective annual rate of interest on the "credit advanced" (as defined in that section 347) permitted under that section and, if any payment, collection or demand pursuant to this Agreement in respect of "interest" (as defined in that section 347) is determined to be contrary to the provisions of that section 347, such payment, collection or demand will be deemed to have been made by mutual mistake of the Borrower and the applicable Lenders and the amount of such payment or collection will be refunded to the Borrower. For purposes of this Agreement, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of the Credit Facilities on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Agent or the Operating Lender, as applicable, will be prima facie evidence absent manifest error, for the purposes of such determination.

8.5 Waiver of *Judgment Interest Act* (Alberta)

To the extent permitted by applicable Law, the provisions of the *Judgment Interest Act* (Alberta) will not apply to the Documents and are hereby expressly waived by the Borrower.

8.6 Deemed Reinvestment Not Applicable

For the purposes of the *Interest Act* (Canada), the principle of deemed reinvestment of interest will not apply to any interest calculation under the Documents, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

ARTICLE 9
BANKERS' ACCEPTANCES

9.1 Bankers' Acceptances

The Borrower may give the Agent notice that Bankers' Acceptances will be required under the Credit Facilities pursuant to a Drawdown, Rollover or Conversion, as applicable.

9.2 Form and Execution of Bankers' Acceptances

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

(a) the face amount at maturity of each draft drawn by the Borrower to be accepted as a Bankers' Acceptance shall be in a principal amount of not less than $1,000,000 and in integral multiples of $100,000 for any amounts in excess thereof;

(b) the term to maturity of each draft drawn by the Borrower to be accepted as a Bankers' Acceptance shall, subject to market availability as determined by the Lenders, acting reasonably, be a minimum of thirty (30) days and a maximum of one hundred and eighty (180) days provided it does not exceed the Maturity Date

and each Bankers' Acceptance shall be payable and mature on the last day of the interest period selected by the Borrower for such Bankers' Acceptance;

(c) each draft drawn by the Borrower and presented for acceptance by a Lender shall be drawn on the standard form of such Lender in effect at the time; provided, however, that the Agent may require the Lenders to use a generic form of Bankers' Acceptance, in a form satisfactory to each Lender, acting reasonably, provided by the Agent for such purpose in place of the Lenders' own forms;

(d) subject to Section (e) below, Bankers' Acceptances shall be signed by duly authorized officers of the Borrower or, in the alternative, the signatures of such officers may be mechanically reproduced in facsimile thereon and Bankers' Acceptances bearing such facsimile signatures shall be binding on the Borrower as if they had been manually executed and delivered by such officers on behalf of the Borrower; notwithstanding that any person whose manual or facsimile signature appears on any Bankers' Acceptance may no longer be an authorized signatory for the Borrower on the date of issuance of a Bankers' Acceptance, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and any such Bankers' Acceptance shall be binding on the Borrower absent actual knowledge by the Agent or a Lender that such particular signatory is no longer an authorized signatory for the Borrower; and

(e) in lieu of signing Bankers' Acceptances in accordance with Section (d) above, the Borrower may provide a Power of Attorney to a Lender; for so long as a Power of Attorney is in force with respect to a given Lender, such Lender shall execute and deliver Bankers' Acceptances on behalf of the Borrower in accordance with the provisions thereof and, for certainty, all references herein to drafts drawn by the Borrower, Bankers' Acceptances executed by the Borrower or similar expressions shall be deemed to include Bankers' Acceptances executed in accordance with a Power of Attorney, unless the context otherwise requires.

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

(a) Unless revoked with respect to a given Lender in accordance herewith, the Borrower hereby appoints each Lender, acting by any authorized signatory of the Lender in question, the attorney of the Borrower:

(i) to sign for and on behalf and in the name of the Borrower as drawer, drafts in such Lender's standard form which are depository bills as defined in the *Depository Bills and Notes Act* (Canada) (the "**DBNA**"), payable to a "clearing house" (as defined in the DBNA) (the "**clearing house**");

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

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

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

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

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

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

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

This power of attorney may be revoked by the Borrower with respect to any particular Lender at any time upon not less than five (5) Banking Days' prior written notice served upon the Lender in question and the Agent, provided that no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any Bankers' Acceptance executed, completed, endorsed, deposited and/or delivered in accordance herewith prior to the time at which such revocation becomes effective.

(b) Unless the Borrower has provided a Power of Attorney to the Lenders to facilitate Drawdowns, Rollovers or Conversions of Bankers' Acceptances, the Borrower shall, upon execution of this Agreement and thereafter from time to time as required by the Lenders, provide to the Agent for delivery to each Lender drafts drawn in blank by the Borrower (pre-endorsed and otherwise in fully negotiable form, if applicable) in quantities sufficient for each Lender to fulfil its obligations hereunder. Any such pre-signed drafts which are delivered by the Borrower to the Agent or a Lender shall be held in safekeeping by the Agent or such Lender, as the case may be, with the same degree of care as if they were the Agent's or such Lender's property, and shall only be dealt with by the Lenders and the Agent in accordance herewith. No Lender shall be responsible or liable for its failure to make its share of any Drawdown, Rollover or Conversion of Bankers' Acceptances required hereunder if the cause of such failure is, in whole or in part, due to the failure of the Borrower to provide such pre-signed drafts to the Agent (for delivery to such Lender) on a timely basis.

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

9.4 Mechanics of Issuance

(a) Upon receipt by the Agent of a Notice of Borrowing, Notice of Conversion or Notice of Rollover from the Borrower requesting the issuance of Bankers' Acceptances under the Committed Revolving Term Facility or the Operating Loan Facility, as applicable, the Agent shall promptly notify the applicable Lenders thereof and advise each applicable Lender of the aggregate face amount of Bankers' Acceptances to be accepted by such Lender, the date of issue, the Interest Period for such Advances and the stamping fee pursuant to Section 3.11(a)(iv) hereof; the apportionment among the applicable Lenders of the face amounts of Bankers' Acceptances to be accepted by each applicable Lender shall be determined by the Agent by reference and in proportion to the

respective Individual Commitment Amount of each applicable Lender, provided that, when such apportionment cannot be evenly made, the Agent shall round allocations amongst such applicable Lenders consistent with the Agent's normal money market practices.

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

(i) before 10:00 a.m. (Calgary time) on such date, the Agent shall determine the CDOR Rate and shall obtain quotations from each Schedule II Lender or Schedule III Lender of the Discount Rate then applicable to bankers' acceptances accepted by such Schedule II Lender or Schedule III Lender in respect of an issue of bankers' acceptances in a comparable amount and with comparable maturity to the Bankers' Acceptances proposed to be issued on such date;

(ii) on or about 10:00 a.m. (Calgary time) on such date, the Operating Lender, shall determine the BA Discount Rate applicable to it and the Agent, shall determine the BA Discount Rate, applicable to each Committed Lender and shall advise each Committed Lender of the BA Discount Rate applicable to it;

(iii) each Lender shall complete and accept, in accordance with the Notice of Borrowing, Notice of Conversion or Notice of Rollover delivered by the Borrower and advised by the Agent, as applicable, in connection with such issue, its share of the Bankers' Acceptances to be issued on such date and shall purchase such Bankers' Acceptances for its own account at a purchase price which reflects the BA Discount Rate applicable to such issue; and

(iv) in the case of a Drawdown, each Lender shall, for same day value on the Drawdown Date, remit the Discount Proceeds or advance the BA Equivalent Loan, as the case may be, payable by such Lender (net of the acceptance fee payable to such Lender pursuant to Section 3.11(a)(iv)), to the Agent for the account of the Borrower; the Agent shall make such funds available to the Borrower for same day value on such date.

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

9.5 Rollover, Conversion or Payment on Maturity

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

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

(b) (i) deliver to the Agent a Notice of Conversion requesting a Conversion of the maturing Bankers' Acceptances to another type of Advance under the same Credit Facility as the maturing Bankers' Acceptances and (ii) on the maturity date pay to the Agent for the account of the Lenders, as applicable, an amount equal to the difference, if any, between the aggregate face amount of the maturing Bankers' Acceptances and the amount of the Advances into which Conversion is requested; or

(c) on the maturity date of the maturing Bankers' Acceptances, pay to the Agent for the account of the Lenders, as applicable, an amount equal to the aggregate face amount of such Bankers' Acceptances.

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

9.6 Restriction on Rollovers and Conversions

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

9.7 Rollovers

In order to satisfy the continuing liability of the Borrower to a Lender for the face amount of maturing Bankers' Acceptances accepted by such Lender, the Lender shall receive and retain for its own account the Discount Proceeds of new Bankers' Acceptances issued on a Rollover, and the Borrower shall on the maturity date of the Bankers' Acceptances being rolled over pay to the Agent for the account of the Lenders, as applicable, an amount equal to the difference between the face amount of the maturing Bankers' Acceptances and the Discount Proceeds from the new Bankers' Acceptances, together with the acceptance fees to which the Lenders are entitled pursuant to Section 3.11(a)(iv).

9.8 Conversion into Bankers' Acceptances

In respect of Conversions into Bankers' Acceptances, in order to satisfy the continuing liability of the Borrower to the Lenders for the amount of the converted Advance, each Lender shall receive and retain for its own account the Discount Proceeds of the Bankers' Acceptances issued

upon such Conversion, and the Borrower shall on the Conversion Date pay to the Agent for the account of the Lenders, as applicable, an amount equal to the difference between the principal amount of the converted Advance and the aggregate Discount Proceeds from the Bankers' Acceptances issued on such Conversion, together with the acceptance fees to which the Lenders are entitled pursuant to Section 3.11(a)(iv).

9.9 Conversion from Bankers' Acceptances

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

9.10 BA Equivalent Loan

Notwithstanding the foregoing provisions of this Article, a Non-BA Lender shall, in lieu of accepting Bankers' Acceptances, make a BA Equivalent Loan. The amount of each BA Equivalent Loan shall be equal to the Discount Proceeds which would be realized from a hypothetical sale of those Bankers' Acceptances which, but for this Section, such Lender would otherwise be required to accept as part of such a Drawdown, Conversion or Rollover of Bankers' Acceptances. To determine the amount of such Discount Proceeds, the hypothetical sale shall be deemed to take place at the BA Discount Rate for such Advance. Any BA Equivalent Loan shall be made on the relevant Drawdown Date, Rollover Date or Conversion Date as the case may be and shall remain outstanding for the term of the relevant Bankers' Acceptances. Concurrent with the making of a BA Equivalent Loan, a Non-BA Lender shall be entitled to deduct therefrom an amount equal to the acceptance fee which, but for this Section, such Lender would otherwise be entitled to receive as part of such Advance. Subject to Section 9.5, upon the maturity date for such Bankers' Acceptances, the Borrower shall pay to each Non-BA Lender an amount equal to the face amount at maturity of the Bankers' Acceptances which, but for this Section, such Lender would otherwise be required to accept as part of such a Drawdown, Conversion or Rollover of Bankers' Acceptances.

All references herein to "Advance" and "Bankers' Acceptances" shall, unless otherwise expressly provided herein or unless the context otherwise requires, be deemed to include BA Equivalent Loans made by a Non-BA Lender as part of a Drawdown, Conversion or Rollover of Bankers' Acceptances.

9.11 Termination of Bankers' Acceptances

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

ARTICLE 10
LETTERS OF CREDIT

10.1 General

(a) Each Letter of Credit will be made available by the Operating Lender, and each Letter of Credit (including all documents and instruments required to be presented thereunder) will be satisfactory in form and substance to the Operating Lender. No Letter of Credit will be issued (or will be renewable at the option of the beneficiary thereunder) for a term in excess of one year, not to go beyond the Maturity Date unless such exposure is collateralized by cash or collateralized or secured in such other manner as is satisfactory to such Lender, as applicable, or will require payment in any currency other than Canadian Dollars or U.S. Dollars and shall be subject to a sublimit of Cdn. $10,000,000.

(b) As a condition of the issuance of any Letter of Credit, the Borrower will pay to the Operating Lender the issuance fee specified in the table set out in Schedule B. The Borrower will also pay to the Operating Lender its customary administrative charges in respect of the issue of such Letter of Credit, the amendment or transfer of such Letter of Credit, and each drawing made under such Letter of Credit.

(c) The Borrower will pay to the Operating Lender sufficient funds in the currency of such Letter of Credit (being the Equivalent Amount in Canadian Dollars of Letters of Credit issued in U.S. Dollars), immediately on demand by the Operating Lender, to reimburse the Operating Lender for any payment made by it pursuant to such Letter of Credit. If the Borrower does not make any payment required by the preceding sentence from the proceeds of an Accommodation obtained under this Agreement or otherwise, the Agent may (but will not be obliged to), without receipt of a Notice of Borrowing and irrespective of whether any other applicable conditions precedent specified herein have been satisfied, and without waiver of the Default constituted by the Borrower's failure to make such required payment, make either a Canadian Prime Rate Loan (if the Letter of Credit is issued in Canadian Dollars) or a USBR Loan (if the Letter of Credit is issued in U.S. Dollars) to the Borrower in the amount of such required payment. The Borrower agrees to accept each such Canadian Prime Rate Loan or USBR Loan, as applicable and hereby irrevocably authorized and directs the Agent to apply the proceeds thereof in payment of the liability of the Borrower with respect to such required payment.

(d) If any Letter of Credit is outstanding at any time that an Event of Default occurs or after a demand for full repayment is made hereunder or a domestic or foreign court issues any judgement or order restricting or prohibiting payment by the Operating Lender under such Letter of Credit beyond the expiry date specified therein, the Borrower will forthwith upon demand by the Operating Lender pay to the Operating Lender funds in the currency of such Letter of Credit (being the Equivalent Amount in Canadian Dollars of Letters of Credit issued in U.S. Dollars) and in the amount of the Advance constituted by such Letter of Credit.

Such funds (together with interest thereon) will be held by the Operating Lender for payment of the liability of the Borrower pursuant to Section 10.1(i) or otherwise in respect of such Letter of Credit so long as the Operating Lender has or may in any circumstance have any liability under such Letter of Credit, and shall bear interest at the Operating Lender's then lowest rate payable by it in respect of deposits of similar amounts and of similar periods of time. Any balance of such funds and interest remaining at such time as the Agent does not have and may never have any liability under such Letter of Credit will, provided no Default or Event of Default is continuing, be forthwith returned to the Borrower.

(e) The Borrower agrees that neither the Operating Lender nor its officers, directors or correspondents will assume liability for, or be responsible for, the use which may be made of any Letter of Credit; any acts or omissions of the beneficiary of any Letter of Credit including the application of any payment made to such beneficiary; the form, validity, sufficiency, correctness, genuineness or legal effect of any document or instrument relating to any Letter of Credit which on its face complies with requirements of the Letter of Credit, even if such document or instrument should in fact prove to be in any respect invalid, insufficient, inaccurate, fraudulent or forged; the failure of any document or instrument to bear any reference or adequate reference to any Letter of Credit; any failure to note the amount of any draft on any Letter of Credit or on any related document or instrument; any failure of the beneficiary of any Letter of Credit to meet the obligations of such beneficiary to the Borrower or any other Person other than the Operating Lender; any errors, inaccuracies, omissions, interruptions or delays in transmission or delivery of any message, directions or correspondence by mail, facsimile or otherwise, whether or not they are in cipher; any inaccuracies in the translation of any messages, directions or correspondence or for errors in the interpretation of any technical terms; or any failure by the Operating Lender to make payment under any Letter of Credit as a result of any Law, control or restriction rightfully or wrongfully exercised or imposed by any domestic or foreign court or government or government instrumentality or as a result of any other cause beyond the control of the Operating Lender or its officers, directors or correspondents; provided that nothing in this Agreement shall exonerate the Operating Lender or any of its officers, directors, agents or correspondents for their gross negligence or wilful misconduct.

(f) The obligations of the Borrower under this Article 10, with respect to any Letter of Credit will be absolute, unconditional and irrevocable, and will be performed strictly in accordance with the terms hereof under all circumstances, including any matter referred to in Section 10.1(e), any invalidity of any obligation secured by any Letter of Credit; any incapacity, disability or lack or limitation of status or of power of the Borrower or the beneficiary of any Letter of Credit; any lack of validity or enforceability of any Letter of Credit; the existence of any claim, set-off, defence or other right which the Borrower may have at any time against the Operating Lender, the beneficiary of any Letter of Credit or any other Person; or any breach of contract or other dispute between the Borrower and the Operating Lender, the beneficiary of any Letter of Credit or any other Person.

(g) The Operating Lender may accept as complying with the terms of any Letter of Credit any document or instrument required by such Letter of Credit to be completed, signed, presented or delivered by or on behalf of any beneficiary thereunder which has been completed, signed, presented or delivered by a receiver, trustee in bankruptcy, assignee for the benefit of creditors, secured party or other like Person believed in good faith by the Operating Lender to be lawfully entitled to the property of such beneficiary, and the Operating Lender may make payments under such Letter of Credit to such Person.

(h) Each Letter of Credit, except as specifically provided therein, and subject to any provision hereof to the contrary, will be subject to the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce current at the time of issuance of such Letter of Credit.

(i) For the purpose of calculating the Aggregate Principal Amount under the Operating Loan Facility and for any other relevant provisions of this Agreement, the amount of Accommodation constituted by any Letter of Credit will be the Canadian Dollar Equivalent Amount of the maximum amount which the Operating Lender may in all circumstances be required to pay pursuant to the terms thereof.

ARTICLE 11
CHANGE OF CIRCUMSTANCES

11.1 Increased Costs

(a) If after the date hereof the introduction of or any change in any Laws or in the interpretation or application thereof by any Governmental Authority charged with the interpretation or administration thereof, or if compliance with any request or directive from any central bank or other fiscal, monetary or other authority (whether or not having the force of law) issued or otherwise coming into effect after the date hereof:

(i) subjects a Lender to, or causes the withdrawal or termination of a previously granted exemption with respect to, any Taxes (other than Taxes on a Lender's income or capital (other than capital adequacy requirements) or Taxes incurred wholly because a Lender has ceased to be a resident of Canada within the meaning of the *Income Tax Act* (Canada)), or changes the basis of taxation of payments due to a Lender, or increases any existing Taxes (other than Taxes on a Lender's income) on payments of principal, interest or other amounts payable by a Borrower to a Lender under this Agreement;

(ii) imposes, modifies or deems applicable any reserve, liquidity, special deposit, regulatory or similar requirement against assets or liabilities held by, or deposits in or for the account of, or loans by a Lender, or any acquisition of funds for loans or commitments to fund loans or obligations

in respect of undrawn, committed lines of credit or in respect of Bankers' Acceptances accepted by a Lender;

(iii) imposes on a Lender or requires there to be maintained by a Lender any capital adequacy or additional capital requirements (including a requirement which affects a Lender's allocation of capital resources to its obligations) in respect of any Advances or obligation of the Lenders hereunder, or any other condition with respect to this Agreement; or

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

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

(v) to increase the cost to such Lender of performing its obligations hereunder with respect to any Advances;

(vi) to reduce any amount received or receivable by such Lender hereunder or its effective return hereunder or on its capital in respect of any Advances;

(vii) to reduce the standby fees payable to such Lender pursuant to Section 12.3; or

(viii) to cause such Lender to make any payment with respect to or to forego any return on or calculated by reference to, any amount received or receivable by such Lender hereunder with respect to any Advances;

such Lender, acting reasonably and in good faith, shall determine such additional cost, reduction in income or payment, without duplication, (the "**Additional Compensation**") and the Agent shall promptly notify the Borrower. Such Lender shall provide to the Agent who shall provide to the Borrower a certified copy of the relevant law, rule, guideline, regulation, treaty or official directive and a certificate of a duly authorized officer of such Lender setting forth the Additional Compensation and the basis of calculation thereof and for the purposes of calculating such amount such Lender shall treat the Borrower and the Credit Facilities in a manner consistent with comparable borrowers and transactions. If and to the extent that the Additional Compensation is payable to a Lender, the Borrower shall pay to such Lender on the next payment date hereunder such Additional Compensation calculated from the effective date of the relevant adoption or change; provided that in no event will the Borrower be required to retroactively compensate any Lender for Additional Compensation for a period longer than 90 days before the Borrower was notified of such Additional Compensation if such Lender had knowledge of such Additional Compensation during such period.

(b) If the Borrower is notified that Additional Compensation is owed to a Lender, the Borrower shall have the right, upon at least three (3) Banking Days irrevocable written notice to the Agent to repay to such Lender the relevant portion of any Advance on the date specified in such notice together with all interest accrued thereon to the date of repayment, the Additional Compensation if any to the date of payment and all other amounts, if any, payable for the account of such Lender hereunder in respect of such Advances (including any amounts payable under Article 12).

(c) Each Lender shall use reasonable efforts to minimize the amount of Additional Compensation payable to it pursuant to this Section 11.1; provided that no Lender shall have any obligation to incur costs (other than incidental costs which are not material in the aggregate and in respect of which the Operating Lender or each other Lender shall be entitled to be reimbursed by the Borrower) or take any action detrimental to its interests in connection therewith.

(d) Notwithstanding anything contained in this Section 11.1, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines and directives thereunder or issued in connection therewith and all requests, rules, regulations, guidelines and directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority or any United States, Canadian or foreign regulatory authority) (collectively, the "**New Rules**") shall, in each case, be deemed a "change in Law" under Section 11.1(a) regardless of the date enacted, adopted or issued but only to the extent (i) applicable to a Lender claiming Additional Compensation, (ii) materially different from that in effect on the date hereof, and (iii) such New Rules have general application to substantially all banks and their affiliates within the jurisdiction in which such Lender operates.

11.2 Illegality

Notwithstanding anything to the contrary herein contained, if on any date a Lender determines in good faith, which determination shall be conclusive and binding on the Parties, that its ability to maintain or continue to offer any type(s) of Advances has become unlawful or impossible because:

(a) of any change in applicable Laws, or in the interpretation or administration thereof by any Governmental Authority having jurisdiction in the matter; or

(b) the imposition of any condition, restriction or limitation upon such Lender which is outside of its control,

then such Lender shall give prompt written notice thereof to the Borrower and the Agent, and the Borrower shall forthwith (or at the end of such period as is permitted under applicable Law) repay to such Lender all principal amounts affected thereby, together with all unpaid interest accrued thereon to the date of repayment and all other reasonable expenses incurred in connection with the termination of any such Advance. If the

principal amount affected thereby relates to outstanding Bankers' Acceptances or Letters of Credit, such Lender may require the Borrower to deposit in an interest bearing account with such Lender (with interest to accrue for the benefit of the Borrower) such amount as may be necessary to fully satisfy the contingent obligations of such Lender for all outstanding Bankers' Acceptances and Letters of Credit in accordance with the arrangements set out in Section 16.5 (excepting out all references to an Event of Default). The Borrower may utilize other forms of Advances not so affected in order to make any required repayment and, after any such repayment, the Borrower may elect to re-borrow the amount repaid by way of some other type of Advance upon complying with any other applicable requirements in this Agreement.

11.3 Market Disruption

Notwithstanding anything to the contrary herein contained, if on any date a Lender determines in good faith, which determination shall be conclusive and binding on the Parties, that its ability to make a requested LIBOR Loan or Bankers' Acceptance has become impracticable, or has been materially adversely affected, because:

(a) of any change in applicable Laws, or in the interpretation or administration thereof by any Governmental Authority having jurisdiction in the matter;

(b) with respect to LIBOR Loans only:

(i) of the occurrence of any change in national or international financial, political, or economic conditions or currency exchange rates or exchange control, or because of any event (including an act of terrorism) which causes a material adverse change in, or the termination of, the London Interbank Eurodollar Market;

(ii) deposits in U.S. Dollars are not being offered to that Lender in the London Interbank Market in the ordinary course of business;

(iii) LIBOR does not accurately reflect the effective cost to that Lender of funding its *pro rata* share of such LIBOR Loan for the LIBOR Period;

(iv) the Agent is unable to determine LIBOR for the proposed LIBOR Period of the LIBOR Loan; or

(v) there exists no adequate and fair measure to ascertain LIBOR for any LIBOR Period for such LIBOR Advance; or

(c) with respect to Bankers Acceptances only:

(i) there exists no adequate and fair measure to ascertain the BA Discount Rate for any BA Maturity Date for such Bankers' Acceptance;

(ii) of the occurrence of any event affecting Canadian money markets or because of the occurrence of any national or international financial, political, terrorist or economic event;

(iii) there does not exist a normal money market in Canada for the purchase and sale of banker's acceptances or such money market has been disrupted by the occurrence of an extraordinary event or an act of terrorism; or

(iv) the Agent is unable to determine the CDOR Rate for the proposed BA Maturity Date of the proposed Bankers' Acceptance,

(each of the foregoing being a "**Disruption Event**"), then such Lender shall give prompt written notice thereof to the Borrower and the Agent and:

(d) such Lender shall not have any further obligation with respect to such LIBOR Loan or Bankers' Acceptance, as applicable; and

(e) if the aggregate Individual Commitment Amounts of such Lenders so affected by the Disruption Event shall exceed thirty percent (30%) of the Total Commitment Amount, then no Lender shall have any further obligation with respect to any further Advance,

in each case for so long as the Disruption Event exists or affects any such Lender or Lenders, as the case may be, provided that, the Borrower may elect to drawdown, rollover or convert the amount originally requested by way of such LIBOR Loan or Bankers' Acceptance, as applicable, into some other type of Advance upon compliance with the applicable drawdown, rollover or conversion requirements set out herein.

11.4 Replacement Lender

If a Lender exercises its rights under Section 11.1(b) or Section 11.3, or has determined the lowest Borrowing Base pursuant to Section 3.12(b) or is a Non-Participating Lender, the Borrower may, treating each affected Lender rateably and in the same manner as other Lenders subject to similar circumstances, replace such Lender by reaching satisfactory arrangements with one or more existing Lenders or new Lenders that are acceptable to the Agent, acting reasonably, for the purchase of such Lender's Individual Commitment Amount as long as (i) such purchasing Lender unconditionally offers in writing (with copy to the Agent) to purchase all of the rights and obligations of the Lender being replaced under this Agreement including all outstanding Advances owed to such Lender for a purchase price equal to the aggregate Loan Indebtedness owed to the Lender being replaced (payable in immediately available funds), (ii) the obligations of the Borrower owing pursuant to Section 11.1 and Section 11.3 to the Lender being replaced are paid in full to the Lender being replaced concurrently with such replacement, (iii) all requirements set forth in Article 18 with respect to such assignment are complied with, including

the entering into of an Assignment Agreement and the payment by the purchasing Lender to the Agent (for the Agent's own account) of the assignment fee contemplated in Section 18.1(b).

11.5 Defaulting Lender

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

(a) fees pursuant to Sections 12.1, 12.3, 12.4 and 12.5 shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender;

(b) the Commitment and Exposure of such Defaulting Lender shall not be included in determining whether the other Lenders have taken or may take any action hereunder; provided that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(c) if any LC Exposure exists at the time such Lender becomes a Defaulting Lender, then:

(i) all or any part of the LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Individual Commitment Amount but only to the extent that (A) the sum of all non-Defaulting Lenders' Exposures plus such Defaulting Lender's LC Exposure does not exceed the total of all non-Defaulting Lenders' Commitments, and (B) the conditions set forth in Section 6.1 are satisfied at such time;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within three Banking Days following notice by the Agent cash collateralize, for the benefit of the applicable Lender only, the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 16.5 for so long as such LC Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Sections 12.1, 12.3, 12.4 and 12.5 with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to

Sections 12.1, 12.3, 12.4 and 12.5 shall be adjusted in accordance with such non-Defaulting Lenders' Individual Commitment Amount; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Borrower, the applicable Lender or any other Lender hereunder, all letter of credit fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such LC Exposure) with respect to such Defaulting Lender's LC Exposure shall be payable to such Lender until and to the extent that such LC Exposure is reallocated and/or cash collateralized;

(d) a Lender shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 11.5(c), and participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 11.5(c)(i) (and such Defaulting Lender shall not participate therein);

(e) to the extent permitted by applicable law, any voluntary prepayment of Loans shall, if the Borrower so directs at the time of making such voluntary prepayment, be applied to the Loans of other Lenders as if such Defaulting Lender had no Loans outstanding and the Exposure of such Defaulting Lender were zero;

(f) if a Defaulting Lender commits to issue, amend, or increase a Letter of Credit, no non-Defaulting Lender shall be required to issue, amend or increase any such Letter of Credit together with the Defaulting Lender, unless such non-Defaulting Lender shall have entered into arrangements with the Borrower or such Defaulting Lender, satisfactory to such non-Defaulting Lender to defease any risk to it in respect of such Defaulting Lender hereunder; and

(g) in the event that the Agent, the Borrower, and the Lenders each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment, and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Individual Commitment Amount.

ARTICLE 12
FEES AND EXPENSES

12.1 Commitment Fee

The Borrower agrees to pay the Agent, for the account of the Lenders, as applicable, the fees set out in the fee letter from the Agent to the Borrower dated as of the date hereof.

12.2 Agency Fee

The Borrower will pay to the Agent, on an annual basis, the agency fee agreed upon between the Borrower and the Agent on each anniversary of the Term Date, the amount thereof to be kept confidential by the Borrower.

12.3 Standby Fees

The Borrower will, effective from and including the Closing Date, pay to the Agent on behalf of the Lenders a standby fee from time to time equal to the Basis Points set forth in Section 3.11(a), calculated on the basis of a 365 or 366 day year (as applicable), multiplied by (i) the Commitment Amount, less (ii) the Aggregate Principal Amount of the Credit Facilities. The standby fee will be calculated daily and will be payable monthly in arrears on the first day of each month for the previous month.

12.4 Renewal, Extension and Arrangement Fees

The Borrower agrees to pay all of the renewal, extension and arrangement fees of the Agent and the Lenders as agreed upon between the Borrower and the Agent and the Lenders, as applicable, from time to time.

12.5 Expenses

The Borrower will pay or reimburse the Agent and the Lenders, as applicable, for the reasonable out of pocket expenses, reasonable legal fees (on a solicitor and his own client full indemnity basis) and reasonable enforcement costs, incurred by the Agent and the Lenders, as applicable, in connection with the negotiation, preparation, execution and maintenance of the Documents and the enforcement of their rights and remedies under the Documents.

ARTICLE 13
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

13.1 Representations and Warranties

The Borrower hereby represents and warrants to the Agent and the Lenders as of the Closing Date and on the date of each Drawdown hereunder that:

(a) **Incorporation, Organization and Power**. The Borrower and each corporate Material Subsidiary has been duly incorporated and is validly existing under the Law of its jurisdiction of incorporation and is duly registered to carry on business

in each jurisdiction in which the nature of any business carried on by it or the character of any property owned or leased by it makes such registration necessary except where the failure to be so registered could not reasonably be expected to have a Material Adverse Effect, and the Borrower and each corporate Material Subsidiary has full corporate power and capacity to enter into and perform its obligations under the Documents to which it is a party, and to carry on its business as currently conducted.

(b) **Authorization and Status of Agreements**. Each Document to which the Borrower or a Material Subsidiary is a party delivered pursuant hereto has been duly authorized, executed and delivered by it and does not conflict with or contravene or constitute a default or create a Lien, other than a Permitted Encumbrance, of which could reasonably be expected to have a Material Adverse Effect under:

(i) in the case of the Borrower and each corporate Material Subsidiary its constating documents, by-laws, any resolution of its Directors or any shareholders' agreement in respect thereof;

(ii) any agreement or document to which it is a party or by which any of its property is bound; or

(iii) any applicable Law.

(c) **Enforceability**. Each of the Documents to which the Borrower or any Material Subsidiary is a party constitutes a valid and binding obligation of the Borrower or such Material Subsidiary, as applicable, and is enforceable against it in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar statutes affecting the enforcement of creditors' rights generally and by general principles of equity.

(d) **Litigation**. Other than as previously disclosed to the Agent, there are no actions, suits or proceedings at Law or before or by any Governmental Authority existing or pending, or to the Borrower's knowledge threatened, to which the Borrower or any Material Subsidiary is, or to the Borrower's knowledge, is threatened to be made, a party and the result of which, if successful against it, could reasonably be expected to have a Material Adverse Effect.

(e) **Environmental Law**. The Borrower and where applicable, each Material Subsidiary, has (i) obtained all permits, licenses and other authorizations which are required under Environmental Law; and (ii) is in compliance with Environmental Law and with the terms and conditions of all such permits, licenses and authorizations, except in each case to the extent it would not have a Material Adverse Effect or would not reasonably be expected to have a Material Adverse Effect.

(f) **Environmental Condition of Property**. The property or any part thereof owned, operated or controlled by the Borrower, either directly or through a Material Subsidiary:

(i) is not, to the knowledge of the Borrower, the subject of any outstanding claim, charge or order from an Governmental Authority alleging violation of Environmental Law which could reasonably be expected to have a Material Adverse Effect, or if subject to any such claim, charge or order, the Borrower, either directly or through a Material Subsidiary, is taking all such remedial, corrective or other action required under the claim, charge or order or is diligently and in good faith contesting the validity thereof; and

(ii) complies, with respect to each of its use and operation, with Environmental Law in all respects where the contravention of which would have or would reasonably be expected to have a Material Adverse Effect and with the terms and conditions of all permits, licenses and other authorizations which are required to be obtained under applicable Environmental Law, except to the extent it would not have a Material Adverse Effect or would not reasonably be expected to have a Material Adverse Effect.

(g) **Title to Properties**. The Borrower and where applicable, each Material Subsidiary, has good and valid title to its Borrowing Base Properties, subject only to Permitted Encumbrances, and where the failure to have same would not have or would not reasonably be expected to have a Material Adverse Effect. The Borrower and each Material Subsidiary is entitled to charge its interests in such properties in favour of the Agent and the Lenders as provided in this Agreement and the other Documents without the need to obtain the consent of or release from any other Person and such properties are not held in trust by the Borrower or any such Material Subsidiary for any other Person.

(h) **Operation of Properties**. Except as otherwise disclosed in writing to the Agent, all of the oil, gas and other wells of the Borrower or any Material Subsidiary have been drilled, completed, shut-in and abandoned (and it has abandoned such wells if they were required by Law to have been abandoned), and the facilities, plants and equipment in respect thereof have been and will continue to be operated and maintained, as the case may be, in a good and workmanlike manner in accordance with sound industry practice and in accordance with all applicable Law, except to the extent that the failure to do any of the foregoing could not be reasonably expected to have a Material Adverse Effect.

(i) **No Adverse Change**. The audited consolidated financial statements of the Borrower for the Fiscal Year ended December 31, 2013, were prepared in accordance with IFRS and such audited consolidated financial statements present fairly in all material respects the Borrower's and each Material Subsidiary's

financial position as at the date thereof and since that date there has been no Material Adverse Effect.

(j) **Information**. All factual information heretofore or contemporaneously furnished by or on behalf of the Borrower or any Material Subsidiary to the Agent or the Lenders in connection with the Credit Facilities is true and accurate in all material respects and the Borrower is not aware of any omission of any material fact which renders such factual information incomplete or misleading in any way which would have or would reasonably be expected to have a Material Adverse Effect.

(k) **No Breach of Orders, Licences or Statutes**. Neither the Borrower nor any Material Subsidiary is in breach of:

(i) any order, approval or mandatory requirement or directive of any Governmental Authority;

(ii) any governmental licence or permit; or

(iii) any applicable Law,

the breach of which could reasonably be expected to have a Material Adverse Effect.

(l) **Pension**. Neither the Borrower nor any Material Subsidiary has a Pension Plan.

(m) **No Default**. No Default or Event of Default has occurred and is continuing.

(n) **Insurance**. The Borrower and each Material Subsidiary has in full force and effect such policies of insurance in such amounts issued by such insurers of recognized standing covering the property of the Borrower and each Material Subsidiary in accordance with prudent industry standards.

(o) **Approvals**. All regulatory approvals, consents, permits and licenses necessary for the Borrower and each Material Subsidiary to carry on its business, as currently carried on, and all approvals and consents necessary for it to enter into the Documents and perform its obligations thereunder have, in each case, been obtained and are in good standing except to the extent that failure to so obtain could not be reasonably expected to have a Material Adverse Effect.

(p) **Payment of Taxes**. The Borrower and each Material Subsidiary, as applicable, has filed all tax returns which are required to be filed and has paid all Taxes (including interest and penalties) which are due and payable, unless such payment is in good faith disputed, and has made all appropriate provision in respect thereof in accordance with IFRS, except, in either case, to the extent that a failure to do so could not reasonably be expected to have a Material Adverse Effect.

(q) **Remittances**. All of the remittances required to be made by the Borrower and each Material Subsidiary, as applicable, to the applicable federal, provincial,

municipal or state governments have been made, are currently up to date and there are no outstanding arrears, except to the extent that a failure to do so could not reasonably be expected to have a Material Adverse Effect.

(r) **Subsidiaries**. As of the date hereof, the Borrower has no Subsidiaries other than as set out in Schedule H and the jurisdictions of incorporation, the location of their respective businesses and assets, the trade names of each, if any, used in such locations and the authorized and issued share or unit capital, as applicable, of the Borrower and each Material Subsidiary is set forth in Schedule H. As of the date hereof, the legal and beneficial owners of all of the issued and outstanding Voting Securities of the Borrower and each of the Material Subsidiaries is as set out in Schedule H.

(s) **Indebtedness and Liens**. Neither the Borrower nor any Material Subsidiary has any Indebtedness, other than Permitted Indebtedness, or Liens on its property, other than Permitted Encumbrances, and the Borrower and each Material Subsidiary have no Indebtedness to any Affiliate that is not the Borrower or a Material Subsidiary.

(t) **Use of Proceeds**. The proceeds of any Advances are being used in accordance with Section 3.9.

(u) **Economic Sanctions; Corrupt Practices**. Neither the Borrower nor any of its Subsidiaries is in violation of any Economic Sanctions or the *Foreign Corrupt Practices Act*, the *Corruption of Foreign Public Officials Act* (Canada) or any similar legislation (collectively, "**Anti-Corruption Laws**") or, to its knowledge, is the target or subject of any Economic Sanctions. Neither the Borrower nor any of its Subsidiaries and, to the knowledge of the Borrower, no director, officer or employee any Borrower or any of its Subsidiaries acting or benefiting in any capacity in connection with the Credit Facilities is any of the following:

(i) a Person that is listed in the annex to the Executive Order, or is otherwise the subject of Economic Sanctions;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to the Executive Order, or is otherwise the subject of Economic Sanctions;

(iii) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Economic Sanctions;

(iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order;

(v) a Person located, organized or resident in a country, region or territory that is, or whose government is, the subject of Economic Sanctions; or

(vi) a Person that is named as a "specially designated national and blocked person" on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list.

Neither the Borrower, nor any of its Subsidiaries and, to the knowledge of the Borrower, no director, officer or employee of the Borrower and its Subsidiaries acting in any capacity in connection with the Credit Facilities (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in clauses (i) through (vi) above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to any Economic Sanctions, (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Economic Sanctions, or (D) is in violation of any applicable Economic Sanctions or Anti-Corruption Laws.

13.2 Acknowledgement

The Borrower acknowledges that the Agent and the Lenders are relying upon the representations and warranties in Section 13.1 in making the Credit Facilities available to the Borrower and that the representations and warranties contained in Section 13.1, will be deemed to be restated in every respect effective on the date each and every Advance is made except for Advances which are Rollovers or Conversions in which case only Section 13.1(m) will be deemed to be restated; provided that if the representation and warranty contained in Section 13.1(i) is deemed to be repeated at any time after the Borrower is required to deliver annual audited consolidated financial statements of the Borrower pursuant to Section 14.1(j), then that representation and warranty will be deemed to be given in respect of the most recent of such annual audited consolidated financial statements.

13.3 Survival and Inclusion

The representations and warranties in Section 13.1 shall survive until this Agreement has been terminated. All statements, representations and warranties contained in any Compliance Certificate, Closing Certificates, the Security or in any instruments delivered by or on behalf of the Borrower or Material Subsidiary pursuant to this Agreement or any other Document will be deemed to constitute statements, representations and warranties made by the Borrower to the Agent, the Operating Lender and the other Lenders under this Agreement.

ARTICLE 14
COVENANTS OF THE BORROWER

14.1 Affirmative Covenants

While any Loan Indebtedness under the Credit Facilities is outstanding or available to the Borrower and except with the written consent of the Agent and the Lenders, the Borrower covenants that:

(a) **Punctual Payment**. The Borrower will pay or cause to be paid all Loan Indebtedness and other amounts payable under the Documents punctually when due.

(b) **Corporate Existence**. Except as permitted by Section 15.1, the Borrower will do or will cause to be done all things necessary to preserve and keep in full force and effect the Borrower's and any corporate Material Subsidiary's existence in good standing as a corporation under the Law of its jurisdiction of incorporation.

(c) **Notice of Event of Default**. The Borrower will notify the Agent of the occurrence of any Default or Event of Default promptly upon becoming aware thereof and specify in such notice the nature of the event and the steps taken or proposed to be taken to remedy the same.

(d) **Notice of Legal Proceedings**. The Borrower will, promptly upon becoming aware thereof, notify the Agent of the commencement of any legal or administrative proceedings against the Borrower or any Material Subsidiary which, if adversely determined against the Borrower or any Material Subsidiary could reasonably be expected to have a Material Adverse Effect.

(e) **Notice of Change of Control**. The Borrower will, promptly upon becoming aware thereof, notify the Agent of any Change of Control.

(f) **Notice of Environmental Damage**. The Borrower will, promptly upon acquiring knowledge thereof, notify the Agent of the discovery of any Contaminant or of any Release of a Contaminant into the Environment from or upon the land or property owned (either individually or jointly), operated or controlled by the Borrower or any Material Subsidiary which could reasonably be expected to have a Material Adverse Effect.

(g) **Indemnity of Borrower**. The Borrower hereby indemnifies and holds harmless each of the Agent and the Lenders, including their respective directors, officers, employees and agents (collectively, the "**Indemnified Parties**"), for any costs, losses, damages, expenses, judgments, suits, claims, awards, fines, sanctions and liabilities whatsoever (including any reasonable costs or expenses of defending or denying the same and the reasonable costs or expenses of preparing any environmental assessment report or other such reports) suffered or incurred by an Indemnified Party, arising out of, or in respect of:

(i) the Release of any Contaminant into the Environment from or into any property, owned, operated or controlled, directly or indirectly, by the Borrower or otherwise in which the Borrower or any Subsidiary has an interest; and

(ii) the remedial action, if any, required to be taken by the Agent or the Lenders in respect of any such Release,

except in such cases where and to the extent that such costs, losses, damages, expenses, judgments, suits, claims, awards, fines, sanctions or liabilities arise from the gross negligence or wilful misconduct of the Agent or the Lenders, or any of their directors, officers, employees and agents (in this Section (g) collectively a "**claim**"). This indemnity will survive repayment or cancellation of the Credit Facilities or any part thereof, including any termination of the other provisions of this Agreement. Other than for reasonable costs and expenses incurred by the Indemnified Parties for investigating, defending or denying a claim or preparing any necessary environmental assessment report or other reports in connection with any claim (the reasonable costs thereof to be paid forthwith by the Borrower on demand therefor), the Indemnified Parties will not request indemnification from the Borrower unless an Indemnified Party is required by Law, based on the advice of such Indemnified Party's counsel, to honour a claim or any part thereof. During the continuation of an Event of Default, the Indemnified Parties will be entitled, but not obligated, to negotiate any settlement of a claim in consultation with the Borrower, and any such settlement will be binding on the Parties, provided that the Borrower will not be liable for any settlement of any action without its written consent, such consent not to be unreasonably withheld. Notwithstanding the foregoing, the Borrower, at its option by notice to the Lenders, may assume carriage at any time of any proceedings giving rise to a claim, including choice of counsel.

(h) **Performance**. The Borrower will, and will cause each Material Subsidiary, as applicable, to observe the terms of and perform its obligations under each of the Documents to which it is a party.

(i) **Quarterly Compliance Certificate**. Within 60 days after the end of each of the first three Fiscal Quarters of the Borrower and within 120 days after the end of each Fiscal Year of the Borrower, the Borrower will furnish to the Agent (in sufficient copies for each of the Operating Lender and the other Lenders) a Compliance Certificate.

(j) **Financial Statements**. Within 60 days after the end of each of the first three Fiscal Quarters of the Borrower and within 120 days after the end of each Fiscal Year of the Borrower, the Borrower will furnish to the Agent (in sufficient copies for each of the Operating Lender and the other Lenders) with respect to the first three Fiscal Quarters a copy of its quarterly unaudited consolidated financial statements and with respect to its Fiscal Year end, its annual audited consolidated financial statements and the unaudited annual consolidated financial statements of the Material Subsidiaries, as applicable.

(k) **Operation of Properties**. The Borrower will, and will cause each Material Subsidiary, as applicable, to, maintain and operate its property, or, if it is not the operator, use reasonable efforts to ensure that such property is operated, in accordance with sound industry practice and in accordance in all respects with applicable Law, except to the extent failure to do so could not reasonably be expected to have a Material Adverse Effect.

(l) **Performance of Agreements**. The Borrower will, and will cause each Material Subsidiary, as applicable, to, perform its obligations under all agreements relating to the Borrowing Base Properties, including payment of rentals, royalties, Taxes or other charges in respect thereof which are necessary to maintain all such agreements in good standing in all respects and where the contravention of some would have or would reasonably be expect to have a Material Adverse Effect.

(m) **Insurance**. The Borrower will, and will cause each Material Subsidiary, as applicable, to, maintain adequate insurance in respect of its material property, including all wellhead equipment and other plant and equipment according to prudent industry standards, and will provide the Agent with copies of all insurance policies relating thereto if so requested.

(n) **Material Adverse Claims**. The Borrower will, and will cause each Material Subsidiary, as applicable, to, except for Permitted Encumbrances, defend its property from all material adverse claims where the failure to do so in the opinion of the Lenders, acting reasonably, threatens the intended priority or validity of the Security as herein provided, or could reasonably be expected to have a Material Adverse Effect.

(o) **Protection of Security**. The Borrower will and will cause each Material Subsidiary, as applicable, to do all things reasonably requested by the Agent to protect and maintain the Security and the priority thereof in relation to other Persons.

(p) **Environmental Audit**. If the Agent, acting reasonably, determines that the Borrower's or any Material Subsidiary's obligations or other liabilities in respect of matters dealing with the protection or contamination of the Environment or the maintenance of health and safety standards, whether contingent or actual, could reasonably be expected to have a Material Adverse Effect then, at the request of the Agent, the Borrower will assist the Agent in conducting an environmental audit of the property which is the subject matter of such contingent or actual obligations or liabilities, by an independent consultant selected by the Agent. The reasonable costs of such audit will be for the account of the Borrower, provided that the Agent will carry out such audit in consultation with the Borrower to expedite its completion in a cost effective manner. Should the result of such audit indicate that the Borrower or a Material Subsidiary is in breach, or with the passage of time will be in breach, of any Environmental Law and such breach or potential breach has or could reasonably be expected to have, in the opinion of the Lenders, acting reasonably and in good faith, a Material Adverse Effect, and without in any way prejudicing or suspending any of the rights and remedies of the Agent and the Lenders under the Documents, the Borrower will forthwith commence and diligently proceed to rectify or cause to be rectified such breach or potential breach, as the case may be, and will keep the Agent fully advised of the actions it intends to take and has taken to rectify such breach or potential breach and the progress it is making in rectifying same. In such circumstances, the Agent will be permitted to retain, for the account of the Borrower (to the extent such

account is reasonable), the services of a consultant to monitor the Borrower's or any Material Subsidiary's compliance with this Section (p).

(q) **Production Information**. The Borrower will within 60 days following each month end of the Borrower, furnish to the Agent (in sufficient copies for each of the Lenders) a report of the monthly production performance of the Borrower's and, as applicable, each Material Subsidiaries' oil and gas properties, including year to date figures, the gross oil and gas production, net production, total revenues, royalties and other burdens, operating expenses and net revenues, in a format acceptable to the Agent, acting reasonably.

(r) **Annual Independent Engineering Report**. The Borrower will provide within one hundred and twenty (120) days of each Fiscal Year end an annual independent engineering report in form and substance satisfactory to the Agent covering the then applicable Borrowing Base Properties of the Borrower and, as applicable, each Material Subsidiary, prepared by an engineering firm acceptable to the Lenders, acting reasonably with an effective date to no earlier than December 31 of the calendar year just ended.

(s) **Internal Engineering Report**. The Borrower will provide to the Agent on or before October 1 of each year an internally prepared economic and reserve evaluation report covering the then applicable Borrowing Base Properties of the Borrower and, as applicable, each Material Subsidiary, prepared by the Borrower in a format acceptable to the Agent, acting reasonably, and such report shall be dated effective no earlier than June 30 of the then current calendar year.

(t) **Payment of Taxes**. The Borrower will, and will cause each Material Subsidiary, as applicable, to, duly file on a timely basis all Tax returns required to be filed by it, and duly and punctually pay all Taxes and other governmental charges levied or assessed against it or its property, except as disputed in good faith and in respect of which provision in accordance with IFRS has been made and except, in either case, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(u) **Notices and Filings**. The Borrower will, on a timely basis, either (i) furnish to the Agent (in sufficient copies for each of the Lenders) all prospectuses, material change reports (except those filed on a confidential basis, but only for so long as such confidentiality remains in effect) and press releases filed by the Borrower or any Material Subsidiary with securities commissions having jurisdiction and other documents distributed by the Borrower to its shareholders (collectively, the "**Securities Filings**") or (ii) file such Securities Filings on SEDAR.

(v) **Inspection of Property; Books and Records; Discussions**. The Borrower will, and will cause each Material Subsidiary, as applicable, to, maintain books and records of account in accordance with IFRS and all applicable Law; and permit representatives of the Agent from time to time, at the Borrower's expense, to visit and inspect any of its property and to examine and make abstracts from any of its

books and records at any reasonable time during normal business hours and upon reasonable request and notice, and subject to the Borrower's health and safety requirements, and to discuss its business, property, condition (financial or otherwise) and prospects with its senior officers and (in the presence of such representatives, if any, as it may designate) with its independent chartered accountants.

(w) **Comply with Law and Maintain Permits**. The Borrower will, and will cause each Material Subsidiary, as applicable, to, comply with (and to use the proceeds of the Credit Facilities in compliance with) applicable Laws, including Economic Sanctions and the *Foreign Corrupt Practices Act*, and obtain and maintain all permits, licenses, consents and approvals necessary to the ownership of its property and to the conduct of its business in each jurisdiction where it carries on business or owns property, including those issued or granted by Governmental Authorities, except to the extent failure to do so could not reasonably be expected to have a Material Adverse Effect.

(x) **Consolidated Budget**. The Borrower shall deliver to the Agent a detailed annual consolidated budget for the following Fiscal Year, including production, cash flow and capital expenditure forecasts, and such other information as the Agent may reasonably require within ninety (90) days of each Fiscal Year end.

(y) **Other Information**. The Borrower will provide to the Agent such other documentation and information concerning the Borrower and the Material Subsidiaries as may be requested by the Lenders, acting reasonably, including any internally or independently prepared environmental assessment reports in the possession of the Borrower or any Material Subsidiary.

(z) **Subsidiary Security**. The Borrower will cause each Material Subsidiary to provide the Agent with a guarantee of the Borrower's Indebtedness under the Documents, the Swap Documents and the Cash Management Arrangements and the other Security listed in Section 4.1, all in form and substance satisfactory to the Agent, on the date which is 10 Banking Days after any Subsidiary becoming a Material Subsidiary, together with all such supporting documentation and legal opinions as the Agent may reasonably require.

(aa) **Unwind or sell**. The Borrower shall provide to the Agent from time to time, upon the request of the Agent (acting reasonably), a detailed report describing the terms and provisions of each Hedging Agreement entered into by the Borrower or Material Subsidiary with any Swap Lender. In addition the Borrower shall provide the Agent with written notice of the termination of any Hedging Agreement to which the Borrower or any Material Subsidiary is a party.

(bb) **Rental Agreement Notices**. The Borrower will promptly provide the Agent with copies of all material notices received or delivered in connection with the Shaunavon Rental Agreement or the Valhalla Rental Agreement.

(cc) **Cash and Cash Equivalents**. The Borrower will, and will cause each Material Subsidiary, as applicable, to, maintain and keep all cash and cash equivalents (including, for certainty, any depository, investment or securities account) held by or on behalf of the Borrower or any Material Subsidiary in accounts at a branch of the Agent, other than any other such accounts which are used for reasonable business purposes (subject to Section 14.2(q)), provided that the aggregate amount of cash and cash equivalents held in such other accounts does not at any time exceed $2,500,000 in the aggregate.

(dd) **Payout Forecast**. The Borrower will, not less than 15 days prior to the effective date of a proposed increase in the amount of dividends per share to be paid to its shareholders on a monthly basis, deliver to the Agent a Payout Forecast.

(ee) **Hedging**. By no later than the last day of each Fiscal Quarter, the Borrower shall have entered into, and shall thereafter maintain in effect at all times during Fiscal Quarters set forth below, Commodity Swap Contracts for and is respect of not less than 25% of forecasted oil production volumes (net of royalties) of the Borrower and the Material Subsidiaries for the then next four following Fiscal Quarters, based on the production forecast dated as of the Closing Date and as the same may be updated from time to time pursuant to Section 14.1(x).

14.2 Negative Covenants

While any Loan Indebtedness under the Credit Facilities is outstanding or available to the Borrower and except with the written consent of the Agent and the Lenders:

(a) **Limitation on Borrowings, Liens and Distributions**. The Borrower will not, and will not permit the Material Subsidiaries to:

(i) incur Indebtedness, except for Permitted Indebtedness;

(ii) provide or permit a Lien over any of its property, except for Permitted Encumbrances; or

(iii) make any Distribution, other than a Permitted Distribution, provided no Permitted Distribution may be made when: (a) there is a Borrowing Base Shortfall; (b) there is an Event of Default; or (c) immediately after making a Permitted Distribution an Event of Default is caused.

(b) **Limitation on Exchange Rate Swap Contracts**. The Borrower will not and will not permit any Material Subsidiary to enter into any Exchange Rate Swap Contract if the term of any such Exchange Rate Swap Contract exceeds three (3) years or if the aggregate amount hedged under all such Exchange Rate Swap Contracts at any time exceeds 75% of the U.S. Dollar Exchange Equivalent of the Borrower's and each Material Subsidiary's annualized consolidated revenues over the preceding Fiscal Quarter of the Borrower and each Material Subsidiary.

(c) **Limitation on Interest Rate Swap Contracts**. The Borrower will not and will not permit any Material Subsidiary to enter into any Interest Rate Swap Contracts if the term of any such Interest Rate Swap Contract exceeds four (4) years, or if the aggregate amounts hedged under all such Interest Rate Swap Contracts exceeds 50% of the Total Commitment at the end of the previous Fiscal Quarter of the Borrower and each Material Subsidiary.

(d) **Limitation on Commodity Swap Contracts**. The Borrower will not and will not permit any Material Subsidiary to enter into fixed price Commodity Swap Contracts if:

(i) the term of any such fixed price Commodity Swap Contract exceeds four (4) years;

(ii) the aggregate amounts hedged under all such fixed price Commodity Swap Contracts for petroleum, natural gas liquids and natural gas with a twenty-four month or less term exceeds 75% of the Average Daily Production of petroleum and natural gas liquids and 75% of the Average Daily Production of natural gas; or

(iii) the aggregate amounts hedged under all such fixed price Commodity Swap Contracts for petroleum, natural gas liquids and natural gas with a greater than twenty-four (24) month term but less than or equal to a forty-eight (48) month term exceeds 50% of the Average Daily Production of petroleum and natural gas liquids and 50% of the Average Daily Production of natural gas.

(e) **Limitation on Hedging Agreements**. The Borrower will not and will not permit any Material Subsidiary to enter into or maintain any Hedging Agreements, including with any third parties, unless such Hedging Agreement is entered into for hedging purposes only in the ordinary course of business and not for speculative purposes.

(f) **Change in Constating Documents**. The Borrower will not, and will not permit any Material Subsidiary to, without the written consent of Agent and Lenders, amend any of its constating documents, by-laws or any partnership agreement, as applicable, in a manner that could materially prejudice the rights and interests of the Lenders under the Documents.

(g) **Mergers, Amalgamation and Consolidations**. The Borrower will not, and will cause the Material Subsidiaries not to, merge, amalgamate or consolidate with another Person other than among the Borrower and any Material Subsidiary (provided that, for certainty, the successor entity is organized under the laws of Canada or any Province or Territory thereof), or among the Material Subsidiaries except as permitted under Article 15.

(h) **Limitation on Sale and Lease-Back Transactions**. Subject to Section 14.2(a), the Borrower will not, and will not permit Material Subsidiaries, as applicable, to,

enter into any arrangement with any Person providing for the leasing of property from such Person which property has been or is to be sold or transferred by the Borrower, or a Material Subsidiary to such Person (a "**Sale and Lease-Back Transaction**"), unless the proceeds to the Borrower or such Material Subsidiary of such sale are at least equal to the fair market value of such property and provided that the Indebtedness of the Borrower and any Material Subsidiary under all Sale and Lease-Back Transactions does not exceed the Threshold Amount in the aggregate.

(i) **Purchase Money Liens**. The Borrower will not and will not permit its Material Subsidiaries, as applicable, to permit the Indebtedness arising under Purchase Money Liens to exceed the Threshold Amount in the aggregate.

(j) **Capital Leases**. The Borrower will not and will not permit its Material Subsidiaries, as applicable, to enter into any Capital Leases exceeding the Threshold Amount in the aggregate.

(k) **Change in Business, Name, Location or Fiscal Year**. The Borrower will not (i) on a consolidated basis, change in any material respect the nature of its business or operations from the nature of its business and operations carried on as of the Closing Date, or (ii) change its or any Material Subsidiaries' corporate name, partnership name or trust name, as applicable, trade name or locations of business from those set forth in Schedule H without giving the Agent 15 days prior written notice thereof, or (iii) change its Fiscal Year.

(l) **Asset Dispositions/Hedge Monetization.** Other than Permitted Dispositions, the Borrower will not, and will not permit any Material Subsidiary, as applicable, to, directly or indirectly, make any sale, exchange, lease, transfer or other disposition of any of its Borrowing Base Properties to any Person or complete any Hedge Monetization without the prior written consent of all of the Lenders, such consent not to be unreasonably withheld, except to the extent the proceeds of such transactions are used to make a permanent reduction of the Credit Facilities by an amount equal to the value attributed by the Lenders to such Borrowing Base Properties in determining the then current Borrowing Base or used to acquire P&NG Rights which are Borrowing Base Properties with a value, as determined by the Lenders, not less than the lending value attributed by the Lenders to the Borrowing Base Properties and property subject to any such disposition. During an Event of Default, the Borrower will not be entitled to make Permitted Dispositions except for those described in paragraphs (a), (b), (c) and (e) of the definition thereof set forth in Section 1.1, without the prior written consent of the Lenders.

(m) **Financial Assistance or Capital Contributions**. The Borrower will not, and will not permit any Material Subsidiary to, (i) provide any guarantee, loans or other financial assistance to any Person, other than to the Agent, the Borrower or a Material Subsidiary and (ii) make any contributions of capital or any other forms

of equity or partnership investment in any Person that is not the Borrower or a Material Subsidiary.

(n) **Material Investments**. The Borrower will not, and will not permit any Material Subsidiary to, make material investments or enter into ventures of a material nature which are outside the scope of their normal course of business. For greater certainty, acquisition of all or part of the shares or any assets of a public or private company incorporated in Canada or the United States of America in the oil and gas business is within the normal scope of the business of the Borrower and the Material Subsidiaries.

(o) **Transactions with Affiliates**. The Borrower will not, and will not permit any Material Subsidiary to, except as specifically permitted hereunder, enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any of its shareholders or with any Affiliate, or with any of its or their directors or officers, or enter into, assume or suffer to exist any employment, consulting or analogous agreement or arrangement with any such shareholder or Affiliate or with any of its directors or officers, except a transaction or agreement or arrangement which is in the ordinary course of business of the Borrower or a Material Subsidiary and which is upon fair and reasonable terms not less favourable to the Borrower or a Material Subsidiary than it would obtain in comparable arms-length transaction; provided that such restriction will not apply, subject to compliance with Section 14.1(z), to any transaction between the Borrower and a Material Subsidiary or between Material Subsidiaries.

(p) **Deposit Accounts**. The Borrower will not, and will not permit any subsidiary to maintain Deposit Accounts, as said term is defined in Article 9 of the Uniform Commercial Code in effect as of the date hereof in the State of New York, in the United States of America with aggregate deposits therein in excess of U.S. $500,000.

(q) **Cash Hoarding**. The Borrower will not, and will not permit its Subsidiaries to, use the proceeds of any Advance (i) to accumulate or maintain cash or cash equivalents in one or more depository or investment accounts maintained by the Borrower or any Subsidiary thereof in an amount, in the aggregate, greater than $10,000,000, but excluding therefrom cash or cash equivalents accumulated or maintained therein for a specified business purpose (other than simply accumulating a cash reserve) and, for certainty, the Lenders may refuse to make any requested Advance which the Lenders, acting reasonably, determine would result in a contravention of this Section 14.2(q).

(r) **Rental Agreement**. The Borrower will not modify, alter, amend, extend, renew, replace, knowingly waive strict and timely performance of any compliance with (including waiving any default under), terminate, cancel, suspend or assign either the Shaunavon Rental Agreement or the Valhalla Rental Agreement to the extent it could reasonably be expected to have a Material Adverse Effect or any term,

agreement, provision, item, obligation or covenant contained in either such agreement that increases the amount of the Facilities Rental (as such term is defined in each of the Shaunavon Rental Agreement and the Valhalla Rental Agreement, as applicable) under either agreement.

(s) **Rental Agreement Options**. Neither the Borrower nor Surge General Partnership, as applicable, will (i) exercise the "Surge ROFR", the "Surge Option" or the "Decommissioning Option", each as defined in each of the Valhalla Rental Agreement and the Shaunavon Rental Agreement, as applicable, (ii) purchase the Participating Interest of SAFV LP pursuant to Section 7.3 of the Valhalla Rental Agreement, or (iii) exercise the purchase option described in Section 9.4 of each of the Valhalla Rental Agreement and the Shaunavon Rental Agreement, unless, in each case, no Default or Event of Default exists or would result therefrom."

(t) **Dividends to Shareholders.** The Borrower will not increase the amount of dividends per share paid to its shareholders on a monthly basis or otherwise pay or make any other Distributions unless (i) the Aggregate Principal Amount under the Credit Facilities is no greater than Cdn. $250,000,000; and (ii) the Total Payout Ratio is no greater than 95% and would be no greater than 95% as a result of such increase, in each case, without the unanimous consent of the Lenders, and provided that the Borrower has provided the calculation of the Total Payout Ratio to the Agent no less than 15 days prior to any such proposed increase.

(u) **Repayment of Debentures**. The Borrower will not, and will not permit its Material Subsidiaries to, make any payments of principal, interest, fees or otherwise in respect of the Convertible Debenture Obligations other than the payment of regularly scheduled interest and the payment of the principal amount at the maturity date of the Convertible Debentures, in each case, as set forth in the Convertible Debenture Documents, provided that, in each case, at the time of such payment no Default, Event of Default or Borrowing Base Shortfall has occurred and is continuing or would result, or reasonably be expected to result, therefrom. Without limiting the foregoing, without the prior consent of the Lenders, the Borrower shall not, and shall not permit any other Material Subsidiary to, make any prepayments of principal under the Convertible Debentures.

ARTICLE 15
REORGANIZATION

15.1 Reorganization

The Borrower may, and may permit any Material Subsidiary, as applicable, to, from time to time, amalgamate, merge or consolidate with another Person, provided that:

(a) no Default or Event of Default will be continuing at the time of such amalgamation, merger or consolidation and no Default or Event of Default will result from such amalgamation, merger or consolidation;

(b) prior to or contemporaneously with the consummation of such amalgamation, merger or consolidation, the Borrower, any such Material Subsidiary and the successor entity, as applicable, will have executed such instruments and done such things as in the reasonable opinion of the Agent are necessary or advisable to establish that upon the consummation of such transaction:

(i) the successor entity will be a corporation incorporated under the Laws of Canada or one of its provinces or territories and will have assumed all the covenants and obligations of the Borrower or the Material Subsidiary, as applicable, under the Documents;

(ii) the Documents, as applicable, will be valid and binding obligations of the successor entity entitling the Lenders and the Agent, as against the successor entity, to exercise all of their rights and benefits thereunder;

(iii) the Lien created by the Security will continue to be a Lien against the property of the successor entity in substantially the same manner and to the same extent and priority as existed immediately prior to such amalgamation, merger or consolidation;

(iv) the rights and benefits afforded or intended to be afforded the Operating Lender, the other Lenders and the Agent under the Documents are not materially prejudiced; and

(v) legal opinions in form satisfactory to the Agent confirming the matters set forth in Sections (i), (ii) and (iii) (other than in respect of priority) are provided by Borrower's Counsel and counsel to the Agent; and

(c) no Material Adverse Effect will occur as a result of such amalgamation, merger or consolidation.

15.2 Formation of Subsidiaries

(a) **Lenders Consent**. The Borrower may not, and the Borrower will cause the Material Subsidiaries, as applicable, not to, without the prior written consent of each of the Lenders, not to be unreasonably withheld, form a Subsidiary if title to any of the Borrowing Base Properties would, as a result of such formation, be transferred to such Subsidiary, unless such Subsidiary (i) is incorporated under the Laws of Canada or one of the Provinces or Territories thereof, and (ii) provides the Agent with Security pursuant to Subsection l4.1(z) prior to or concurrently with such transfer together with all other documents, opinions and certificates as may be reasonably requested by the Agent and/or the Lenders, and such Subsidiary shall be deemed to be a Material Subsidiary for the purposes of this Agreement thereafter.

(b) **Borrowing Base Properties**. Notwithstanding Section 15.1, no Person, other than the Borrower or a Material Subsidiary, will at any time be entitled to hold title to any Borrowing Base Properties, unless such Person is a Subsidiary who has

delivered to the Agent on behalf of the Lenders the Security requested by the Agent pursuant to this Section 15.2.

ARTICLE 16
EVENTS OF DEFAULT

16.1 Event of Default

Each of the following events will constitute an Event of Default:

(a) **Failure to Pay**. If the Borrower makes default in the due and punctual payment of any principal amount owing under the Documents, as and when the same becomes due and payable, whether at maturity or otherwise; or if the Borrower makes default in the due and punctual payment of interest, fees or other non-principal amounts owing under the Documents, as when the same become due and payable, whether at maturity or otherwise and such default continues for a period of two (2) Banking Days.

(b) **Incorrect Representations**. If any representation or warranty made by the Borrower or a Material Subsidiary in any Document proves to have been incorrect when so made or deemed to have been repeated as herein, provided that the underlying facts, if capable of being remedied such that the representation or warranty if made at such time would be correct, are not so remedied within twenty (20) days after notice of such incorrectness is given to the Borrower (but only if and for so long as the remedying thereof was and continues to be diligently and in good faith pursued and no Material Adverse Effect has occurred or is imminent as a result of such facts).

(c) **Breach of Covenants**. Except for an Event of Default set out in Section 16.1(a) or elsewhere in this Section 16.1, if the Borrower defaults in the performance or observance of any covenant, obligation or condition to be observed or performed by it pursuant to any of the Documents, and such default continues for a period of twenty (20) days after notice thereof is given to the Borrower by the Agent.

(d) **Insolvency**. If a judgment, decree or order of a court of competent jurisdiction is entered against the Borrower or any Material Subsidiary, (i) adjudging the Borrower or any Material Subsidiary bankrupt or insolvent, or approving a petition seeking its reorganization or winding up under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous Law, or (ii) appointing a receiver, trustee, liquidator, or other Person with like powers, over all, or substantially all, of the property of the Borrower or any Material Subsidiary or (iii) ordering the involuntary winding up or liquidation of the affairs of the Borrower or any Material Subsidiary or (iv) if any receiver or other Person with like powers is appointed over all, or substantially all, of the property of the Borrower or any Material Subsidiary, unless, in any such case, such judgment, petition, order or

appointment is stayed and of no effect against the rights of the Lenders within twenty (20) days of its entry.

(e) **Winding-Up**. If, (i) except as permitted by Section 15.1, an order or a resolution is passed for the dissolution, winding up, reorganization or liquidation of the Borrower or any Material Subsidiary, pursuant to applicable Law, including the *Business Corporations Act* (Alberta), or (ii) if the Borrower or any Material Subsidiary institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous Law, or (iii) the Borrower or any Material Subsidiary consents to the filing of any petition under any such Law or to the appointment of a receiver, or other Person with like powers, over all, or substantially all, of the Borrower's or any Material Subsidiary's property, or (iv) the Borrower or any Material Subsidiary makes a general assignment for the benefit of creditors, or becomes unable to pay its debts generally as they become due, or (v) the Borrower or any Material Subsidiary takes or consents to any action in furtherance of any of the aforesaid purposes.

(f) **Other Indebtedness**. The Borrower or any Material Subsidiary fails to make any payment of principal or interest in regard to any Indebtedness whatsoever owed by it (including, for certainty, the Convertible Debentures and any Convertible Debenture Document) after the expiry of any applicable grace period and demand therefor, to any Person, other than the Agent and any Lender under the Documents, where the outstanding principal amount of such Indebtedness, in the aggregate, is more than the Threshold Amount or where such failure to pay can reasonably be expected to have a Material Adverse Effect.

(g) **Other Defaults**. The Borrower or any Material Subsidiary defaults in the observance or performance of any non-monetary obligation, covenant or condition to be observed or performed by it pursuant to any agreement to which it is a party or by which any of its property is bound, where such default could reasonably be expected to have a Material Adverse Effect and such default continues for a period of twenty (20) days after notice thereof is given to the Borrower by the Agent.

(h) **Adverse Proceedings**. The occurrence of any action, suit or proceeding against or affecting the Borrower or any Material Subsidiary before any court or before any Governmental Authority which, if successful, could reasonably be expected to have a Material Adverse Effect, unless the action, suit, or proceedings is being contested diligently and in good faith and, in circumstances where a lower court or tribunal has rendered a decision adverse to the Borrower or any Material Subsidiary, the Borrower or such Material Subsidiary is appealing such decision, and has provided a reserve in respect thereof, adequate in the opinion of the Lenders, acting reasonably.

(i) **Judgment**. A judgment or order is obtained against the Borrower or any Material Subsidiary for an amount in excess of Threshold Amount in the aggregate which remains unsatisfied and undischarged for a period of twenty (20) days during which such judgment shall not be on appeal or execution thereof shall not be effectively stayed.

(j) **Material Lien**. The property of the Borrower or any Material Subsidiary having a fair market value in excess of Threshold Amount in the aggregate shall be seized (including by way of execution, attachment, garnishment or distraint) or any Lien thereon shall be enforced, or such property shall become subject to any charging order or equitable execution of a court, or any writ of enforcement, writ of execution or distress warrant with respect to obligations in excess of Threshold Amount shall exist in respect of the Borrower, any Material Subsidiary, or such property, or any sheriff, civil enforcement agent or other Person shall become lawfully entitled to seize or distrain upon any such property under the *Civil Enforcement Act* (Alberta), the *Workers' Compensation Act* (Alberta), the *Personal Property Security Act* (Alberta) or any other applicable Laws whereunder similar remedies are provided, and in any case such seizure, execution, attachment, garnishment, distraint, charging order or equitable execution, or other seizure or right, shall continue in effect and not be released or discharged for more than twenty (20) days.

(k) **Hedging Agreements**. The occurrence of an event of default under any Hedging Agreement to which the Borrower or a Material Subsidiary is a party, after the expiry of any applicable grace period thereunder, except where such event of default, in the opinion of the Borrower, the Operating Lender and the other Lenders, is in the best interest of the Borrower or the applicable Material Subsidiary.

(l) **Cessation of Business**. Except as permitted by Section 15.1, the Borrower or any Material Subsidiary ceases or proposes to cease carrying on business, or a substantial part thereof, or makes or threatens to make a bulk sale of its property.

(m) **Enforceability of Documents**. If any material provision of any Document shall at any time cease to be in full force and effect, be declared to be void or voidable or shall be repudiated, or the validity or enforceability thereof shall at any time be contested by the Borrower or any Material Subsidiary or if any Lien constituted pursuant to the Security ceases to have the priority contemplated in the Documents.

(n) **Qualified Auditor Report**. If the audited financial statements that are required to be delivered to the Agent pursuant to Section 14.1(j) are not unqualified by the auditor of the Borrower, unless such qualifications could not, in the opinion of the Lenders, reasonably be expected to have a Material Adverse Effect.

(o) **Change of Control**. If a Change of Control occurs and the Lenders have not consented, in their sole discretion.

(p) **Borrowing Base Shortfall**. If at any time there exists a Borrowing Base Shortfall that has not been eliminated in accordance with Section 3.7(e).

(q) **Material Adverse Effect**. If in the opinion of the Agent, acting reasonably, any event shall occur which has a Material Adverse Effect.

(r) **Rental Agreements**. The Borrower or Surge General Partnership defaults in the performance of any material obligation under the Valhalla Rental Agreement or the Shaunavon Rental Agreement and such breach or default is not remedied within the applicable cure period, if any, in the relevant agreement.

16.2 Remedies

If an Event of Default occurs, the Agent (on the direction of the Majority Lenders) may, by notice in writing to the Borrower, cancel the availability of the Credit Facilities, and/or declare all or any part of the outstanding Advances thereunder, together with all accrued and unpaid interest thereon and all other Loan Indebtedness thereunder, to be immediately due and payable, whereupon:

(a) all such amounts shall become immediately due and payable, without protest, presentment, demand or further notice of any kind, all of which are expressly waived by the Borrower and the Borrower hereby unconditionally promises and agrees to immediately pay such amounts to the Agent;

(b) such notice shall constitute due demand for payment under any notes issued pursuant to the Documents;

(c) the Security shall become enforceable;

(d) the Borrower shall forthwith pay funds in an amount sufficient to pay the maximum aggregate amount for which the Lenders are or may become liable in respect of all outstanding Bankers' Acceptances into the Cash Collateral Account with the Agent and any amount not so paid by the Borrower may, at the option of the Majority Lenders with respect to the Committed Revolving Term Facility, and without notice to the Borrower, be paid by the Lenders into an interest-bearing Cash Collateral Account and shall be deemed to constitute a Canadian Prime Rate Loan; and

(e) the Agent on behalf of the Lenders shall be entitled to exercise all rights and remedies available to it under any of the Documents, at law, in equity, by statute, or otherwise.

16.3 Right of Set-Off

If an Event of Default exists, each Lender or Swap Lender, as applicable, is hereby authorized at any time and from time to time thereafter, without notice to the Borrower (any such notice being expressly waived by the Borrower) and to the fullest extent permitted by law, to set-off and apply any and all deposits (whether general or special, time or demand, provisional or final,

matured or unmatured) at any time held and any and all other obligations at any time owing by such Lender or Swap Lender, as applicable, to or for the credit or the account of the Borrower or any of the Material Subsidiaries against any or all of the Loan Indebtedness, Swap Indebtedness or Cash Management Obligations, as applicable, of the Borrower. Such Lender or Swap Lender, as applicable, agrees to promptly notify the Borrower after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. This set-off may occur notwithstanding that such deposits or other obligations are expressed in different currencies and such Lender or Swap Lender is hereby authorized to effect any necessary currency conversions at the Noon Rate.

16.4 Waivers

An Event of Default may only be waived in writing by all of the Lenders.

16.5 Deposit of Cash Upon Event of Default

If any Event of Default shall occur and be continuing, on the Banking Day that the Borrower receives notice from the Agent or the Lenders demanding the deposit of cash pursuant to this Section 16.5, the Borrower shall deposit in a Cash Collateral Account with the Agent, in the name of the Agent and for the benefit of the Lenders, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 16.1(d), (e) or (i). Such deposit shall be held by the Agent for the payment and performance of the obligations of the Borrower under this Agreement, and shall bear interest at the annual rate equal to the normal deposit rate of the Agent. The Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such Cash Collateral Account. Moneys in such Cash Collateral Account shall be applied by the Agent to reimburse each Lender for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated, be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash hereunder as a result of the occurrence of an Event of Default (but prior to acceleration of the maturity of the Loans), such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Banking Days after all Events of Default have been cured or waived.

16.6 Adjustments

Except as otherwise unanimously agreed to be all of the Lenders, after all obligations under the Credit Facilities are declared by the Agent to be due and payable pursuant to Section 16.2, (i) each Lender agrees that it will at any time or from time to time thereafter at the request of the Agent as required by any Lender, purchase at par on a non-recourse basis a participation in the Aggregate Principal Amount owing to each of the other Lenders and make any other adjustments as are reasonably necessary or appropriate (including indemnities for any then outstanding Letters of Credit, Bankers' Acceptances and LIBOR Loans), in order that the Aggregate

Principal Amounts owing to each of the Lenders, as adjusted pursuant to this Section 16.6, will be in the same proportion as each Lender's Individual Commitment Amount was to the Commitment immediately prior to the Event of Default resulting in such declaration, and (ii) the amount of any repayment made by or on behalf of the Borrower and the Material Subsidiaries under the Documents or any proceeds received by the Agent or the Lenders pursuant to Section 20.10 will be applied by the Agent in a manner such that to the extent possible the amount of the Aggregate Principal Amount owing to each Lender after giving effect to such application will be in the same proportion as each Lender's Individual Commitment Amount was to the Commitment immediately prior to the Event of Default resulting in such declaration.

ARTICLE 17
CONFIDENTIALITY

17.1 Non-Disclosure

All information, including any information relating to a Hostile Acquisition, other than information that is required by Law to be disclosed by the Party receiving the information to any Governmental Authority, will be held by the Parties in the strictest confidence and will not be disclosed to any Person, except as provided in Sections 17.2 and 17.3.

17.2 Exceptions

Section 17.1 does not apply to information:

(a) of a Party where that Party consents in writing to its disclosure to other Persons not bound by Section 17.1;

(b) which becomes part of the public domain other than through a breach of this Article 17;

(c) received from a third party without restriction on further disclosure and without breach of Section 17.1;

(d) developed independently without breach of Section 17.1; or

(e) to the extent required to be disclosed by order or direction of a court or Governmental Authority of competent jurisdiction.

17.3 Permitted Disclosures by the Agent or the Lenders

Information received by the Agent or a Lender may be disclosed to the Agent or any other Lender, as applicable, including any financial institution which desires to become a Lender hereunder and to their respective employees, auditors, accountants, legal counsel, geologists, engineers and other consultants and financial advisors retained by the Agent, on a need to know basis and subject to the obligation to maintain confidentiality.

17.4 Survival

The obligations of the Parties under this Article 17 will survive the termination of this Agreement.

ARTICLE 18
ASSIGNMENT

18.1 Assignment and Participation Prior to Default

(a) Any Lender (herein sometimes called a "**Granting Lender**"), after providing notice to the Agent and the Borrower, may grant a participation in the Credit Facilities to one or more Persons (the "**Participant**"). If such a participation is granted, (i) the Granting Lender shall remain fully liable for all of its obligations and responsibilities hereunder to the same extent as if such participation had not been granted, and (ii) the Granting Lender shall administer the participation of the Participant and none of the Participant, the Borrower and the Agent shall have any rights against or obligations to one another, nor shall any of them be required to deal directly with one another in respect of the participation by such Participant.

(b) With the prior written consent of the Borrower and the Agent (which consent shall not be unreasonably withheld or delayed), any Lender (herein sometimes called an "**Assigning Lender**") may assign all or any part of such Lender's rights to, and may have its respective obligations in respect of, the Credit Facilities assumed by one or more Persons entitled to lend money in Canada; provided that it will be reasonable for the Borrower to withhold its consent to such assignment if, as a result of such assignment, the Borrower will be under an obligation to pay, by way of withholding tax or otherwise, a greater amount than it would have been obliged to pay if the Lender had not made an assignment (other than as a result of a change to the BA Discount Rate) (each an "**Assignee**"). Any permitted assignment shall become effective when the Agent and the Borrower have been notified of it by the Assigning Lender, have received from the Assignee an executed copy of an Assignment and Assumption Agreement and the Instrument of Adhesion and the Agent has received from the Assignee an assignment fee of Cdn. $[redacted]. Any Assignee of an Assigning Lender shall be and be treated as a Lender for all purposes of this Agreement, and each Assignee shall be entitled to the full benefit hereof and shall be subject to the obligations of the Assigning Lender to the same extent as if it were an original party in respect of the rights or obligations assigned to it and the Assigning Lender shall be released and discharged accordingly and to the same extent, and Schedule A (to the extent such Schedule relates to the Assigning Lender) shall be deemed to be amended accordingly from time to time without further notice or other requirement. For the purpose of this Section 18.1(b), the Borrower will be deemed to have consented to any applicable assignment if it has not objected thereto within seven (7) Banking Days after it has received a written notice of the request for such consent.

(c) The Borrower will, at the applicable Lender's expense, execute such further documents and instruments and do such further things as the Agent or such Lender may reasonably request for the purpose of any participation assignment.

(d) Notwithstanding any other provision under this Section 18.1, no Lender shall grant a participation in, or assign all or any rights to, a natural Person.

18.2 Assignment After Event of Default

Notwithstanding anything to the contrary herein contained, where an Event of Default exists, nothing in this Agreement shall require the consent of the Borrower to an assignment or preclude an assignment to one or more Persons not resident in Canada for the purposes of the *Income Tax Act* (Canada).

18.3 Assignment by Borrower

Except as permitted by Section 15.1, the Borrower shall not assign, delegate or transfer all or any part of its rights or obligations hereunder without the prior written consent of all of the Lenders.

ARTICLE 19
ADMINISTRATION OF THE CREDIT FACILITIES

19.1 Authorization and Action

(a) **Authorization and Action**. Each Lender hereby irrevocably appoints and authorizes the Agent to be its agent in its name and on its behalf and to exercise such rights or powers granted to the Agent or the Lenders under the Documents to the extent specifically provided therein and on the terms thereof, together with such powers and authority as are reasonably incidental thereto. As to any matters not expressly provided for by the Documents, the Agent will not be required to exercise any discretion or take any action, but will be required to act or to refrain from acting (and will be fully indemnified and protected by the Lenders to the greatest extent permitted by Law in so acting or refraining from acting) upon the instructions of the Lenders, and such instructions will be binding upon all Lenders, provided however that the Agent will not be required to take any action which, in the opinion of the Agent, might expose the Agent to liability in such capacity, which could result in the Agent incurring any costs and expenses, or which is contrary to the spirit and intent of this Agreement.

(b) **Lenders' Determination**. Where the provisions of this Agreement provide that any waiver of or any amendment to any provision of the Documents may be made or any action, consent or other determination in connection with the Documents may be taken or given, with the consent or agreement of the Lenders, or the Majority Lenders, as the case may be, then any such waiver, amendment, action, consent or determination so made, so taken or so given with the consent or agreement of the Lenders, or the Majority Lenders, as the case may be, will be binding on all of the Lenders and all of the Lenders will cooperate in all ways

necessary or desirable to implement and effect such waiver, amendment, action, consent or determination.

(c) **Deemed Non-Consent**. If the Agent delivers a notice to a Lender requesting advice from such Lender as to whether it consents or objects to any matter in connection with the Documents, then, except as otherwise expressly provided herein, if such Lender does not deliver to the Agent its written consent or objection to such matter within seven (7) Banking Days of the delivery of such notice by the Agent to such Lender, such Lender will be deemed not to have consented thereto upon the expiry of such seven (7) Banking Day period.

19.2 Procedure for Making Advances

(a) ***Pro rata* Advances**. Subject to Section 7.3, all Advances under the Credit Facilities made by the Lenders will be made in accordance with the Individual Commitment Amount of the Operating Lender with respect to an Advance under the Operating Loan Facility and with each Participating Lender's Rateable Portion of such Advance under the Committed Revolving Term Facility.

(b) **Instructions from Borrower**. The Operating Lender and the other Lenders, through the Agent, will make Advances under the Credit Facilities available to the Borrower as required hereunder by debiting the account of the Operating Lender or the Agent to which each Lender's Rateable Portion of such Advances have been credited in accordance with Section 5.6 (or causing such account to be debited) and, in the absence of other arrangements agreed to by the Operating Lender or the Agent and the Borrower in writing, by transferring (or causing to be transferred) like funds in accordance with the instructions of the Borrower as set forth in the Notice of Borrowing, Notice of Rollover or Notice of Conversion, as the case may be, in respect of each Advance under the Credit Facilities, provided that the obligation of the Operating Lender and the Agent hereunder will be limited to taking such steps as are in keeping with its normal banking practice and which are commercially reasonable in the circumstances to implement such instructions, and the Agent will not be liable for any damages, claims or costs which may be suffered by the Borrower or any of the Lenders and occasioned by the failure of such funds to reach their designated destination, unless such failure is due to the gross negligence or wilful misconduct of the Agent.

(c) **Assumption Respecting Availability**. Unless the Agent has been notified by a Lender within 1 Banking Day prior to an anticipated Advance under the Credit Facilities that such Lender will not make available to the Agent its Rateable Portion of such Advance, the Agent may assume, without any enquiry required on its part, that such Lender has made or will make such portion of the Advance available to the Agent on the date such Advance is to take place, in accordance with the provisions hereof and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent such Lender will not have so made its Rateable Portion of an Advance under the Credit Facilities available to the Agent, such Lender agrees to pay to the

Agent, forthwith on demand, such Lender's Rateable Portion of the Advance and all reasonable costs and expenses incurred by the Agent in connection therewith together with interest thereon (at the rate payable thereunder by the Borrower in respect of such Advance) for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Agent, provided however, that if such Lender fails to so pay, the Borrower covenants and agrees that without prejudice to any rights the Borrower may have against such Lender, it will repay the amount of such Lender's Rateable Portion of the Advance (without duplication) to the Agent for the account of the Agent after receipt of the certificate referred to below and forthwith after demand therefor by the Agent. The amount payable to the Agent pursuant hereto will be as set forth in a certificate delivered by the Agent to such non-paying Lender and the Borrower (which certificate will contain reasonable details of how the amount payable is calculated) and will be conclusive and binding, for all purposes, in the absence of manifest error. If such Lender makes the payment to the Agent as required herein, the amount so paid will constitute such Lender's Rateable Portion of the Advance under the Credit Facilities for purposes of this Agreement. The failure of any Lender to make its Rateable Portion of the Advance will not relieve any other Lender of its obligation, if any, hereunder to make its Rateable Portion of the Advance on the date that such Advance is to take place, but no Lender will be responsible for the failure of any other Lender to provide its Rateable Portion of any Advance under the Credit Facilities.

19.3 Remittance of Payments

Forthwith after receipt of any payment by the Borrower hereunder, the Agent, if and to the extent a Lender is entitled thereto, will remit to such Lender its Rateable Portion of such payment, provided that, if the Agent, on the assumption that it will receive on any particular date a payment of principal, interest or fees hereunder, remits to a Lender its Rateable Portion of such payment and the Borrower fails to make such payment, each such Lender agrees to repay to the Agent forthwith on demand such Lender's Rateable Portion of any such payment, together with all reasonable costs and expenses incurred by the Agent in connection therewith and interest thereon at the rate and calculated in the manner customarily applicable to interbank payments for each day from the date such amount is remitted to such Lender. The exact amount of the repayment required to be made by a Lender pursuant hereto will be set forth in a certificate delivered by the Agent to such Lender, which certificate will be conclusive and binding for all purposes in the absence of manifest error.

19.4 Redistribution of Payment

Each Lender agrees that:

(a) If it exercises any right of counter claim, set off, bankers' lien or similar right with respect to any property of the Borrower or if under applicable Law it receives a secured claim, the security for which is a debt owed by it to the Borrower, it will apportion the amount thereof proportionately between:

(i) amounts outstanding at such time owed by the Borrower to such Lender under this Agreement, which amounts will be applied in accordance with this Section 19.4; and

(ii) amounts otherwise owed to it by the Borrower, provided that any cash collateral account held by such Lender as collateral for a letter of credit or bankers' acceptance (including a Bankers' Acceptance) issued or accepted by such Lender on behalf of the Borrower may be applied by such Lender to such amounts owed by the Borrower to such Lender pursuant to such letter of credit or in respect of any such bankers' acceptance without apportionment.

(b) If it receives, through the exercise of a right or the receipt of a secured claim described in Section (a) or otherwise, payment of a proportion of the aggregate amount of principal, interest and fees due to it hereunder which is greater than the proportion received by any other Lender in respect of the aggregate amount of principal, interest and fees due in respect of the Credit Facilities (having regard to the respective proportionate amounts advanced as Advances by each of the Lenders), the Lender receiving such proportionately greater payment will purchase a participation (which will be deemed to have been done simultaneously with receipt of such payment) in that portion of the Credit Facilities of the other Lenders so that their respective receipts will be *pro rata* to their respective Rateable Portions, provided however that, if all or part of such proportionately greater payment received by such purchasing Lender will be recovered, such purchase will be rescinded and the purchase price for such participation will be returned to the extent of such recovery, but without interest. Such Lender will exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section 19.4 to share in the benefits of any recovery on such secured claims.

(c) If it does any act or thing permitted by Sections (a) or (b), it will promptly provide full particulars thereof to the Agent.

(d) Except as permitted under Sections (a) or (b), no Lender will be entitled to exercise any right of counter-claim, set off, bankers' lien or similar right without the prior written consent of the other Lenders.

19.5 Duties and Obligations

The Agent or any of its directors, officers, agents or employees (and, for purposes hereof, the Agent will be deemed to be contracting as agent for and on behalf of such Persons) will not be liable to any Lender for any action taken or omitted to be taken by it under or in connection with the Documents, except for its own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, the Agent:

(a) may assume that there has been no assignment or transfer by the Lenders of their rights under the Documents, unless and until the Agent receives a duly executed Instrument of Adhesion from such Lender;

(b) may consult with counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and will not be liable for any action taken or omitted to be taken in good faith by it in accordance with or reliance upon the advice of such counsel, accountants or experts;

(c) will incur no liability under or in respect of the Documents by acting upon any notice, consent, certificate or other instrument or writing believed by it to be genuine and signed or sent by the apparently proper Person or by acting upon any representation or warranty of the Borrower made or deemed to be made hereunder;

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

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

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

19.6 Prompt Notice to the Lenders

Notwithstanding any other provision herein, the Agent agrees to provide to the Lenders, with copies where appropriate, all information, notices and reports required to be given to the Agent by the Borrower hereunder, promptly upon receipt of same, excepting therefrom information and notices relating solely to the role of the Agent hereunder.

19.7 Agent and Agent Authority

With respect to its Rateable Portion of the Total Commitment and the Advances made by it as a Lender under the Credit Facilities, as applicable, the Agent will have the same rights and powers under the Documents as any other Lender and may exercise the same as though it were not the Agent. The Agent may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower, its Subsidiaries, their respective shareholders or any Person owned or controlled by any of them and any Person which may do business with any of them, all as if

the Agent was not serving as Agent, and without any duty or obligation to account therefor to the Lenders.

19.8 Lenders' Credit Decisions

It is understood and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Borrower and its Material Subsidiaries. Accordingly, each Lender confirms with the Agent that it has not relied, and will not hereafter rely, on the Agent (a) to check or inquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Borrower or any other Person under or in connection with the Credit Facilities (whether or not such information has been or is hereafter distributed to such Lender by the Agent) or (b) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower or any of its Material Subsidiaries. Each Lender acknowledges that copies of the Documents have been made available to it for review and each Lender acknowledges that it is satisfied with the form and substance of the Documents. A Lender will not make any independent arrangement with the Borrower for the satisfaction of any Loan Indebtedness owing to it under the Documents without the written consent of the other Lenders.

19.9 Indemnification

The Lenders hereby agree to indemnify the Agent and its directors, officers, agents and employees (to the extent not reimbursed by the Borrower) in accordance with their respective Rateable Portions, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent or its directors, officers, agents and employees in any way relating to or arising out of the Documents or any action taken or omitted by the Agent under or in respect of the Documents in its capacity as Agent, provided that no Lender will be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its Rateable Portion of any reasonable out of pocket expenses (including legal fees, on a solicitor and his own client basis) incurred by the Agent in connection with the preservation of any right of the Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under, the Documents, to the extent that the Agent is not reimbursed for such expenses by the Borrower. This indemnity will survive the termination of the other provisions of this Agreement as a separate and continuing covenant of the Lenders.

19.10 Successor Agent

The Agent may, as hereinafter provided, resign at any time by giving 30 days' notice (the "**Resignation Notice**") thereof to the Lenders and the Borrower. The remaining Lenders, with the consent of the Borrower (provided that the Lenders shall only be obligated to obtain such consent if no Default or Event of Default exists), such consent not to be unreasonably withheld, will forthwith upon receipt of the Resignation Notice unanimously appoint a successor

administrative agent (the "**Successor Agent**") to assume the duties hereunder of the resigning Agent. Upon the acceptance of any appointment as administrative agent hereunder by a Successor Agent, such Successor Agent will thereupon succeed to and become vested with all the rights, powers, privileges and duties as administrative agent under the Documents of the resigning Agent. Upon such acceptance, the resigning Agent will be discharged from its further duties and obligations as agent under the Documents, but any such resignation will not affect such resigning Agent's obligations hereunder as a Lender, including for its Rateable Portion of the Total Commitment Amount or any obligations owing to the Borrower or any Material Subsidiary pursuant to any Hedging Agreements. After the resignation of the Agent as administrative agent hereunder, the provisions of this Article 19 will continue to enure to its benefit as to any actions taken or omitted to be taken by it while it was the administrative agent of the Lenders hereunder. Notwithstanding the foregoing, if the remaining Lenders fail to appoint a Successor Agent within 30 days of receipt of the Resignation Notice, the resigning Agent may and with the approval of the Borrower prior to an Event of Default, such approval not to be unreasonably withheld, appoint a Successor Agent from among the Lenders other than Business Development Bank of Canada.

19.11 Taking and Enforcement of Remedies

Except as otherwise provided herein, each Lender hereby acknowledges that, to the extent permitted by applicable Law, rights and remedies provided under the Documents to the Lenders are for the benefit of the Lenders collectively and not severally and further acknowledges that its rights and remedies thereunder are to be exercised not severally but collectively through the Agent upon the decision of the Lenders (with the required unanimity as herein provided), regardless of whether acceleration of the Loan Indebtedness hereunder was made, and accordingly, notwithstanding any of the provisions contained herein, each of the Lenders hereby covenants and agrees that it will not be entitled to take any action with respect to the Credit Facilities, including any acceleration of the Loan Indebtedness thereunder, but that any such action will be taken only by the Agent with the prior written direction of the Lenders (with the required unanimity as herein provided). Notwithstanding the foregoing, in the absence of written instructions from the Lenders, and where in the sole opinion of the Agent the exigencies of the situation warrant such action, the Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the circumstances. Each of the Lenders hereby covenants and agrees that it has not heretofore and will not seek, take, accept or receive any security for any of the Loan Indebtedness of the Borrower under the Documents and will not enter into any agreement with any of the Parties relating in any manner whatsoever to the Credit Facilities, unless all of the Lenders will at the same time obtain the benefit of any such security or agreement, as the case may be.

19.12 Reliance Upon Agent

The Borrower will be entitled to rely upon any certificate, notice or other document or other advice, statement or instruction provided to it by the Agent pursuant to the Documents, and the Borrower will be entitled to deal with the Agent with respect to matters under the Documents which the Agent is authorized hereunder to deal with, without any obligation whatsoever to satisfy itself as to the authority of the Agent to act on behalf of the Lenders and without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document or

other advice, statement or instruction provided to them by the Agent, notwithstanding any lack of authority of the Agent to provide the same.

19.13 Agent May Perform Covenants

If the Borrower fails to perform any covenant on its part herein contained, the Agent may give notice to the Borrower of such failure and if, within 30 days of such notice (or after the expiry of such other time or cure period as may be required in this Agreement), such covenant remains unperformed, the Agent on behalf of the Lenders may, in its sole discretion but need not, perform any such covenant capable of being performed by it and, if the covenant requires the payment or expenditure of money, the Agent may make such payment or expenditure and all sums so expended will be forthwith payable by the Borrower to the Agent on behalf of the Lenders and will bear interest at the Canadian Prime Rate plus [redacted]%.

19.14 No Liability of Agent

The Agent, in its capacity as agent of the Lenders under the Documents, will have no responsibility or liability to the Borrower or the Lenders on account of the failure of any Lender to perform its obligations hereunder, or to any Lender on account of the failure of the Borrower to perform its obligations under the Documents.

19.15 Nature of Obligations under this Agreement

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

(b) **No Liability for Failure by other Lenders**. Neither the Agent nor any Lender will be liable or otherwise responsible for the obligations of any other Lender hereunder.

19.16 Unanimity

(a) **Unanimity**. Notwithstanding anything herein to the contrary and without limiting in any way the context of any provision in this Agreement requiring the consent, approval or action of all Lenders, the following matters will require the approval, consent or agreement, as the context requires, of all Lenders:

(i) the reduction or forgiveness of any Loan Indebtedness payable by the Borrower to the Lenders or the Agent under the Documents (which for certainty does not include prepayments made in accordance with Section 3.8);

(ii) the postponement of any maturity date of any Loan Indebtedness of the Borrower to the Lenders or the Agent under the Documents;

(iii) the release or discharge of, or any material amendment to, the Security, or any part thereof, unless otherwise expressly permitted or provided for in this Agreement;

(iv) any change in the nature of Advances permitted under this Agreement or any change to Sections 3.9, 3.10, 3.11, 3.12(b), 6.1, Article 7, 8.2 and 12.3;

(v) any amendment to this Section 19.16(a) and Section 17.2; and

(vi) any change to the definitions of "**Majority Lenders**".

(b) **Majority Consent**. Subject to Section (a), and the next sentence of this Section (b), any waiver of or any amendment to any provision of the Documents and any action, consent or other determination in connection with the Documents will bind all of the Lenders if such waiver, amendment, action, consent or other determination is agreed to in writing by the Majority Lenders. In any of the Documents, unless an action to be taken by the Lenders is specifically stated to be taken by the Majority Lenders, such action will be deemed to be taken by all Lenders.

(c) **Lender's Commitment**. The Individual Commitment Amount of a Lender can only be changed with the consent of such Lender.

19.17 Article for Benefit of Agent and Lenders

The provisions of this Article 19 which relate to the rights and obligations of the Lenders to each other or to the rights and obligations between the Agent and the Lenders shall be for the exclusive benefit of the Agent and the Lenders, and, except to the extent expressly provided for in this Article, the Borrower shall not have any rights or obligations thereunder or be entitled to rely for any purpose upon such provisions. Any Lender may waive in writing any right or rights which it may have against the Agent or the other Lenders hereunder without the consent of or notice to the Borrower.

ARTICLE 20
MISCELLANEOUS

20.1 Notices

Unless otherwise provided in the Documents, any notice, consent, determination, demand or other communication required or permitted to be given or made thereunder, will be in writing and will be sufficiently given or made if:

(a) left at the relevant address set forth below; or

(b) telecopied/facsimile transmission; and

if to the Agent, addressed to the Agent at:

National Bank of Canada
Corporate Customer Service – Syndication and Agency Group
500 Place d'Armes, 26th Floor
Montreal, Quebec H2Y 2W3

Facsimile: [redacted]
Attention: [redacted]

if to a Lender, at the address as indicated in Schedule A

if to the Borrower or to any Material Subsidiary, addressed to the Borrower at:

Surge Energy Inc.
Suite 2100, 635 – 8th Avenue S.W.
Calgary Alberta T2P 3M3

Facsimile: [redacted]
Attention: [redacted]

(c) The Parties each covenant to accept service of judicial proceedings arising under the Documents at its respective address set forth herein.

(d) Any notice or other communication given or made in accordance with this Section 20.1 will be deemed to have been received on the day of delivery if delivered as aforesaid or on the day of receipt of same by telecopy or other recorded means of electronic communication, as the case may be, provided such day is a Banking Day and that such notice is received prior to 12:00 noon local time and, if such day is not a Banking Day or if notice is received after 12:00 noon local time, on the first Banking Day thereafter.

(e) Each Party may change its address and facsimile number for purposes of this Section 20.1 by notice given in the manner provided in this Section 20.1 to the other Parties.

(f) Any notice given under any of the Documents to the Agent will be deemed to also be given to and received by the Agent in its capacity as a Lender, as applicable.

20.2 No Partnership, Joint Venture or Agency

Except as expressly provided for herein, the Parties agree that nothing contained in this Agreement nor the conduct of any Party will in any manner whatsoever constitute or be intended to constitute any Party as the agent or representative or fiduciary of any other Party nor constitute or be intended to constitute a partnership or joint venture among the Parties or any of them, but rather each Party will be separately responsible, liable and accountable for its own obligations

under the Documents, or any conduct arising therefrom and for all claims, demands, actions and causes of action arising therefrom. The Parties agree that no Party will have the authority or represent that it has, or hold itself out as having, the authority to act for or assume any obligation or responsibility on behalf of any other Party, save and except as may be expressly provided for in this Agreement.

20.3 General Indemnity

In addition to any liability of the Borrower to the Lenders under any other provision hereof, the Borrower will and does hereby indemnify each Indemnified Party and hold each Indemnified Party harmless against any losses, claims, costs, damages or liabilities (including reasonable out-of-pocket expenses and reasonable legal fees on a solicitor and his own client full indemnity basis) incurred by the same as a result of or in connection with: (a) any cost or expense incurred by reason of the liquidation or re-deployment in whole or in part of deposits or other funds required by any Lender to fund any Bankers' Acceptance or to fund or maintain any Advance as a result of the Borrower's failure to complete a Drawdown or to make any payment, repayment or prepayment on the date required hereunder or specified by it in any notice given hereunder; (b) subject to permitted or deemed Rollovers and Conversions, the Borrower's failure to provide for the payment to the Agent for the account of the Lenders of the full principal amount of each Bankers' Acceptance on its maturity date; (c) the Borrower's failure to pay any other amount, including any interest or fees, due hereunder on its due date after the expiration of any applicable grace or notice periods; (d) the prepayment of any outstanding Bankers' Acceptance before the maturity date of such Bankers' Acceptance; (e) the Borrower's repayment or prepayment of a LIBOR Loan otherwise than on the last day of its LIBOR Period; (f) the Borrower's failure to give any notice required to be given by it to the Lender hereunder; (g) the failure of a Borrower to make any other payment due hereunder or under any of the other Documents; (h) any material inaccuracy of the Borrower's or any Material Subsidiary's representations and warranties contained in any Document; (i) any material failure of the Borrower or any Material Subsidiary to observe or fulfil its covenants in any Document; (j) any cost or expense incurred in relation to any transaction to be financed in whole or in part with the proceeds of the Credit Facilities; or (k) the occurrence of any Default or Event of Default; provided that this Section 20.3 will not apply to any losses, claims, costs, damages or liabilities that arise by reason of the gross negligence or wilful misconduct of the Indemnified Party claiming indemnity hereunder. The provisions of this Section 20.3 shall survive repayment of the Loan Indebtedness of the Borrower under the Documents.

20.4 Currency Indemnity

Any payment made to or for the account of a Lender in respect of any amount payable by the Borrower in a currency (the "**Tendered Currency**") other than the currency in which such payment is due (the "**Required Currency**"), whether pursuant to any judgment or order of a court or tribunal or otherwise, shall constitute a discharge of the Borrower only to the extent of the amount of the Required Currency which may be purchased with such Tendered Currency at the time of payment at the Noon Rate at such time. The Borrower covenants and agrees to and in favour of each Lender that it shall, as a separate and independent obligation which shall not be merged in any such judgment or order, pay or cause to be paid the amount not so discharged in accordance with the foregoing and indemnify and hold harmless each Lender against any loss or

damage arising as a result of any such amount being paid in such Tendered Currency. A certificate of the Agent as to any such loss or damage shall be *prima facie* evidence of the amount thereof in the absence of manifest error.

20.5 Further Assurances

The Borrower will, from time to time forthwith at the Agent's reasonable request and at the Borrower's own cost and expense (to the extent reasonable), do, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, financing change statements, assignments, acts, matters and things which may be reasonably required by the Agent or the Operating Lender with respect to the Credit Facilities, the Security or any part thereof and to give effect to any provision of the Documents.

20.6 Waiver of Law and Consequential Damages

To the extent legally permitted, the Borrower hereby irrevocably and absolutely waives: (i) the provisions of any applicable Law which may be inconsistent at any time with, or which may delay or limit in any way, the enforcement of the Documents in accordance with their terms, and (ii) any claim against any Lender, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, this Agreement, any other Document or any agreement or instrument contemplated hereby or thereby (or any breach thereof), the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof, except where any such indirect or consequential damages result from the gross negligence or wilful misconduct of such Lender or a failure by such Lender to protect electronic data in a manner consistent with the prevailing industry best practice. Subject to Article 17, no Lender shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

20.7 Attornment and Waiver of Jury Trial

The Parties do hereby irrevocably:

(a) submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to the Documents or any of the transactions contemplated thereby; and

(b) to the extent legally permitted, waive any right they may have to, or to apply for, trial by jury in connection with any matter, action, proceeding, claim or counterclaim arising out of or relating to the Documents or any of the transactions contemplated thereby.

20.8 Interest on Payments Not Otherwise Covered Herein

(a) Except as otherwise provided in this Agreement, interest will be paid by the Parties as follows:

(i) on amounts for which any Party has actually incurred an out of pocket expense and for which another Party has an obligation under the Documents to reimburse such amounts to the Party incurring the expenses, interest will be payable on such amount at the Canadian Prime Rate plus [redacted]% from and including the day on which the amount was incurred to but excluding the day on which the amount is reimbursed if, commencing on the date which is 3 Banking Days following a demand for payment of the amount in accordance with the terms of the Documents, such expense has not been paid; and

(ii) on amounts payable by one Party to another Party under the Documents where such payment is in default but the nonpayment of such amount has not required an actual out of pocket expense by the Party to whom such payment is due, at the Canadian Prime Rate plus [redacted]% from and including the day on which the payment was due to, but excluding the day on which the payment is made whether before or after judgment, but if such payment is a reimbursement by the Lenders to the Borrower for overpayment by it to the Lenders or is in respect of an inadvertent underpayment by the Agent, the Lenders or the Borrower to another Party (based on information provided by such other Party), such interest will only be calculated from the date which is 3 Banking Days following a demand for payment by the Party entitled to it.

(b) All interest referred to in this Section 20.8 will be simple interest calculated daily on the basis of a 365 or 366 day year, as applicable. For the purposes of the *Interest Act* (Canada), the annual rates of interest to which such rates are equivalent are the rates so determined multiplied by the actual number of days in a period of one year commencing on the first day of the period for which such interest is payable and divided by 365 or 366, as applicable.

20.9 Payments Due on Banking Day

Whenever any payment hereunder will be due on a day other than a Banking Day such payment will be made on the next succeeding Banking Day and such extension of time will in such case be included in the computation of payment of interest thereunder.

20.10 Application of Proceeds

Except as otherwise agreed to by all of the Lenders in their sole discretion and as otherwise expressly provided hereunder, all payments made by or on behalf of the Borrower under the Documents, after acceleration pursuant to Section 16.2, will be applied by the Agent in the following order:

(a) in payment of any amounts due and payable by way of recoverable expenses;

(b) in payment of any amounts by way of any fees (other than the stamping fees referred to in Section 3.11 and standby fees referred to in Article 12);

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

(d) in full and final payment of the Aggregate Principal Amount under the Credit Facilities, the Cash Management Obligations and the Swap Documents, on a pro rata basis;

(e) in full and final payment of all other Loan Indebtedness owing under the Documents;

(f) in full and final payment of all other Swap Indebtedness owing under the Swap Documents; and

(g) if there are any amounts remaining and subject to applicable Law, to the Borrower.

20.11 Anti-Money Laundering Legislation

(a) The Borrower and each Material Subsidiary acknowledge that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" Laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "**AML Legislation**"), the Agent and the Lenders may be required to obtain, verify and record information regarding the Borrower and each Material Subsidiary, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower and each Material Subsidiary, and the transactions contemplated hereby. The Borrower and each Material Subsidiary shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Agent, or any prospective assignee or participant of a Lender or the Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(b) If the Agent has ascertained the identity of the Borrower and each Material Subsidiary or any authorized signatories of the Borrower and each Material Subsidiary for the purposes of applicable AML Legislation, then the Agent:

(i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and the Agent within the meaning of applicable AML Legislation; and

(ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that the Agent has no obligation to ascertain the

identity of the Borrower and each Material Subsidiary or any authorized signatories of the Borrower and each Material Subsidiary on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Borrower and each Material Subsidiary or any such authorized signatory in doing so.

20.12 USA Patriot Act Notice

The Lenders and the Agent hereby notify the Borrower and each Material Subsidiary that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Patriot Act**"), it may be required to obtain, verify and record information that identifies the Borrower and each Material Subsidiary, which information includes the name and address of the Borrower and each Material Subsidiary and other information that will allow the Lenders or the Agent, as applicable, to identify the Borrower and each Material Subsidiary in accordance with the Patriot Act. In the event of a change in ownership, the Borrower and each Material Subsidiary acknowledges that the Lenders and the Agent may be required to obtain, verify and record information that identifies the Borrower and each Material Subsidiary in accordance with the Patriot Act and agrees that such information will be provided by the Borrower and each Material Subsidiary that will allow the Lenders or the Agent to identify the Borrower and each Material Subsidiary in accordance with the Patriot Act.

20.13 Authorization Regarding Instructions Sent Electronically

The Borrower authorizes the Agent and the Lenders to do all things as authorized by the Borrower and/or each Material Subsidiary even if such authorization is sent by fax or by e-mail and the Agent and the Lenders may deem such authorization valid and sufficient and the aforementioned presumption of accuracy shall apply to the authorization, whether it is required for transmitting information, a debit, issuing drafts or certified cheques or for any other purpose. Moreover, the Agent and the Lenders will not be held liable for any fees or delays which may be caused when an instruction is sent whether due to a technical problem attributable to the systems in use at the Agent and the Lenders or otherwise.

20.14 Whole Agreement

This Agreement and the other Documents constitute the entire agreement between the Agent and the Lenders on the one hand and the Borrower on the other hand, and cancels and supersedes any other agreements, undertakings, declarations, representations and warranties, written or verbal among all such Parties in respect of the subject matter of this Agreement.

20.15 Conflicting Provisions

In the event of (but to the extent only of) a conflict or inconsistency between the terms of this Agreement and any of the other Documents, the terms of this Agreement shall govern. For greater certainty, the existence of additional rights of the Agent, the Lenders or the Swap Lenders or additional obligations of the Borrower or any Material Subsidiary in any of the other Documents shall not constitute a conflict or any inconsistency.

20.16 Counterparts

The Documents may be executed in any number of counterparts (including by facsimile transmission) and by different Parties in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same instrument.

20.17 Entire Agreement

Each of the Parties agrees that this Agreement constitutes the entire agreement between the Parties hereto concerning the matters addressed in this Agreement, and cancels and supercedes any prior agreements, undertakings, declarations or representations, written or verbal, in respect thereof.

20.18 Amendment and Restatement

It is acknowledged and agreed by the Parties that:

(a) The Prior Credit Agreement is hereby amended and restated in the form of this Agreement;

(b) On the Effective Date, all indebtedness and liabilities of the Borrower to the Lenders and the Agent under the Prior Credit Agreement including "**Advance**" (as defined in the Prior Credit Agreement), shall be construed as indebtedness and liabilities of the Borrower to the Lenders and the Agent under this Agreement; and

(c) As of the Effective Date, the Borrower and the Lenders under the Prior Credit Agreement and the Agent shall have no further rights or obligations to each other under the Prior Credit Agreement as it exists immediately prior to the amendment and restatement effected hereby.

20.19 Acknowledgement and Consent to Bail-In of EEA Financial Institutions.

Notwithstanding anything to the contrary in any Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[Signature pages follow]

THIS AGREEMENT has been executed as the date first written above.

SURGE ENERGY INC.
as Borrower

By: [redacted]
Name: [redacted]
Title: [redacted]

By: _____
Name:
Title:

NATIONAL BANK OF CANADA,
as Agent

By: [redacted]
Name: [redacted]
Title:

By: [redacted]
Name:
Title:

NATIONAL BANK OF CANADA,
as Lender

By: [redacted]
Name:
Title:

By: [redacted]
Name:
Title:

NATIONAL BANK OF CANADA,
as Operating Lender

By: [redacted]
Name:
Title:

By: [redacted]
Name:
Title:

THE BANK OF NOVA SCOTIA,
as Lender [redacted]

By: [redacted]
Name:
Title:

By: [redacted]
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE,
as Lender

By: [redacted]
Name:
Title: [redacted]

By: [redacted]
Name:
Title: [redacted]

BANK OF MONTREAL,
as Lender

By: [redacted]
Name: [redacted]
Title:

By: _____
Name:
Title:

THE TORONTO-DOMINION BANK,
as Lender

By: [redacted]
Name:
Title:

By: [redacted]
Name:
Title:

ALBERTA TREASURY BRANCHES,
as Lender

By: [redacted]
Name:
Title:

By: [redacted]
Name:
Title:

HSBC BANK CANADA,
as Lender

By: [redacted]
Name:
Title: [redacted]

By: [redacted]
Name:
Title: [redacted]

BUSINESS DEVELOPMENT BANK OF CANADA,
as Lender

By: [redacted]
Name: [redacted]
Title: [redacted]

By: [redacted]
Name: [redacted]
Title: [redacted]

WELLS FARGO BANK, N.A.,
CANADIAN BRANCH,
as Lender

By: _____
Name: [redacted]
Title:

By: _____
Name:
Title:

GOLDMAN SACHS LENDING PARTNERS LLC,
as Lender

By: [redacted]

Name: [redacted]
Title: [redacted]

SCHEDULE A

SURGE ENERGY INC.
SECOND AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

COMMITMENTS AS OF THE CLOSING DATE

Lender	Individual Commitment Amount - Operating Loan Facility	Individual Commitment Amount - Committed Revolving Term Facility	Total Commitment Amount under all Credit Facilities
National Bank of Canada	[redacted]	$[redacted]	$[redacted]
The Bank of Nova Scotia	[redacted]	$[redacted]	$[redacted]
Canadian Imperial Bank of Commerce	[redacted]	$[redacted]	$[redacted]
Bank of Montreal	[redacted]	$[redacted]	$[redacted]
The Toronto-Dominion Bank	[redacted]	$[redacted]	$[redacted]
Alberta Treasury Branches	[redacted]	$[redacted]	$[redacted]
HSBC Bank Canada	[redacted]	$[redacted]	$[redacted]
Business Development Bank of Canada	[redacted]	$[redacted]	$[redacted]
Wells Fargo Bank, N.A., Canadian Branch	[redacted]	$[redacted]	$[redacted]
Goldman Sachs Lending Partners LLC	[redacted]	$[redacted]	$[redacted]
Total Commitment:	**$30,000,000**	**$275,000,000**	**$305,000,000**

Address of Lenders:

National Bank of Canada
1800, 311 – 6th Avenue SW
Calgary, Alberta T2P 3H2
Facsimile: [redacted]
Attention: [redacted]

The Bank of Nova Scotia
1700 225 6th Avenue SW
Calgary, AB T2P 1N2
Facsimile: [redacted]
Attention: [redacted]

Canadian Imperial Bank of Commerce
9th Floor, Bankers Hall East Tower
855 - 2nd Street SW
Calgary, Alberta T2P 2P2
Facsimile: [redacted]
Attention: [redacted]

The Toronto-Dominion Bank
Calgary Branch
3600, 421 – 7th Avenue SW
Calgary, Alberta T2P 4K9
Facsimile: [redacted]
Attention: [redacted]

Bank of Montreal
900, 525 – 8th Avenue SW
Calgary, Alberta T2P 1G1
Facsimile: [redacted]
Attention: [redacted]

Alberta Treasury Branches
600, 585 – 8th Ave SW
Calgary, Alberta T2P 1G1
Facsimile: [redacted]
Attention: [redacted]

HSBC Bank Canada
9th Floor, 407 - 8th Avenue SW
Calgary, Alberta T2P 1E5
Facsimile: [redacted]
Attention: [redacted]

Business Development Bank of Canada
444 7th Avenue SW, Suite 110
Calgary, AB
T2P 0X8
Attention: Director

Goldman Sachs Lending Partners LLC
200 West Street
New York, NY 10282-2198
Facsimile: [redacted]
Attention: [redacted]

Wells Fargo Bank, N.A., Canadian Branch
40 King Street West Suite 3200
Toronto, ON M5H 3Y2
Facsimile: [redacted]
Attention: [redacted]

SCHEDULE B

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

INTEREST RATES AND FEES

Margin Levels:

Level	Total Debt/EBITDA Ratio of Borrower	Prime Rate Margin/USBR Margin	BA Stamping Fee/LIBOR Margin	Letter of Credit Fee (provided under the Operating Loan Facility	Standby Fee
I	< 1.0	[redacted]%	[redacted]%	[redacted]%	[redacted]%
II	≥ 1.0 < 1.5	[redacted]%	[redacted]%	[redacted]%	[redacted]%
III	≥ 1.5 < 2.0	[redacted]%	[redacted]%	[redacted]%	[redacted]
IV*	≥ 2.0 < 2.5	[redacted]%	[redacted]%	[redacted]%	[redacted]%
V	≥ 2.5 > 3.0	[redacted]%	[redacted]%	[redacted]%	[redacted]%
VI	≥ 3.0 > 3.5	[redacted]%	[redacted]%	[redacted]%	[redacted]%
VII	≥ 3.5 > 4.0	[redacted]%	[redacted]%	[redacted]%	[redacted]%
VIII	≥ 4.0	[redacted]%	[redacted]%	[redacted]%	[redacted]%

* [redacted]

Provided that:

(a) after an Event of Default occurs and continues for thirty (30) days or after the Agent has provided the Borrower with notice of a Borrowing Base Shortfall (each an "**Effective Increase Date**"), the applicable margin level shall, to the extent permitted by law, be the margins set forth in level VIII until such Event of Default or Borrowing Base Shortfall has been waived or remedied; and with respect to Bankers' Acceptances and Letters of Credit such increase will on the Effective Increase Date apply proportionately to such Bankers' Acceptances and Letters of Credit outstanding on the basis of the number of days remaining in the term to maturity of each such Bankers' Acceptance and Letter of Credit. The Borrower will pay to the Agent for the benefit of the Lenders any resulting increase in

Bankers' Acceptance stamping fees under the Committed Revolving Term Facility and will pay the Operating Lender any resulting increase in the Letters of Credit fee under the Operating Loan Facility in each case in arrears on the maturity or expiry of the relevant Bankers' Acceptances and Letters of Credit; and any change in the applicable margin level due to a change in the Total Debt/EBITDA Ratio shall become effective on the first day of the calendar month immediately following the date on which the Borrower delivers the Compliance Certificate which reflects such Total Debt/EBITDA Ratio; provided that if the Borrower fails to deliver the applicable Compliance Certificate within the time period set forth in Section 14.1(i), then the applicable margin level shall be based upon level VIII for the period from the latest date permitted in Section 14.1(i) for delivery of such Compliance Certificate until the date of delivery thereof.

And further provided that:

(b) notwithstanding the foregoing, if, upon the delivery of the Compliance Certificate pursuant to Section 14.1(i), the Historical Total Payout Ratio exceeds 100%, the applicable margin set forth in the above pricing table shall be increased by [redacted]% per annum and the "standby fee" in each level of such pricing table shall also be increased such that it equals [redacted]% of the applicable BA Stamping Fee for each level in such pricing table.

And further provided that:

(c) if the Borrower has delivered a Compliance Certificate that is subsequently found to be inaccurate in any way as a result of the Borrower's financial results having to be restated or if the Borrower's financial results were inaccurately reflected in the original financial results on which such Compliance Certificate was based or for any other reason and the result thereof is that the Total Debt/EBITDA Ratio was originally reported as lower (and the corresponding Level in the Pricing Table was lower) than it otherwise would have been in the absence of such inaccuracy or prior to such restatement, or the Historical Total Payout Ratio was lower than 100% when it, in the absence of such inaccuracy or prior to such restatement, would have exceeded 100%, then the Borrower will, immediately upon the correction of such inaccuracy or upon such restatement, pay to the Agent for the benefit of the applicable Lenders an amount equal to the interest, BA Stamping Fees in respect of Bankers' Acceptances and standby fees that the Lenders should have received, but did not receive, over the applicable period had the Total Debt/EBITDA Ratio and/or Historical Total Payout Ratio, and the underlying components thereof, been reported correctly in the first instance.

SCHEDULE C

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

[BELOW ARE TWO FORMS OF CERTIFICATES OF OFFICER: ONE FOR THE BORROWER/MATERIAL SUBSIDIARY THAT IS NOT SURGE GENERAL PARTNERSHIP AND THE OTHER FOR SURGE GENERAL PARTNERSHIP]

[SURGE ENERGY INC./MATERIAL SUBSIDIARY]
(the "Corporation")

CERTIFICATE OF OFFICER

TO:	**National Bank of Canada** ("**NBC**"), as Agent
AND TO:	The Lenders (as defined in the Third Amended and Restated Credit Agreement)
AND TO:	Torys LLP
AND TO:	McCarthy Tétrault LLP
RE:	Third Amended and Restated Credit Agreement dated November 30, 2017 among the Corporation as borrower, the financial institutions party thereto from time to time as lenders (the "**Lenders**") and the Agent (the "**Third Amended and Restated Credit Agreement**").

Capitalized words and phrases used but not otherwise defined herein have the meanings attributed thereto in the Third Amended and Restated Credit Agreement.

I, _____ of the City of Calgary, in the Province of Alberta, in my capacity as an officer of the Corporation and not in any personal capacity, **DO HEREBY CERTIFY THAT:**

I am the _____ of the Corporation and as such have knowledge of the business and affairs of the Corporation and the matters herein set forth and contained.

1. The Corporation is a body corporate duly **[amalgamated/incorporated]**, valid and subsisting under the laws of the Province of Alberta.

2. The following named persons are, as of the date hereof, the duly elected or appointed, qualified and acting directors of the Corporation:

[■]

3. The following named persons as of the date hereof hold the office of the Corporation set out opposite their names and set forth below opposite each named person, as applicable, is the genuine signature of each persons:

Name	Office	Signature
[■]		

4. I have read the Third Amended and Restated Credit Agreement and the same has been executed by the proper officer(s) of the Corporation duly authorized for that purpose.

5. Attached hereto as Schedule "A" is a true and complete copy of the resolution duly passed by the directors of the Corporation effective as of ■, 2017, approving the execution and delivery of the Third Amended and Restated Credit Agreement and the security therefor, which resolutions are now in full force and effect unamended and no proceedings have been taken or are pending to amend, supplement, surrender or cancel the same as of the date hereof.

6. Attached hereto as Schedule "B" is a true and complete copy of the currently effective constating documents of the Corporation, being its constating articles and certificate, together with any amendments thereto or continuations thereof, these constating documents being in full force and effect as of the date hereof, and no proceedings have been taken or are pending to amend, supplement, surrender or cancel the same as of the date hereof.

7. Attached hereto as Schedule "C" are true and complete copies of the by-laws of the Corporation, these by-laws being in full force and effect as of the date hereof and no proceedings have been taken or are pending to amend, supplement, surrender or cancel the same as of the date hereof.

8. There is no shareholders agreement (unanimous or otherwise) respecting the shares of the Corporation, or any other agreement, resolutions or other writing to which the Corporation is a party which in any way limits of restricts the powers of the directors to (i) manage the business and affairs of the Corporation; (ii) borrow money on the credit of the Corporation; (iii) issue, reissue, sell or pledge debt obligations of the Corporation; (iv) subject to applicable legislation, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; or (v) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

9. All requisite corporate action has been taken by the Corporation and its directors and shareholders to authorize the execution and delivery to the Agent of the Third Amended and Restated Credit Agreement and the performance of the obligations of the Corporation thereunder.

10. The Corporation is not bound by any provision in its articles or by-laws or by any agreement which would in any way hinder or restrict the powers of the Corporation or the directors of the Corporation to authorize, execute and deliver the Third Amended and

Restated Credit Agreement or which would hinder or restrict the Corporation from performing its obligations thereunder.

11. There are no actions, suits or proceedings pending or, to the best of my knowledge, information and belief, having made due inquiry, threatened against or affecting the Corporation before any court or before or by any federal, provincial, municipal or other governmental authority, agency or instrumentality which may result in any material liability on the part of the Corporation or in any material adverse changes in the business, operations and assets of the Corporation other than what has already been disclosed to the Agent; and the Corporation is not, to the best of my knowledge, in default with respect to any order, writ, injunction or decree of any court or any federal, provincial, municipal or other governmental authority, agency or instrumentality.

12. The Corporation is not a party to any agreement or instrument imposing restrictions that may materially and adversely affect the business, operations or assets of the Corporation or that may result in the creation of any lien, charge or encumbrance on any of the property or assets of the Corporation other than those in favour of the Agent or Permitted Encumbrances as defined in the Third Amended and Restated Credit Agreement.

13. The Corporation is not, to the best of my knowledge, information and belief, having made due inquiry, in material default under any material agreement or instrument to which it is a party or by which it may be bound, and all rentals, royalties, operating costs and other payments required to be paid pursuant to all applicable documents of title in respect of properties of which the Corporation is operator have been timely paid to the proper persons at the proper places.

14. To the best of my knowledge, information and belief, having made due inquiry, there exists no lien, charge or encumbrance upon any of the undertaking, property or assets of the Corporation that ranks or purports to rank in priority to or *pari passu* with the lien or the security granted to the Agent under any of the provisions of the Third Amended and Restated Credit Agreement, except for Permitted Encumbrances as defined in the Third Amended and Restated Credit Agreement.

15. To the best of my knowledge, information and belief, having made due inquiry, there exists no default or event which, with notice or lapse of time, or both, would constitute an event of default under the security granted or to be granted by the Corporation to the Agent under any of the provisions of the Third Amended and Restated Credit Agreement.

16. To the best of my knowledge, information and belief, having made due inquiry, the authorization, execution, issuance, delivery, observance and performance of the Third Amended and Restated Credit Agreement, and each part thereof, as applicable, by the Corporation does not violate or conflict with any contractual restriction, guarantee, bond, debenture, note, mortgage, loan agreement, security agreement or other agreement or instruments to which the Corporation is a party or by which either it or its properties, rights, assets or undertakings are or may be bound.

17. To the best of my knowledge, information and belief, having made due inquiry, the authorization, execution, issuance, delivery, observance and performance of the Third Amended and Restated Credit Agreement, and each part thereof by the Corporation does not violate or conflict with any other ruling or stipulation of any court, administrative or government tribunal or agency having jurisdiction on the Corporation or its property, rights, assets or undertakings.

18. The exact corporate name of the Corporation as it appears in its Certificate of **[Amalgamation/Incorporation]** and all trade names under which the Corporation carries on business is as follows:

[SURGE ENERGY INC./MATERIAL SUBSIDIARY]

19. All representations of the Corporation contained in the Third Amended and Restated Credit Agreement, or in documents to be granted to the Agent under the Third Amended and Restated Credit Agreement, are to the best of my information and belief, having made due inquiry, true and correct as of the date hereof.

20. To the best of my knowledge, information and belief, having made due inquiry, the minute book of the Corporation is complete and up to date in all material respects.

21. The head office location and chief place of business of the Corporation is in the Province of Alberta and the 'chief executive office' of the corporation, as that term issued in the *Personal Property Security Act* (Alberta) is **[Suite 2100, 635 8th Avenue SW, Calgary, Alberta T2P 3M3]**.

22. The Corporation currently carries on business in the following jurisdictions: **[Alberta, British Columbia, Manitoba and Saskatchewan]**.

23. I give this certificate knowing that the Agent intends to rely upon its contents for the purpose of making the credit facilities of the Third Amended and Restated Credit Agreement, available to the Corporation and for the purpose of taking security therefor from the Corporation.

[signature page follows]

DATED this _____ day of _____, 20__.

_____

Name:
Title:

[Signature page to Officer's Certificate]

SURGE GENERAL PARTNERSHIP

(the "Partnership")

CERTIFICATE OF OFFICER

TO:	**National Bank of Canada** ("**NBC**"), as Agent
AND TO:	The Lenders (as defined in the Third Amended and Restated Credit Agreement)
AND TO:	Torys LLP
AND TO:	McCarthy Tétrault LLP
RE:	Third Amended and Restated Credit Agreement dated November 30, 2017 among Surge Energy Inc. as borrower (the "**Borrower**"), the financial institutions party thereto from time to time as lenders (the "**Lenders**") and the Agent (the "**Third Amended and Restated Credit Agreement**").

Capitalized words and phrases used but not otherwise defined herein have the meanings attributed thereto in the Credit Agreement**[, as amended by the Amending Agreement]**.

I, _____ of, the _____ of Surge Energy Inc., in its capacity as managing partner (the "**Managing Partner**") of the Partnership, in my capacity as an officer of the Corporation and not in any personal capacity, **DO HEREBY CERTIFY THAT:**

1. That I am authorized to execute and deliver this Certificate for and on behalf of the Partnership and the Managing Partner.

2. Attached hereto as Schedule "A" is a true and complete copy of the currently effective partnership agreement dated as of **[July 9, 2010]** among **[Breaker Resources Ltd. (a predecessor by amalgamation to the Managing Partner), 1413942 Alberta Ltd. and Zapata Limited Partnership]** (the "**Partnership Agreement**"), the Partnership Agreement is in full force and effect as of the date hereof, and no proceedings have been taken or are pending to amend, supplement, surrender or cancel the same as of the date hereof.

3. The Partnership is duly registered as a general partnership under the laws of the Province of Alberta.

4. The Managing Partner is in compliance with all provisions of the Partnership Agreement.

5. Pursuant to the provisions of the Partnership Agreement, the Managing Partner has the authority to take, for and on behalf of the Partnership, all actions reasonably necessary in connection with, or in relation to:

   (a) guaranteeing the indebtedness, obligations and liabilities of other persons;

(b) borrowing money for and on behalf of the Partnership for the purpose of seeking the furtherance and accomplishment of the Partnership's purposes and business; and

(c) pledging, hypothecating and/or granting one or more general or specific security interests over all or any of the Partnership's assets to secure its obligations under any borrowing arrangements.

6. Attached hereto as Schedule "B" is a true and complete copy of the resolutions duly adopted by the Managing Partner authorizing the execution, delivery and performance by the Managing Partner, for and on behalf of the Partnership, effective as of ■, 2017, of the Partnership Guarantee and Partnership Security (as such terms are defined therein), which resolutions are now in full force and effect unamended and no proceedings have been taken or are pending to amend, supplement, surrender or cancel the same as of the date hereof.

7. All requisite corporate and partnership action has been taken by the Partners and the Managing Partner to authorize the execution and delivery by the Partnership to the Agent of the Acknowledgment and Confirmation and the performance of the Partnership's obligations under the Loan Documents to which it is a party.

8. The Partnership is not bound by any provision in its Partnership Agreement or by any agreement which would in any way hinder or restrict the powers of the Partnership or its Partners to authorize, execute and deliver the Partnership Guarantee or which would hinder or restrict the Partnership from performing its obligations thereunder.

9. I have read the Acknowledgment and Confirmation and the same has been executed by the proper officer(s) of the Managing Partner, for and on behalf of the Partnership, duly authorized for that purpose.

10. To the best of my knowledge, information and belief, the execution and delivery by the Managing Partner, for and on behalf of the Partnership, of the Partnership Guarantee, the performance by the Partnership of its agreements and obligations thereunder, and the consummation of the transactions contemplated thereby, will not:

(a) contravene, conflict with or constitute a default under any indenture, agreement or other instrument to which the Partnership is a party or by which it or its rights, assets, property or undertaking may be bound or affected; or

(b) result in or require the creation of any lien, encumbrance or security interest in any assets, rights or properties now owned or hereafter acquired by the Partnership, other than the liens, encumbrances and security interests confirmed by the Acknowledgment and Confirmation.

11. To the best of my knowledge, information and belief, there are no actions, suits or proceedings pending or threatened against or affecting the Partnership or any of its Partners before any court or before or by any federal, provincial, municipal or other governmental authority, agency or instrumentality which may result in any material

liability on the part of the Partnership or any of its Partners or in any material adverse changes in the business, operations and assets of the Partnership other than what has already been disclosed to Agent; and the Partnership is not, to the best of my knowledge, in default with respect to any order, writ, injunction or decree of any court or any federal, provincial, municipal or other governmental authority, agency or instrumentality.

12. The exact name of the Partnership as it appears in the Partnership Agreement and under which the Partnership carries on business is as follows:

SURGE GENERAL PARTNERSHIP

13. The head office location and chief place of business of the Corporation is in the Province of Alberta and the 'chief executive office' of the corporation, as that term issued in the *Personal Property Security Act* (Alberta) is **[Suite 2100, 635 8th Avenue SW, Calgary, Alberta T2P 3M3]**.

14. The Partnership only carries on business in the following jurisdictions: **[Alberta, British Columbia, Saskatchewan and Manitoba]**.

15. As at the date hereof, the Managing Partner is the only managing partner of **[the Partnership, and Surge Energy Inc. and 1413942 Alberta Ltd.]** are the only partners of the Partnership.

16. To the best of my knowledge, information and belief, the record book of the Partnership is complete and up to date in all material respects.

17. The representations and warranties of the Partnership as set forth in the Third Amended and Restated Credit Agreement, are true and correct as of the date hereof.

18. I give this certificate knowing that the Agent intends to rely upon its contents for the purpose of extending and continuing to extend the credit facilities of the Third Amended and Restated Credit Agreement, to the Borrower.

[signature page follows]

IN WITNESS WHEREOF I have hereunto signed my name in my capacity as an officer of the Managing Partner, for and on behalf of the Partnership this _____ day of _____, 20___.

SURGE GENERAL PARTNERSHIP, by its Managing Partner, SURGE ENERGY INC.

By: _____

Name:
Title:

By: _____

Title:
Title:

SCHEDULE D

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

FORM OF OIL AND GAS OWNERSHIP CERTIFICATE

TO: National Bank of Canada ("**NBC**"), as Agent

AND TO: Torys LLP

AND TO: McCarthy Tétrault LLP

RE: Third Amended and Restated Credit Agreement (the "**Credit Agreement**") dated November 30, 2017 among NBC as Operating Lender and Lender and those other financial institutions who from time to time become a Lender thereunder, Surge Energy Inc., as borrower and NBC, as administrative agent (the "**Agent**") for the Lenders, as may be amended from time to time (the "**Credit Agreement**").

Capitalized words and phrases used but not otherwise defined herein having the meanings attributed thereto in the Credit Agreement.

The undersigned, _____, being the _____ of the Borrower, hereby certifies in such capacity for and on behalf of the Borrower, and not in any personal capacity and without assuming any personal liability whatsoever, as follows:

1. I have made or caused to be made due inquiries and review of all documents, correspondence and other material (the "**Title Enquiries**") relating to the hydrocarbons and lands or interests in lands (the "**Lands**") described in the attached Schedule "A" (collectively, the "**Engineering Report**").

2. Based upon the Title Enquiries, I have no knowledge, information or belief that there exists any provision in any agreement, contract or document pertaining to the Lands which prevents the Borrower or any Material Subsidiary (collectively, the "**Surge Parties**") from granting security in the nature of a fixed or floating charge or security interest over such Lands to the Agent, for its own benefit and on behalf of the Lenders, or which would prevent the Agent from enforcing and realizing on such security in the event of a default thereunder other than the requirement to obtain the consent and waiver of a right of first refusal in the event of the sale of the Lands on the realization and enforcement of such security.

3. Based upon the Title Enquiries, to the best of my knowledge, information and belief, the Surge Parties are, effective the date hereof, possessed of and are beneficial owners of the respective working, royalty and other interests set forth in the Engineering Report with respect to the Lands, subject to any Permitted Encumbrances.

4. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default (by the Surge Parties or for which the Surge Parties are liable, including, without limitation, by any operation of the Lands) of payment of royalties in connection with the Lands, which have accrued due by reason of production since any royalty payment dates, as prescribed by statute or agreement, immediately preceding the date of this Certificate and no Surge Party nor any Person on behalf of a Surge Party (including, without limitation, any operator of the Lands) has received notice of default of any obligation imposed on it by any farmout, operating agreement or any other contract or agreement in respect of the Lands which, in any case, could reasonably be expected to have a Material Adverse Effect and, to the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default of any such obligation which could reasonably be expected to have a Material Adverse Effect.

5. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, the Lands are now free and clear of all Liens and adverse claims created by, through or under the Surge Parties, other than the Permitted Encumbrances, and no Surge Party nor any Person on behalf of a Surge Party (including, without limitation, any operator of the Lands) has received notice of any claim adverse to a Surge Party's working, royalty and other interests in the Lands and there are no Liens or adverse claims, other than the Permitted Encumbrances, which materially and adversely affect the title of any Surge Party to their respective interests in the Lands.

6. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there are at present no outstanding unfulfilled obligations being enforced under any lease or contract pertaining to the Lands and any Surge Party's working, royalty and other interests in the Lands are not subject to any contractual obligations or conditions, except those which are permitted under the Credit Agreement or which are accounted for in the Engineering Report which are reasonably expected to result in the diminishment or forfeiture of those working, royalty and other interests.

7. No Surge Party has assigned its share of production proceeds or other moneys due to it in respect of its working, royalty or other interests in the Lands to any party other than the Agent, for its own benefit and on behalf of the Lenders.

8. All of the working, royalty and other interests of the Surge Parties in respect of petroleum and natural gas rights described in the Engineering Report and evaluated by the Lenders in determining the Borrowing Base are accurately reflected in the Engineering Report in all material respects.

[signature page follows]

THIS CERTIFICATE executed at Calgary, Alberta effective the ___ day of _____, 20__.

SURGE ENERGY INC.

By: _____
Name:
Title:

By: _____
Title:
Title:

SCHEDULE "A"

SEE ATTACHED

SCHEDULE E

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

FORM OF ENVIRONMENTAL CERTIFICATE

TO: **NATIONAL BANK OF CANADA**, as Administrative Agent

Re: Third Amended and Restated Credit Agreement dated November 30, 2017 among NBC as Operating Lender and Lender, those other financial institutions who from time to time become a Lender thereunder, Surge Energy Inc., as borrower and NBC, as administrative agent (the "**Agent**") for the Lenders, as may be further amended from time to time (the "**Credit Agreement**").

---

1. This Environmental Certificate is given pursuant to Section 4.1 of the Credit Agreement. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

2. I am the duly appointed _____ of the Borrower and hereby make the following certifications in such capacity for and on behalf of the Borrower and not in my personal capacity and without assuming any personal liability whatsoever.

3. The following certifications are made to the best of my knowledge after due enquiry. My due enquiry has been limited to discussions and correspondence with responsible officers and staff of the Borrower and its Material Subsidiaries to confirm that the internal environmental reporting and response procedures of the Borrower and its Material Subsidiaries have been followed in all material respects as they relate to the certifications made herein and that the matters herein set forth are true and correct in all material respects, and that matters reported on by such officers and staff are true and correct in all material respects.

4. The Borrower and each Material Subsidiary has complied with all Environmental Laws, relating to its assets, business and operations except to the extent that the failure to do so would not individually or in the aggregate have a Material Adverse Effect, and:

   (a) the Borrower and each Material Subsidiary possess all environmental licences, permits and other Governmental Authority authorizations necessary to conduct its business including operations at its plants, other than such licences, permits and other Governmental Authority authorizations the absence of which would not individually or in the aggregate have a Material Adverse Effect;

   (b) neither the Borrower nor any Material Subsidiary has received any notices to the effect that the operations or the assets of the Borrower on its real property are: (i) not in full compliance with all Environmental Laws except to the extent that any failure to do so would not have, individually or in the aggregate, a Material

Adverse Effect or (ii) the subject of any federal or provincial remedial or control action or order, or any investigation or evaluation as to whether any remedial action is needed to respond to a release or threatened release of any Hazardous Materials into the Environment or any facility or structure, except to the extent any failure to comply would not have a Material Adverse Effect;

(c) neither the Borrower nor any Material Subsidiary has received any notices or claims that it is or may be liable to any Person in any material amount (including any individual or government, whether federal, provincial, city or municipal) as a result of the Release or threatened Release of any Hazardous Materials into the Environment or into any facility or structure nor have there been any Releases, spills or discharges of any Hazardous Materials into the Environment or into any facility or structure, which after lapse of time, would give rise to any actions, suits, demands, claims, liens, notice of non-compliance or violation, investigations, inspections, inquiries or proceedings relating in any way to any Environmental Laws or to any permit issued under any such Environmental Laws (collectively the "**Environmental Claims**") which would have a Material Adverse Effect nor is the Borrower aware that there is any basis for any such Environmental Claims being commenced nor has the Borrower or any Material Subsidiary ever been convicted of any offence in respect of Environmental Claims;

(d) neither the Borrower nor any Material Subsidiary has used any real property as a landfill or waste disposal site, nor is the Borrower aware of the presence of any Hazardous Materials deposited or disposed of on any real property except in the normal and ordinary course of its business in accordance with standards adhered to by prudent oil and gas operators operating similar properties in Canada; and

(e) all pollution control equipment which operates as part of the business of the Borrower or any Material Subsidiary is effective in meeting applicable emissions limits and effluent pre-treatment standards, except to the extent any failure to do so would not, individually or in the aggregate, have a Material Adverse Effect.

5. This Environmental Certificate is signed by the undersigned officer of the Borrower in their capacity as an officer of the Borrower without personal liability to the undersigned officer.

[signature page follows]

DATED this ___ day of _____, 20___.

SURGE ENERGY INC.

By: _____
Name:
Title:

By: _____
Title:
Title:

SCHEDULE F

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

FORM OF NOTICE OF BORROWING

TO: **NATIONAL BANK OF CANADA** ("**NBC**"), as Agent

RE: Third Amended and Restated Credit Agreement dated November 30, 2017 among NBC as Operating Lender and Lender, those other financial institutions who from time to time become a Lender thereunder, Surge Energy Inc., as borrower and NBC, as administrative agent (the "**Agent**") from the Lenders, as may be further amended from time to time (the "**Credit Agreement**").

---

1. THE DRAWDOWN DATE IS THE _____ DAY OF _____, 20■.

1. Pursuant to Section 5.2(a), 5.2(b) or 5.2(c) as applicable of the Credit Agreement, the undersigned hereby irrevocably requests that the following Accommodations under the Committed Revolving Term Facility be made available:

COMMITTED REVOLVING TERM FACILITY

Canadian Dollars

TYPE OF ACCOMMODATION	**PRINCIPAL AMOUNT**	**TERM**
Bankers' Acceptances	_____	_____
Canadian Prime Rate Loans	_____	_____
USBR Loans	_____	_____
LIBOR Loans	_____	_____
Letters of Credit	_____	_____

2. The undersigned certifies to the Agent and to the Lenders that:

   (a) on the date hereof, all representations and warranties contained in the Documents (excluding those representations and warranties which are expressly limited to the Closing Date) are true and correct in all material respects as if made on such date; and

(b) on the date hereof, no Default or Event of Default exists and no Default or Event of Default will occur as a result of the making of the Drawdown contemplated herein.

3. This Notice is irrevocable.

4. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

[signature page follows]

Executed at the City of Calgary, in the Province of Alberta this _____ day of _____, 20__.

SURGE ENERGY INC.

By: _____
Name:
Title:

By: _____
Title:
Title:

SCHEDULE G

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

FORM OF NOTICE OF ROLLOVER
OR NOTICE ON CONVERSION

TO: **NATIONAL BANK OF CANADA** ("**NBC**"), as Agent

RE: Third Amended and Restated Credit Agreement dated November 30, 2017 among NBC as Operating Lender and Lender, those other financial institutions who from time to time become a Lender thereunder, Surge Energy Inc., as borrower and NBC, as administrative agent (the "**Agent**") from the Lenders, as may be further amended from time to time (the "**Credit Agreement**").

---

1. Pursuant to Section 5.4 of the Credit Agreement, the undersigned hereby irrevocably notifies the Agent that it will be:

   (a) rolling over part or all of the Accommodation made under the **[Committed Revolving Term Facility / Operating Loan Facility]** described as:

   Type of Accommodation: _____

   *Principal Amount: _____

   BA Maturity Date: _____

   LIBOR Period: _____

   into the same Accommodation made under the **[Committed Revolving Term Facility/ Operating Loan Facility]**

   BA Maturity Date: _____

   LIBOR Period: _____

   *if only part of maturing Advance is rolled over, please indicate.

   or;

(b) converting part or all of the Accommodation made under the **[Committed Revolving Term Facility / Operating Loan Facility**] described as:

Type of Accommodation: _____

*Principal Amount: _____

BA Maturity Date: _____

LIBOR Period: _____

into an Accommodation made under the **[Committed Revolving Term Facility/ Operating Loan Facility]** described as:

Type of Accommodation: _____

*Principal Amount: _____

BA Maturity Date: _____

LIBOR Period: _____

effective the _____ day of _____, 20■.

2. The undersigned certifies to the Agent and the Lenders that as of the date of this Notice of Rollover or Notice of Conversion, no Event of Default exists nor will an Event of Default result after giving effect to the proposed Rollover, Conversion or repayment of the type provided herein.

3. This notice is irrevocable.

4. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

DATED this _____ day of _____, 20■, at Calgary, Alberta.

SURGE ENERGY INC.

By: _____
Name:
Title:

By: _____
Title:
Title:

SCHEDULE H

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

LIST OF SUBSIDIARIES

Subsidiaries of the Borrower

Material Subsidiaries of the Borrower

Material Subsidiaries Legal Name	Jurisdiction of Incorporation or Formation	Location of Chief Executive Office	Location of Business and Assets
1413942 Alberta Ltd.	Alberta	Alberta	Alberta, British Columbia, Manitoba
Surge General Partnership	Alberta	Alberta	Alberta, British Columbia, Manitoba, Saskatchewan

SCHEDULE I

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

FORM OF COMPLIANCE CERTIFICATE

TO: National Bank of Canada as Agent
Corporate Customer Service – Syndication and Agency Group
500 Place d'Armes, 26th Floor
Montreal, Quebec H2Y 2W3
Attention: Syndication

I _____, of the City of Calgary, in the Province of Alberta, hereby certify as at the date of this Compliance Certificate as follows:

1. I am the _____ of Surge Energy Inc. (the "**Borrower**") and I am authorized to provide this Compliance Certificate to you for and on behalf of the Borrower;

2. I am familiar with and have examined the provisions of the Third Amended and Restated Credit Agreement dated November 30, 2017 between National Bank of Canada as Operating Lender and Lender, those financial institutions who from time to time become a Lender thereunder, the Borrower and National Bank of Canada, as administrative agent (the "**Agent**") for the Lenders, as may be further amended from time to time (the "**Credit Agreement**") and I have made such investigations of corporate records and inquiries of other officers and senior personnel of the Borrower as I have deemed reasonably necessary for purposes of this Compliance Certificate;

3. As of the date hereof, the Borrower confirms that all of its Material Subsidiaries are parties to the Credit Agreement;

4. The consolidated financial statements of the Borrower for the **[Fiscal Quarter OR Fiscal Year]** ending [■, 20[■] (the "**Effective Date**") provided to the Lenders pursuant to Sections 14.1(j) or 14.1(i) of the Credit Agreement were prepared in accordance with IFRS and present fairly, in all material respects, the consolidated financial position of the Borrower as at the date thereof;

5. The representations and warranties made by the Borrower in the Credit Agreement are true and correct as of this date, other than those made as of a specific date, except as had heretofore been notified to the Agent by the Borrower in writing;

6. No Default or Event of Default has occurred and is continuing, except as has heretofore been notified to the Agent by the Borrower in writing;

7. As at the Effective Date, the Total Debt/EBITDA Ratio was:_____, as evidenced by the calculations of this ratio as attached hereto;

8. As at the Effective Date, the Historical Total Payout Ratio was:_____, as evidenced by the calculations of this ratio as attached hereto;

9. As at the Effective Date, the forecasted production volumes (net of royalties) of oil for the next four following Fiscal Quarters, based on the production forecast is _____.

10. At all times the Borrower has been in compliance with Sections 14(b), (c), (d) and (e) of the Credit Agreement and the current amounts outstanding under all Hedging Agreements are as set out in the financial statements referenced in Section 4 hereof;

11. All relevant calculations and financial statements are attached;

12. Except where the context otherwise requires, all capitalized terms used herein have the same meaning as in the Credit Agreement; and

13. This Compliance Certificate is given by the undersigned officer in their capacity as an officer of the Borrower without any personal liability on the part of such officer.

14. As of the date hereof, the aggregate amount of cash and cash equivalents held by or on behalf of the Loan Parties in the accounts other than those held at a branch of the Agent is $ _____.

[signature page follows]

Executed at the City of Calgary, in the Province of Alberta this _____ day of _____, 20__.

SURGE ENERGY INC.

By: _____
Name:
Title:

By: _____
Title:
Title:

SCHEDULE J

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

REQUEST FOR OFFER OF EXTENSION

TO: National Bank of Canada
Corporate Customer Service – Syndication and Agency Group
500 Place d'Armes, 26th Floor
Montreal, Quebec H2Y 2W3
Attention: Syndication

Dear Sirs/Madams:

Reference is made to the Third Amended and Restated Credit Agreement dated November 30, 2017 among National Bank of Canada as Operating Lender and Lender, those financial institutions who from time to time become a lender thereunder, Surge Energy Inc. (the "**Borrower**"), as borrower and National Bank of Canada as administrative agent (the "**Agent**") for the Lenders, as may be further amended, supplemented, restated or replaced from time to time (the "**Credit Agreement**"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as attributed thereto in the Credit Agreement.

We hereby give notice of our request for an offer of extension of the Committed Revolving Term Facility for a further period of 364 days pursuant to Section 3.7(d) of the Credit Agreement.

As of the date hereof, there exists no Default or Event of Default **[except those set out below which have been expressly disclosed to and waived or agreed to by the Lenders]**.

■

Yours very truly,

SURGE ENERGY INC.

By: _____
Name:
Title:

By: _____
Title:
Title:

The undersigned hereby agrees to the extension requested herein by the Borrower **[subject to the following terms and conditions:].**

DATED this _____ day of _____, ____.

NATIONAL BANK OF CANADA, as Agent

By: _____
Name:
Title:

By: _____
Title:
Title:

SCHEDULE K

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

REPAYMENT NOTICE

TO: National Bank of Canada
Corporate Customer Service – Syndication and Agency Group
500 Place d'Armes, 26th Floor
Montreal, Quebec H2Y 2W3
Attention: Syndication

Dear Sirs/Madams:

1. Reference is made to the Third Amended and Restated Credit Agreement dated November 30, 2017 among National Bank of Canada as Operating Lender and Lender, those financial institutions who from time to time become a lender thereunder, Surge Energy Inc. (the "**Borrower**"), as borrower and National Bank of Canada as administrative agent (the "**Agent**") for the Lenders, as may be further amended, supplemented, restated or replaced from time to time (the "**Credit Agreement**"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as attributed thereto in the Credit Agreement.

2. Pursuant to Section 3.7 of the Credit Agreement, the Borrower hereby wishes to make the following repayment under the provisions of the Credit Agreement under the **[Committed Revolving Term Facility / Operating Loan Facility]**:

   Date of repayment: _____

   Type of Advance: _____

   Amount of repayment: _____

   Borrower's account(s) to be debited (if applicable): _____

   Special Instructions (if any): _____

DATED this _____ day of _____, 20___.

SURGE ENERGY INC.

By: _____
Name:
Title:

SCHEDULE L

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

PREPAYMENT NOTICE

TO: National Bank of Canada
Corporate Customer Service – Syndication and Agency Group
500 Place d'Armes, 26th Floor
Montreal, Quebec H2Y 2W3
Attention: Syndication

Dear Sirs/Madams:

1. Reference is made to the Third Amended and Restated Credit Agreement dated November 30, 2017 among National Bank of Canada as Operating Lender and Lender, those financial institutions who from time to time become a lender thereunder, Surge Energy Inc. (the "**Borrower**"), as borrower and National Bank of Canada as administrative agent (the "**Agent**") for the Lenders, as may be further amended, supplemented, restated or replaced from time to time (the "**Credit Agreement**"). All terms and expressions used herein but not otherwise defined, shall have the same meanings herein as attributed thereto in the Credit Agreement.

2. Pursuant to Section 3.8 of the Credit Agreement, the Borrower hereby wishes to make the following prepayment under the provisions of the Credit Agreement under the **[Committed Revolving Term Facility / Operating Loan Facility]**:

3. Date of repayment: _____

4. Type of Advance: _____

5. Amount of repayment: _____

6. Borrower's account(s) to be debited (if applicable): _____

7. Special Instructions (if any): _____

8. DATED this _____ day of _____, 20___.

SURGE ENERGY INC.

By: _____
Name:
Title:

SCHEDULE M

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

FORM OF LENDER ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS LENDER ASSIGNMENT AND ASSUMPTION AGREEMENT is made as of the _____ day of ■, 20___.

AMONG:

■
(hereinafter referred to as the "**Assignor**")

OF THE FIRST PART

- and -

■
(hereinafter referred to as the "**Assignee**")

OF THE SECOND PART

- and -

SURGE ENERGY INC.
(hereinafter referred to as the "**Borrower**")

OF THE THIRD PART

- and -

NATIONAL BANK OF CANADA as Agent

OF THE FOURTH PART

WHEREAS the Assignor is a Lender under a Third Amended and Restated Credit Agreement dated November 30, 2017 among the National Bank of Canada as Operating Lender and Lender, those other financial institutions who from time to time became a Lender thereunder, the Borrower and National Bank of Canada as administrative agent (the "**Agent**") for the Lenders as may be further amended, modified, supplemented or restated from time to time (the "**Credit Agreement**");

AND WHEREAS the Assignor has agreed to assign and transfer to the Assignee certain rights under the Credit Agreement in compliance with the Credit Agreement, and the Assignee has agreed to accept such rights and assume certain obligations of the Assignor under the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the parties hereby agree as follows:

1. Interpretation

(a) In this Agreement, including the recitals, capitalized terms used herein, and not otherwise defined herein, shall have the same meanings attributed thereto as set forth in the Credit Agreement. In addition, the following terms shall have the following meanings:

(i) "**Assigned Commitment**" has the meaning set forth in Section 2 hereof;

(ii) "**Assigned Interests**" has the meaning set forth in Section 2 hereof;

(iii) "**Assumed Obligations**" has the meaning set forth in Section 4 hereof; and

(iv) "**Effective Date**" means the 5th Banking Day following the date this Agreement is executed by the Agent or such other day as the parties may agree upon.

(b) The division of this Agreement into Articles, Sections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

(c) In this Agreement:

(i) the terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer, unless otherwise specified, to this Agreement taken as a whole and not to any particular section, subsection or paragraph;

(ii) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa; and

(iii) words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

(d) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Alberta, without prejudice to the rights of the parties to take proceedings in any other jurisdictions.

(e) If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction, it shall not affect the validity, legality or enforceability

of any such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Agreement.

2. Assignment of Rights by Assignor

Effective as of the Effective Date, the Assignor hereby absolutely assigns and transfers to the Assignee:

(a) subject as provided in Section 3 hereof, **[all OR ■% of all] of the right, title and interest in, to and under each of the outstanding Advances and other Loan Indebtedness owing by the Borrower under the [Operating Loan Facility / Committed Revolving Term Facility]** and

(b) Cdn. $■ of the Assignor's **[Operating Loan Commitment Amount / Revolving Term Commitment Amount]** (the "**Assigned Commitment**");

together with all of the Assignor's other rights under the Credit Agreement and the other Documents but only insofar as such other rights relate to (a) and (b) above (collectively, the "Assigned Interests").

3. Outstanding Assignor BAs

The parties hereto agree that the following provisions shall apply to the outstanding Bankers' Acceptances accepted by the Assignor and described in Appendix I hereto (collectively, the "**Outstanding Assignor BAs**"):

(a) such Outstanding Assignor BAs shall remain the liability and obligation of the Assignor and the Assignor shall be entitled to all of the rights, titles and benefits arising out of the Credit Agreement and the other Documents with respect to such Outstanding Assignor BAs (including reimbursement rights); provided, however, that the Assignee shall indemnify the Assignor for the respective amounts set forth under the heading "Indemnity Amount" in Appendix I in respect of such Outstanding Assignor BAs (other than losses or costs with respect to such Indemnity Amounts which arise out of the negligence or wilful misconduct of the Assignor); and

(b) the Assignee will pay to the Assignor on the Effective Date as fees for the giving of the indemnity in Section 3(a)(i) the respective amounts set forth under the heading "Indemnity Fee" in Appendix I hereto.

4. Assumption of Obligations by Assignee

The Assignee assumes and covenants and agrees to be responsible for all obligations relating to the Assigned Interests to the extent such obligations arise or accrue on or after the Effective Date (collectively, the "**Assumed Obligations**") and agrees that it will be bound by the Credit Agreement and the other Documents to the extent of the Assumed Obligations as fully as if it had been an original party to the Credit Agreement.

5. Credit Agreement References; Notices

Effective as of the Effective Date:

(a) the Assignee shall be a Lender for all purposes of the Credit Agreement and the other Documents and all references therein to "**Lenders**" or "a **Lender**" shall be deemed to include the Assignee;

(b) the Individual Commitment Amount of the Assignee shall be the Assigned Commitment and all references in the Credit Agreement to the Individual Commitment Amount of the Assignee shall be deemed to be to the Assigned Commitment;

(c) any demand, notice or communication to be given to the Assignee in accordance with Section 20.1 of the Credit Agreement shall be made or given to the following address or telecopy number (until the Assignee otherwise gives notice in accordance with such Section 20.1); and

(d) Schedule A to the Credit Agreement shall be deemed to be and is hereby amended to the extent necessary to give effect to the assignment of the Assigned Commitments contemplated hereby and to give effect to Sections 5(b) and 5(c) hereof.

6. The Agent

Without in any way limiting the provisions of Section 4 hereof, the Assignee irrevocably appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with the provisions of the Credit Agreement.

7. No Entitlement to Prior Interest or Other Fees

Except as otherwise agreed in writing between the Assignor and the Assignee, notwithstanding any provision of the Credit Agreement or other Documents or any other provision of this Agreement, the Assignee shall have no right, title or interest in or to any interest or fees paid or to be paid to the Assignor under, pursuant to or in respect of:

(a) **[the fees paid to the Assignor in respect of the establishment of the Credit Facilities;]**

(b) **[NOTE: Insert (a) above, as applicable.]**

(c) **[the fees payable to the Agent for acting as Agent under the Credit Agreement; or]**

(d) **[NOTE: (b) above to be inserted for any assignment by the Agent.]**

(e) the Advances, the Credit Facilities or the Credit Agreement for any period of time or in respect of any event or circumstance prior to the Effective Date.

8. Consent of Borrower or Agent

The Borrower and the Agent consent to the assignment of the Assigned Interests to the Assignee and the assumption of the Assumed Obligations by the Assignee and, as and from the Effective Date, agree to recognize the Assignee as a Lender under the Credit Agreement as fully as if the Assignee had been an original party to the Credit Agreement. The Borrower and the Agent, as and from the Effective Date, agree that the Assignor shall have no further liability or obligation to either of them in respect of the Assumed Obligations.

9. Representations and Warranties

Each of the Assignor and the Assignee hereby represents and warrants to the other parties as follows:

(a) it is validly subsisting under the laws of its governing jurisdiction;

(b) it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder and under the Credit Agreement and the other Documents;

(c) the execution, delivery, observance and performance on its part of this Agreement has been duly authorized by all necessary action and this Agreement constitutes a legal, valid and binding obligation of such party enforceable against it in accordance with its terms; and

(d) all consents, authorizations and approvals of any Governmental Authority, if any, required for the execution, delivery, observance and performance by it of this Agreement, the Credit Agreement and the other Documents have been obtained and remain in full force and effect, all conditions have been duly complied with and no action by, and no notice to or other filing with any Governmental Authority is required for such execution, delivery, observance or performance.

[The Assignee represents and warrants that it is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).]

The Assignor represents and warrants to the Assignee that it has the right to sell to the Assignee the Assigned Interests and that the same are free and clear of all Liens.

The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement and notwithstanding any examinations or investigations which may be made by the parties or their respective legal counsel.

Except as expressly provided herein, the Assignee confirms that this Agreement is entered into by the Assignee without any representations or warranties by the Assignor or the Agent on any matter whatsoever, including on the effectiveness, validity, legality, enforceability, adequacy or

completeness of the Credit Agreement or any other Document delivered pursuant thereto or in connection therewith or any of the terms, covenants and conditions therein or on the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower.

10. Assignee Credit Decision

The Assignee acknowledges to the Assignor and the Agent that the Assignee has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Borrower, all of the matters and transactions contemplated herein and in the Credit Agreement and the other Documents and all other matters incidental to the Credit Agreement and the other Documents. The Assignee confirms with the Assignor and the Agent that it does not rely, and it will not hereafter rely, on the Agent or the Assignor:

(a) to check or inquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Borrower or any other Person under or in connection with the Credit Agreement and the other Documents or the transactions therein contemplated (whether or not such information has been or is hereafter distributed to the Assignee by the Agent); or

(b) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower.

The Assignee acknowledges that a copy of the Credit Agreement (including a copy of the Schedules) has been made available to it for review and further acknowledges and agrees that it has received copies of such other Documents and such other information that it has requested for the purposes of its investigation and analysis of all matters related to this Agreement, the Credit Agreement, the other Documents and the transactions contemplated hereby and thereby. The Assignee acknowledges that it is satisfied with the form and substance of the Credit Agreement and the other Documents.

11. Payments

The Assignor and the Assignee acknowledge and agree that all payments under the Credit Agreement in respect of the Assigned Interests from and after the Effective Date received by the Agent on or after the Effective Date shall be the property of the Assignee and the Agent shall be entitled to treat the Assignee as solely entitled thereto.

12. Amendments and Waivers

Any amendment or modification or waiver of any right under any provision of this Agreement shall be in writing (in the case of an amendment or modification, signed by the parties) and any such waiver shall be effective only for the specific purpose for which given and for the specific time period, if any, contemplated therein. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any rights with respect to any other or further breach.

13. General Provisions

(a) The parties hereto shall from time to time and at all times do all such further acts and things and execute and deliver all such documents as are required in order to fully perform and carry out the terms of this Agreement.

(b) The provisions of this Agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.

(c) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one full set of counterparts.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by its duly authorized representative(s) as of the date first above written.

■, as Assignor

Per:_____
Name:
Title:

■, as Assignor

Per:_____
Name:
Title:

■, as Assignor

Per:_____
Name:
Title:

■, as Assignor

Per:_____
Name:
Title:

SURGE ENERGY INC., as Borrower

Per:_____
Name:
Title:

Per:_____
Name:
Title:

NATIONAL BANK OF CANADA, as Agent

Per:_____
Name:
Title:

Per:_____
Name:
Title:

APPENDIX I

OUTSTANDING ASSIGNOR BAs

FACE AMOUNT	ISSUE DATE	BA MATURITY DATE	INDEMNITY AMOUNT	INDEMNITY FEE

■ [insert details]

SCHEDULE N

SURGE ENERGY INC.
THIRD AMENDED AND RESTATED CREDIT AGREEMENT
DATED NOVEMBER 30, 2017

FORM OF
ACKNOWLEDGMENT AND CONFIRMATION OF GUARANTORS

TO: **NATIONAL BANK OF CANADA** ("**NBC**"), as Agent

RE: Third Amended and Restated Credit Agreement dated November 30, 2017 among NBC as Operating Lender and Lender, those other financial institutions who from time to time become a Lender thereunder, Surge Energy Inc., as borrower and NBC, as administrative agent (the "**Agent**") from the Lenders, as may be further amended from time to time (the "**Credit Agreement**").

For valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned Guarantors hereby acknowledges and confirms that the Credit Agreement, the other Documents, and all covenants, terms and provisions thereof, are hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect as amended and supplemented by the [■] to which this Acknowledgment and Confirmation is attached, with such amendments and supplements being effective from and as of [■]. In particular, each of the undersigned Guarantors acknowledges that the Security previously granted to the Agent by it under or in connection with the Credit Agreement continues in full force and effect without in any way impairing or derogating from any of the guarantees, indemnities, mortgages, pledges, charges, assignments, security interests and covenants therein contained or thereby constituted, as continuing guarantees and security for the payment of indebtedness in connection with the Credit Agreement, as amended by the [■], or otherwise including as security for obligation and indebtedness owing under its guarantee (which the undersigned confirms remains in full effect and guarantees the increased amounts available under the Credit Agreement, as amended by the [■]).

Each of the undersigned Guarantors agrees that it will from time to time forthwith at the Agent's reasonable request and at its own cost and expense make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may reasonably be required by the Agent and are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under [■].

Each of the undersigned Guarantors confirms that it has been provided with a true, correct and complete copy of [■]

All defined terms used above have the meanings attributed to such terms in the Credit Agreement as amended by the [■].

[signature page follows]

DATED this _____ day of _____, 20_____ at Calgary, Alberta.

■

By: _____
Name:
Title:

By: _____
Title:
Title: