

EXTENDIBLE REVOLVING CREDIT FACILITIES

CREDIT AGREEMENT

among

IROC ENERGY SERVICES PARTNERSHIP

as Borrower

and

**CANADA TECH CORP., IROC DRILLING AND PRODUCTION
SERVICES CORP., IROC TECHNOLOGY SERVICES CORP.,
IROC ENERGY SERVICES CORP.,**

and certain other guarantors from time to time party hereto
as Guarantors

and

**NATIONAL BANK OF CANADA, CANADIAN WESTERN BANK
and ALBERTA TREASURY BRANCHES**

and those other banks and financial institutions
from time to time party hereto,
as Lenders

and

NATIONAL BANK OF CANADA,

as Agent for the Lenders

with

NATIONAL BANK FINANCIAL INC.,

as Sole Lead Arranger and Bookrunner

DATED AS OF December 19, 2007

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THIS CREDIT AGREEMENT is made as of the 19th day of December, 2007.

AMONG:

IROC ENERGY SERVICES PARTNERSHIP,
as Borrower

- and -

**CANADA TECH CORP., IROC DRILLING AND PRODUCTION SERVICES CORP., IROC
TECHNOLOGY SERVICES CORP., IROC ENERGY SERVICES CORP.,**
and certain other guarantors from time to time party hereto
as Guarantors

- and -

**NATIONAL BANK OF CANADA, CANADIAN WESTERN BANK
and ALBERTA TREASURY BRANCHES,**
and those other banks and financial institutions
from time to time party hereto,
as Lenders

- and -

NATIONAL BANK OF CANADA,
as Agent for the Lenders

with

NATIONAL BANK FINANCIAL INC.,
as Sole Lead Arranger and Bookrunner

WHEREAS:

A. The Borrower has requested credit facilities and the Lenders have agreed to provide certain credit facilities to the Borrower on and subject to the following terms; and

B. The Lenders wish the Agent to act on their behalf with regard to certain matters contemplated by this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

ARTICLE I INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals and the Schedules hereto and in all notices given pursuant to this Agreement, unless something in the subject matter or context is inconsistent therewith, the following words and phrases shall have the following meanings:

"ABCA" means the *Business Corporations Act* (Alberta), including the regulations promulgated thereunder, as the same may be amended from time to time.

"Acceleration Notice" means a written notice delivered by the Agent to the Borrower pursuant to Section 9.2 declaring all or any of the Obligations of the Borrower outstanding to the Lenders hereunder to be due and payable.

"Accounts" means the accounts and records established by each of the Agent and the Swingline Lender pursuant to Section 2.6 to record the Borrower's liability to each of the Lenders in respect of the Advances and other amounts outstanding by the Borrower to each of the Lenders and the Agent hereunder.

"Accounts Receivable" means, whether now existing or hereafter arising, any domestic accounts, accounts receivable, other receivables, choses in action, general intangibles, chattel paper, instruments, documents, notes and contract rights related to or evidencing the obligations or the receivables arising under any sales or services transactions from the Business provided by the Loan Parties to any person in the ordinary course of business and which amounts shall be periodically reported to the Agent in the form of Schedule G pursuant to Section 8.3(f); provided that the following (to be determined by the Lenders in their discretion) shall be excluded from calculating the value of Accounts Receivable at any time: intercorporate accounts, holdback receivables (being any amount subject to builder's liens or related legislation), accounts in dispute (but only to the amount of such account actually in dispute), accounts subject to set-off, amounts due to sub-contractors billed as accounts receivable, amounts billed for services not as yet completed, accounts subject to undue credit risk and amounts outstanding for more than ninety (90) days from the date of invoice to the customer.

"Acquisition" means, with respect to any Loan Party: (a) the acquisition for value of any existing Cash Flow generating assets (other than under operating leases) used or useful in the business of such Loan Party, but for greater certainty excluding Capital Expenditures, and (b) any Investment in a person if, as a result thereof, (i) such person, on a consensual basis, is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into any Loan Party or (ii) such person becomes a Loan Party.

"Additional Compensation" has the meaning ascribed thereto in Section 12.9(a).

"Advance" means a borrowing by the Borrower by way of a Prime Rate Advance (including by way of Overdraft), acceptance of a Bankers' Acceptance, a BA Equivalent Loan or the issuance of a Letter of Credit, including deemed Advances and Conversions, renewals and Rollovers of existing Advances, and any reference relating to the amount of Advances shall mean the sum of the principal amount of all outstanding Prime Rate Advances, plus the Face Amount of all outstanding Bankers' Acceptances and Notional Bankers' Acceptances, and the stated amount of all Letters of Credit.

"Affiliate" means any person which, directly or indirectly, controls, is controlled by or is under common control with another person, and for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" or "under common control") means the power to direct or cause the direction of the management and policies of any person, whether through the ownership of Shares or by contract or otherwise.

"Agent" means NBC, in its capacity as administration agent for the Lenders, and includes any successor agent appointed pursuant to Section 10.11.

"**Agent's Account**" means the account at the Agent's branch or office in Calgary, Alberta or as advised by the Agent from time to time to the Lenders in writing, and accepted by the Lenders, acting reasonably.

"**Agreeing Lenders**" has the meaning ascribed to such term in Section 3.6(b)(ii).

"**Agreement**", "**hereof**", "**herein**", "**hereto**", "**hereunder**" or similar expressions mean this credit agreement and any schedules hereto, as further amended, supplemented, modified, restated and replaced from time to time.

"**Ancillary Facilities**" has the meaning ascribed thereto in Section 2.22.

"**Applicable Law**" means, in relation to any person, transaction or event:

- (a) all applicable provisions of laws, statutes, rules, policies and regulations of any Governmental/Judicial Body in effect from time to time having force of law; and
- (b) all judgments, orders, awards, decrees, official directives, writs and injunctions all having force of law from time to time in effect of any Governmental/Judicial Body in an action, proceeding or matter in which the person is a party or by which it or its property is bound or having application to the transaction or event.

"**Applicable Lenders**" means (i) in the context of the Swingline Facility, the Swingline Lender, and (ii) in the context of all Facilities other than the Swingline Facility, those Lenders who have a Proportionate Share of any such Facilities.

"**Applicable Margin**" means, at any time, the percentage margin or rate as set forth in the table below in respect of the Swingline Facility, Facility A or Facility B:

Total Funded Debt to EBITDA

	LEVEL	I	II	III	IV	V	VI
		≤1.25	> 1.25 ≤1.50	> 1.50 ≤2.00	>2.00 ≤2.50	> 2.50 ≤3.00	> 3.00 ≤ 3.50
1.	Prime Rate Margin	0.00%	0.25%	0.50%	0.75%	1.00%	1.25%
2.	BA Rate	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
3.	Standby Fee Rate - Utilization ≤50% of Facility	0.20%	0.20%	0.25%	0.25%	0.25%	0.25%
4.	Standby Fee Rate - Utilization > 50% of Facility	0.20%	0.20%	0.25%	0.25%	0.25%	0.25%
5.	LC Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
6.	Margin increase during Term-Out Period	0.25%	0.25%	0.25%	0.25%	0.45%	0.45%

If the Facilities are not extended at the end of a Revolving Period then the Applicable Margin in respect of Advances, as determined for the most recent Fiscal Quarter for which the Borrower has delivered a Compliance Certificate shall, from and after the Term-Out Date, be increased by the amounts described in paragraph 6, as applicable, in the table above.

For purposes of this definition, the Applicable Margin shall be determined in accordance with the following provisions. "Level I", "Level II", "Level III", "Level IV", "Level V", and "Level VI" means, respectively, the appropriate period of time during which the corresponding Funded Debt to EBITDA Ratio is as set forth in the table above and "Level" means any such appropriate time period.

For the purposes of this definition, the Funded Debt to EBITDA Ratio shall be calculated by the Borrower and reported to the Agent in the Compliance Certificate provided by the Borrower from time to time in accordance with Section 8.3(c). The Agent shall be entitled to rely on such calculation, and the Applicable Margin so determined shall be applied from and after the first day of the Fiscal Quarter of the Borrower following the date that the Compliance Certificate was required to be delivered. In the event that the Borrower fails to deliver a Compliance Certificate

for any Fiscal Quarter in accordance with Section 8.3(c), the highest Level shall be deemed to be immediately applicable until such Compliance Certificate is delivered confirming that a different Level is applicable. The Applicable Margin for BA Advances which are outstanding prior to the date of a change in the Levels (the "Adjustment Date"), shall be re-calculated and the fees thereon paid on the basis of the rate applicable from and after the Adjustment Date, as further adjusted from and after any subsequent Adjustment Date thereafter until the maturity of such BA Advances. The Agent and Borrower acknowledge that as of the date hereof Level VI is applicable.

"Assignment Agreement" means an agreement in the form of Schedule "F" attached hereto.

"ATB" means Alberta Treasury Branches.

"Available Designated New Equity" means, at any time, the total Designated New Equity raised in the previous 12 months by IEnergy Services, in aggregate, less (i) amounts of Designated New Equity applied by any Loan Party to Acquisitions and/or Capital Expenditures during such previous 12 month period, less (ii) amounts deducted therefrom in respect of redemptions or repurchases of Shares by IEnergy Services during such 12 month period.

"BA Advance" means the portion of an Advance effected by acceptance of a Bankers' Acceptance.

"BA Discount Proceeds" means, with respect to any issue of Bankers' Acceptances, an amount (rounded to the nearest whole cent and with one-half of one cent being rounded up) calculated by multiplying:

- (a) the aggregate face amount of such Bankers' Acceptances; by
- (b) the price, where the price is determined by dividing one by the sum of one plus the product of:
 - (i) the BA Discount Rate applicable to such Bankers' Acceptances (expressed as a decimal); and
 - (ii) a fraction, the numerator of which is the number of days in the period of such Bankers' Acceptances and the denominator of which is 365;

with the price as so determined being rounded up or down to the fifth decimal place and 0.000005 being rounded up.

"BA Discount Rate" means:

- (a) with respect to Bankers' Acceptances accepted by a BA Lender that is a bank under Schedule I of the *Bank Act* (Canada), the CDOR Rate;
- (b) with respect to Bankers' Acceptances accepted by a BA Lender that is not a bank under Schedule I of the *Bank Act* (Canada), the lesser of (i) the CDOR Rate plus 10 bps, and (ii) such BA Lender's quoted discount rate; provided that if such BA Lender (as at approximately 10:00 a.m. (Toronto time) on such day) does not furnish a timely quotation, the Agent shall determine the relevant discount rate on the basis of the CDOR

Rate only, which determination by the Agent shall be conclusive and binding, absent manifest error; and

- (c) with respect to Bankers' Acceptances accepted by a Non BA Lender to the CDOR Rate.

"BA Equivalent Loan" has the meaning ascribed thereto in Section 2.13(b).

"BA Fee" means the amount calculated by multiplying the Face Amount of a Bankers' Acceptance by the applicable BA Rate, and then multiplying the result by a fraction, the numerator of which is the number of days to elapse from and including the date of acceptance of such Bankers' Acceptance by a BA Lender up to but excluding the maturity date of such Bankers' Acceptance, and the denominator of which is 365.

"BA Lender " means any Lender which is a bank chartered under the *Bank Act* (Canada) and which stamps and accepts Bankers' Acceptances.

"BA Rate" means, from time to time in respect of an acceptance of a Bankers' Acceptance or a BA Equivalent Loan, the applicable percentage rate per annum indicated beside the reference to "BA Rate" in the table to the definition of "Applicable Margin".

"Bankers' Acceptance" means an accommodation made available to the Borrower by way of a bankers' acceptance denominated in Canadian Dollars drawn by the Borrower and accepted by a BA Lender, and issued for value pursuant to this Agreement.

"Blue Chip A/R" means, whether now existing or hereafter arising, any domestic or United States accounts, accounts receivable, other receivables, choses in action, general intangibles, chattel paper, instruments, documents, notes and contract rights related to or evidencing the obligations or the receivables arising under any sales or services transactions from the Business provided by the Loan Parties to such specific customers of the Loan Parties, which specific customers shall have a minimum S&P, Moody's or DBRS credit rating of BBB+ and which amounts shall be periodically reported to the Agent in the form of Schedule G pursuant to Section 8.3(f); provided that the following (to be determined by the Lenders in their discretion) shall be excluded from calculating the value of Blue Chip A/R at any time: intercorporate accounts, holdback receivables (being any amount subject to builder's liens or related legislation), accounts in dispute (but only to the amount of such account actually in dispute), accounts subject to set-off, amounts due to sub-contractors billed as accounts receivable, amounts billed for services not as yet completed, accounts subject to undue credit risk and amounts outstanding for more than one hundred and twenty (120) days from the date of invoice to the specific customer.

"Book Value" means the valuation at which assets are described on the Financial Statements, all in accordance with GAAP.

"Borrower" means the Partnership.

"Borrower's Account" means the account of the Borrower at the Swingline Lender's main branch or office in Red Deer, Alberta or Calgary, Alberta or as advised by the Swingline Lender from time to time to the Borrower in writing, and accepted by the Borrower, acting reasonably.

"Borrower's Counsel" means McCarthy Tétrault LLP, and/or such other firm of solicitors qualified to practice law in each applicable Relevant Jurisdiction acceptable to the Agent, acting reasonably, as the Borrower may from time to time designate.

"Borrowing Base" means the aggregate of the following, without duplication, calculated monthly:

- (a) 75% of the value of all Canadian and US Accounts Receivable (other than Blue Chip A/R and EDC A/R) at that time,
- (b) plus 85% of the value of the Canadian and US Blue Chip A/R,
- (c) plus 90% of the EDC A/R (specifically excluding non EDC A/R),
- (d) plus 50% of the Agent's valuation of Inventory to a maximum of \$2,500,000.00,
- (e) minus Priority Payables.

"bps" means one one-hundredth of one percent.

"Business" means the oilfield service businesses of the Loan Parties including, without limitation, the following:

- (a) drilling and production services - service rigs and related equipment, oilfield rental equipment and services, contract drilling rigs and related equipment and lease construction and road building services, all of which assist oil and gas companies and contractors in drilling and production activities in oil and gas wells; and
- (b) technology services - remote communications products and services, safety and air monitoring services and equipment, and manufacturing and distribution of downhole pressure and temperature measurement tools, all of which provide technology based solutions to assist oil and gas companies in the production of oil and gas.

"Business Day" means a day of the year, other than a Saturday, Sunday or statutory holiday, on which each Lender is open for business at its main branch or office in Calgary, Alberta, Toronto, Ontario, and Montreal, Quebec.

"Canadian Dollars", "Cdn Dollars", "Cdn\$" and "\$" mean lawful money of Canada.

"Capital Assets" means Property that would, in accordance with GAAP, be determined to be capital Property and equipment.

"Capital Expenditure" means, with respect to any Loan Party, an expenditure (other than an Acquisition) made directly or indirectly in respect of the acquisition of new Capital Assets, or relating to Capital Leases, including the acquisition or the improvement of land, plant, machinery or equipment, whether fixed or movable, all in accordance with GAAP.

"Capital Lease" means, with respect to any person, any lease or other arrangement relating to real or personal property which should, in accordance with GAAP, be required to be classified and accounted for as a capital lease on the consolidated balance sheet of such person and its subsidiaries, whether synthetic or otherwise, but excluding any lease that would in accordance with GAAP be determined to be an operating lease.

"Capitalization" means, in respect of any Loan Party, as at any time and as determined on a consolidated basis in accordance with GAAP, the aggregate of its Funded Debt and Equity at such time.

"Cash Flow" means, with respect to the Loan Parties on a consolidated basis for any period, consolidated net income or loss from operations (after the payment of Cash Taxes) of such person for such period, calculated in accordance with GAAP plus all non-cash extraordinary gains or losses and all non-cash income and expense items which may include option compensation expenses and losses or gains on disposal of property and equipment plus, to the extent deducted in determining consolidated net income or loss from operations, the following, without duplication: (i) future Taxes; (ii) depreciation, depletion and amortization expenses; (iii) Interest Expense (including on any Convertible Debentures); (iv) in the case of any Loan Party, any Distribution.

"Cash Taxes" means for any Person for any period, the amount of all income taxes (including federal and provincial income taxes) payable by such Person on its net taxable income for such period (which for greater certainty, does not include future Taxes).

"CDOR Rate" means, for any day, the arithmetic average of the Bankers' Acceptances rates of the financial institutions for the applicable period which appear on the Reuter's Screen CDOR Page at 10:00 a.m. (Toronto time), or if such date is not a Business Day, then on the immediately preceding Business Day; provided however, that if such rates are not available, then the CDOR Rate for any day shall be the Bankers' Acceptance Rate of the Agent for the applicable period as of 10:00 a.m. on such day, or if said day is not a Business Day, then on the immediately preceding Business Day.

"Change of Control" has the meaning ascribed thereto in Section 9.1(l).

"Collateral" means cash, a bank draft or a letter of credit issued by a chartered bank referred to in Schedule I of the *Bank Act* (Canada), all in a form satisfactory to the Lenders, each acting reasonably.

"Commitment" means, in respect of each Lender from time to time, the Advances that such Lender has agreed to make as set out on Schedule "A" to this Agreement (which shall be amended and distributed to all parties by the Agent from time to time as other persons become Lenders or the Commitments of current or future Lenders are hereafter assigned, modified, cancelled, reduced, increased or otherwise changed pursuant to the provisions of this Agreement).

"Commodity Swap" means any transaction, arrangement or agreement entered into between any Loan Party and a counterparty, on a case by case basis, including a futures contract, a commodity option, a commodity swap, a forward sale or other similar commodity-related transaction, the purpose of which is to manage, mitigate or eliminate such Loan Party's exposure to fluctuations in commodity prices, including contracts settled by physical delivery of the commodity.

"Compliance Certificate" means a certificate of a Responsible Officer of the Borrower required from time to time pursuant to Section 8.3(c), the form of which is attached hereto as Schedule B.

"Conflicted Lender" has the meaning ascribed thereto in Section 3.10(b).

"Consolidated Current Assets" means, as of any date, as determined in accordance with GAAP on a consolidated basis, the aggregate amount shown as current assets in the Financial Statements for such period.

"Consolidated Net Current Liabilities" means, as of any date, as determined in accordance with GAAP on a consolidated basis, the aggregate amount shown as current liabilities in the Financial Statements for such period, excluding without duplication (i) the current portion of Long-Term Debt, (ii) the current portion of Purchase Money Security Interests (excluding Capital Leases), (iii) the current portion of any Convertible Debentures, and (iv) the Outstanding Debentures.

"Consolidated Net Tangible Capital Assets" means the total Capital Assets of IEnergy Services (net of depreciation and amortization), less, to the extent included, the value attributed to intangible assets (including without limitation, goodwill, patents, trademarks, intellectual property, organization expenses, trade names, deferred costs, deferred charges and other similar intangible assets) as determined on a consolidated basis, in accordance with GAAP.

"Consolidated Net Tangible Total Assets" means the total assets of IEnergy Services (net of depreciation and amortization), less the value attributed to intangible assets (including without limitation, goodwill, patents, trademarks, intellectual property, organization expenses, trade names, deferred costs, deferred charges and other similar intangible assets) as determined on a consolidated basis, in accordance with GAAP.

"Constating Documents" means (i) with respect to a corporation, its articles of incorporation, amalgamation or continuance or other similar documents and its by-laws, and (ii) with respect to any other person which is an artificial body, the organization and governance documents of such person; in each case as amended and supplemented from time to time.

"Contributing Lender" has the meaning ascribed thereto in Section 10.3(b).

"Conversion" means a conversion or deemed conversion of one type of Advance into another type of Advance pursuant to this Agreement, and **"converted"** and **"convert"** have corresponding meanings.

"Conversion Date" means a Business Day on which a Conversion is to be made pursuant to a Conversion Notice.

"Conversion Notice" means a notice in the form of Schedule "C" attached hereto.

"Convertible Debentures" means any convertible subordinated debentures or notes created, issued or assumed by any Loan Party which have all of the following characteristics:

- (a) an initial maturity or due date in respect of repayment of principal extending beyond the Maturity Date in effect at the time such debentures or notes are created, issued or assumed;
- (b) no scheduled or mandatory payment or repurchase of principal thereunder (other than acceleration following an event of default in regard thereto or payment which can be satisfied by the delivery of Shares as contemplated in paragraph (f) of this definition prior to the Maturity Date in effect at the time such debentures or notes are created, issued or assumed;

- (c) upon and during the continuance of a Default, an Event of Default or acceleration of the time for repayment of any Obligations which has not rescinded, (i) all amounts payable in respect of principal, premium (if any) or interest under such debentures or notes are subordinate and junior in right of payment to all such Obligations and (ii) no enforcement steps or enforcement proceedings may be commenced in respect of such debentures or notes;
- (d) upon distribution of the assets of the applicable Loan Party on any dissolution, winding up, total liquidation or reorganization of the applicable Loan Party (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of such person, or otherwise), all Obligations shall first be paid in full, or provisions made for such payment, before any payment is made on account of principal, premium (if any) or interest payable in regard to such debentures or notes;
- (e) the occurrence of a Default or Event of Default hereunder or the acceleration of the time for repayment of any Obligations or enforcement of the rights and remedies of the Agent and the Lenders hereunder or under any other Credit Document shall not in and of themselves:
 - (i) cause a default or event of default (with the passage of time or otherwise) under such debentures or notes or the indenture governing the same; or
 - (ii) cause or permit the obligations under such debentures or notes to be due and payable prior to the stated maturity thereof;
- (f) payments of interest or principal due and payable under such debentures or notes can be satisfied, at the option of the Borrower, by delivering Shares in accordance with the indenture or agreement governing such debentures or notes (whether such Shares are received by the holders of such debentures or notes as payment or are sold by a trustee or representative under such indenture or agreement to provide cash for payment to holders of such debentures or notes); and
- (g) if such debentures include any Security Interest, the holder thereof shall have entered into a subordination agreement acceptable to the Agent in favour of the Agent and the Lenders confirming the subordination provisions thereof.

"Credit Documents" means this Agreement, the Security, each Bankers' Acceptance and Letter of Credit, and all other certificates, instruments, notices and documents delivered or to be delivered pursuant to this Agreement.

"Creditor Proceedings" means any dissolution, winding up, total or partial liquidation, plan of arrangement, receivership, insolvency, proposal, bankruptcy or compromise under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or the arrangement provisions of any applicable corporate law, general assignment for the benefit of creditors or similar proceedings offered with respect to any Loan Party, or their respective properties or liabilities.

"CTC" means Canada Tech Corp.

"**Currency Swap**" means any transaction, arrangement or agreement entered into between any Loan Party and a counterparty, on a case by case basis, including a foreign exchange futures contract, a currency option, a currency swap, a currency exchange or other similar currency-related transaction, the purpose of which is to manage, mitigate or eliminate the Loan Party's exposure to fluctuations in currency exchange rates.

"**Current Ratio**" means, at any time and as determined in accordance with GAAP for IEnergy Services on a consolidated basis, the ratio of (i) Consolidated Current Assets to (ii) Consolidated Net Current Liabilities.

"**CWB**" means Canadian Western Bank.

"**DBNA**" means the *Depository Bills and Notes Act* (Canada).

"**Debt**" means, with respect to any person and without duplication, the following amounts each calculated on a consolidated basis:

- (a) money borrowed (including, without limitation, by way of overdraft) or indebtedness represented by notes payable and drafts accepted representing extensions of credit;
- (b) the face amount of bankers' acceptances and similar instruments not relating to the Facilities;
- (c) the stated amount of all letters of credit, letters of guarantee and surety bonds;
- (d) all obligations (whether or not with respect to the borrowing of money) that are evidenced by bonds, debentures, notes or other similar instruments, whether or not any such instruments are convertible into capital but including without limitation, any indebtedness or liabilities of such person that may be satisfied by the delivery of Shares of such person to the holder thereof or to another person on behalf of the holder, or that are not so evidenced but that would be considered by GAAP to be indebtedness for borrowed money;
- (e) all obligations upon which interest charges are customarily paid or payable by that person prior to payment of the principal amount of such obligations in accordance with the terms of such obligations;
- (f) all obligations of such person for or in respect of the purchase from such person of any of its property, assets or undertaking, the purchase price in respect of which has been prepaid by the purchaser;
- (g) all redemption obligations of such person with respect to any Shares issued by such person and which are by their terms or pursuant to any agreement or arrangement (i) redeemable, retractable, payable or required to be purchased or otherwise retired or extinguished, or convertible into debt of such person, (A) at a fixed or determinable date, (B) at the option of any holder thereof, or (C) upon the occurrence of a condition not solely within the control and discretion of such person, or (ii) convertible into any other shares described in (i) above;
- (h) all principal obligations as lessee under sale and lease-back transactions and Capital Leases as determined in accordance with GAAP, or any other lease which in the opinion

of the Agent acting reasonably is a financing lease (whether a synthetic lease or otherwise and whether categorized as a true lease or a financing lease for tax purposes);

- (i) all obligations of such person in respect of the deferred purchase or acquisition price of property or services (including, without limitation, obligations secured by any Purchase Money Security Interests) in excess of 90 days; and
- (j) any guarantee or indemnity (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business) in any manner of any part or all of an obligation included in items (a) through (i) above;

but excluding for greater certainty, trade payables and accrued liabilities that are current liabilities incurred in the ordinary course of business, current and future taxes, Convertible Debentures, current and long-term asset retirement obligations and Indebtedness under Swaps.

"Debt Service" means, with respect to IEnergy Services on a consolidated basis for any period, all amounts required to be paid during such period in respect of Debt, including without limitation, repayments of principal, Interest Expense and fees.

"Decision Date" has the meaning ascribed thereto in Section 3.6(a).

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

"Defaulting Lender" has the meaning ascribed thereto in Section 10.3(b).

"Designated New Equity" means the net proceeds of any Shares offering by IEnergy Services, including, without limitation, by way of exercise of options or warrants or pursuant to a dividend reinvestment plan.

"Distribution" means, without duplication:

- (a) any declaration or payment of dividends, royalties, distributions, fees or management fees of any kind directly or indirectly to any holder of Shares of IEnergy Services or any Material Subsidiary or Loan Party;
- (b) any repurchase, retraction or redemption of Shares in respect of any Loan Party;
- (c) any repayment by a person of any amount of principal, interest or other amounts in respect of any Funded Debt owed to any Affiliate of such person;
- (d) any loan or advance that is made by a person to or in favour of a holder of Shares in such person or an Affiliate of such holder; or
- (e) the transfer by a person of any of its property or assets for consideration of less than fair market value thereof, to any of its Affiliates;

provided that "Distribution" shall not include any of the foregoing if made to a Loan Party.

"Drawdown" means an Advance, other than a Rollover or a Conversion.

"Drawdown Date" means the date, which shall be a Business Day, of any Advance.

"Drawdown Notice" means a notice requesting an Advance in the form of Schedule "C" attached hereto.

"EBITDA" means, with respect to any Person for any period, the consolidated net income of such Person for such period determined in accordance with GAAP plus or minus non-cash income and expenses and extraordinary items which may include losses or gains on disposal of property and equipment, stock based compensation, and non-controlling interest expenses, plus, to the extent deducted in determining such net income, the following:

- (a) income taxes;
- (b) Interest Expense; and
- (c) depreciation and amortization expenses.

For the purpose of this Agreement, where EBITDA is required to be determined for any four quarterly periods, EBITDA shall be equal to the aggregate of the EBITDA for the most recently completed four Fiscal Quarters. For greater certainty, where EBITDA is required to be calculated herein, EBITDA shall be calculated prior to making any Distributions.

"EDC A/R" means, whether now existing or hereafter arising, any foreign or domestic accounts, accounts receivable, other receivables, choses in action, general intangibles, chattel paper, instruments, documents, notes and contract rights related to or evidencing the obligations or the receivables arising under any sales or services transactions from the Business provided by the Loan Parties, which specific accounts receivable are covered by Export Development Corporation insurance (which has been shipped and billed), for the maximum allowable Export Development Corporation insurance coverage for such accounts receivable and which amounts shall be periodically reported to the Agent in the form of Schedule G pursuant to Section 8.3(f); provided that the following (to be determined by the Lenders in their discretion) shall be excluded from calculating the value of EDC A/R at any time: intercorporate accounts, holdback receivables (being any amount subject to builder's liens or related legislation), accounts in dispute (but only to the amount of such account actually in dispute), accounts subject to set-off, amounts due to sub-contractors billed as accounts receivable, amounts billed for services not as yet completed, accounts subject to undue credit risk and amounts outstanding for more than ninety (90) days from the date of invoice to the customer.

"Effective Date" means the date on which the conditions precedent set forth in Section 6.1 hereof are satisfied or waived in writing by the Lenders.

"EFT Documents" means NBC's and CWB's standard form documents required to utilize the EFT Facility, from time to time, copies of which have been provided to the Borrower.

"EFT Facility" means the electronic funds transfer payment facility in the aggregate amount of \$1,000,000.00 or such amount as may be agreed to between NBC, CWB and the Borrower from time to time established by NBC and CWB in favour of the Borrower in accordance with the provisions hereof.

"Eligible Swaps" means those Swaps which are entered into by any Loan Party and any Swap Lender, which are limited to a foreign currency equivalent of \$500,000.00 or such greater amount

as may be agreed to between the Lenders and the Borrower in the aggregate (Mark-to-Market) and are not for speculative purposes.

"Eligible Swap Indebtedness" means Indebtedness of the Borrower or a Material Subsidiary to a Swap Lender under an Eligible Swap.

"Enforcement Notice" has the meaning ascribed thereto in Section 9.4.

"Environmental Law" means all Applicable Law which pertains to public health or safety, the protection or enhancement of the environment or pursuant to which Environmental Liabilities would arise or have arisen, including relating to a Release or threatened Release of any Hazardous Material or the generation, use, storage or transportation of any Hazardous Material, and including any condition, restriction, prohibition or requirement contained in an approval, permit, licence, consent, certificate or qualification or other authorization issued pursuant to Applicable Law.

"Environmental Liabilities" means any and all liabilities and obligations for any Release, any environmental damage, any contamination or any other environmental problem caused or alleged to have been caused to any Person, property or the environment as a result of any Release or the condition of any property or asset, whether or not caused by a breach of Environmental Law, including, without limitation, all liabilities and obligations arising from or related to any surface, underground, air, groundwater or surface water contamination; the abandonment or plugging of any well; restorations and reclamations; the removal of or failure to remove any foundations, structures or equipment; the cleaning up or reclamation of storage sites; any Release; the violation of pollution standards; and personal injury (including sickness, disease or death) and property damage arising from any of the foregoing.

"Equivalent Amount" means, where any amount expressed in any currency has to be converted or expressed in another currency, or where its equivalent in another currency has to be determined (or vice versa), the calculation is made at the mid-point spot rate announced or quoted by the Bank of Canada in accordance with its normal practices at or around noon on the previous Business Day for the relevant currency against the other currency (or vice versa).

"Equity" means, in respect of IEnergy Services on a consolidated basis, the total of stated capital of Shares, contributed surplus, non-controlling interest, accumulated earnings, and the amount of any Convertible Debentures, subordinated and postponed shareholders loans of the Loan Parties, less (i) investments in or advances to Affiliates or Subsidiaries who are not Loan Parties, if permitted pursuant to this Agreement, (ii) the value of intangible assets of the Loan Parties, (iii) accumulated Distributions to the extent not deducted in accumulated earnings and (iv) the value of goodwill of the Loan Parties, all without duplication as applicable and as determined on a consolidated basis in accordance with GAAP.

"Event of Default" means any of the events or circumstances specified in Section 9.1.

"Face Amount" means (i) in respect of a Bankers' Acceptance, the amount payable to the holder thereof on its maturity, (ii) in respect of a Notional Bankers' Acceptance, the amount payable to the Non BA Lender on the maturity thereof, and (iii) in respect of a Letter of Credit, the maximum amount payable to the beneficiary specified therein or any other Person to whom payments may be required to be made pursuant to such Letter of Credit.

"Facility A" means the extendible revolving operating loan facility more particularly described in Section 2.2.

"Facility A Commitment" means the Commitment of the Facility A Lenders in respect of Facility A set out in Schedule "A" hereto, as such Schedule may hereafter be amended from time to time.

"Facility A Lenders" means the Applicable Lenders having a Commitment in respect of Facility A as set out in Schedule "A" hereto, as such Schedule may hereafter be amended from time to time.

"Facility A Lending Limit" has the meaning ascribed thereto in Section 2.2.

"Facility B" means the extendible revolving term acquisition loan facility more particularly described in Section 2.3.

"Facility B Commitment" means the Commitment of the Applicable Lenders in respect of Facility B set out in Schedule "A" hereto, as such Schedule may hereafter be amended from time to time.

"Facility B Lenders" means the Applicable Lender having a Commitment in respect of Facility B as set out in Schedule "A" hereto, as such Schedule may hereafter be amended from time to time.

"Facility B Lending Value" has the meaning ascribed thereto in Section 2.3(a).

"Facilities" means the Swingline Facility, Facility A and Facility B and **"Facility"** means any one of such Facilities.

"Financial Covenants" means the covenants set out in Section 8.2.

"Financial Statements" means the consolidated financial statements of IEnergy Services as at a specified date and for the period then ended and shall include a balance sheet, statement of income and retained earnings, statement of cash flows and application of funds, together with comparative figures in each case (where a comparative period on an earlier statement exists), all prepared, maintained and stated in accordance with GAAP applied consistently.

"Fiscal Quarter" means, in respect of IEnergy Services, the three month period commencing on the first day of each Fiscal Year and each successive three month period thereafter during such Fiscal Year.

"Fiscal Year" means, in respect of IEnergy Services, its fiscal year commencing on January 1 of each year and ending on December 31 of such year, or such other fiscal year as may be agreed to by the Agent acting on the instructions of the Majority Lenders.

"Fixed Asset Lending Value" means sixty percent (60%) of the Book Value of the Consolidated Net Tangible Capital Assets, less the outstanding Indebtedness secured by any Security Interest that has priority over of the Security in respect of such Capital Assets in favour of any Person other than the Lenders at that time.

"Fixed Charge Coverage Ratio" means, in respect of IEnergy Services on a consolidated basis, for the current and previous three Fiscal Quarters, the ratio of (i) Cash Flow minus Unfunded Capex to (ii) the aggregate of all scheduled principal payments (including under Capital Leases but excluding premises leases contained therein) plus interest, dividends and all Distributions paid for such period.

"Foreign Exchange Facility" means the foreign exchange facility in the maximum amount of \$500,000.00 established by the Lenders in favour of the Borrower to purchase foreign exchange to assist with its import and export activities and for coverage of foreign exchange risk associated with the purchase of foreign exchange contracts to a maximum of \$5,000,000, with a net delivery risk of 10% for United States of America contracts and non-United States of America contracts, with such foreign exchange contracts to have a maximum term not to exceed one year (unless otherwise agreed to by the Majority Lenders) or the Maturity Date.

"Funded Acquisition" means any Acquisition whereunder any Advances under Facility B are to be utilized to complete such Acquisition.

"Funded Capital Expenditure" means any Capital Expenditure whereunder any Advances under the Facility B are to be utilized to complete such Capital Expenditure.

"Funded Debt" means, with respect to any Person:

- (a) money borrowed (including, without limitation, by way of overdraft and purchase money obligations) or indebtedness represented by notes payable and drafts accepted representing extensions of credit;
- (b) bankers' acceptances and similar instruments;
- (c) letters of credit, letters of guarantee and surety bonds;
- (d) all obligations (whether or not with respect to the borrowing of money) that are evidenced by bonds, debentures, notes or other similar instruments whether or not any such instruments are convertible into capital but including without limitation, any indebtedness or liabilities of such person that may be satisfied by the delivery of Shares of such person to the holder thereof or to another person on behalf of the holder, or that are not so evidenced but that would be considered by GAAP to be indebtedness for borrowed money;
- (e) all obligations as lessee under Capital Leases, and including any lease that would, in accordance with GAAP, be determined to be an operating lease; for greater certainty, including the net present value of any such lease in accordance with GAAP;
- (f) all obligations of such person in respect of the deferred purchase or acquisition price of property or services (including, without limitation, obligations secured by any Purchase Money Security Interests) in excess of forty five (45) days; and
- (g) all obligations of such person for or in respect of the purchase price from such person of any of its property, assets or undertaking, the purchase price in respect of which has been prepaid by the purchaser,

but excluding for greater certainty, trade payables, Convertible Debentures, Distributions payable, current and future Taxes, subordinated and postponed shareholders loans and premises leases of the Loan Parties.

"Funded Debt to Capitalization Ratio" means in respect of IEnergy Services on a consolidated basis the ratio of (i) Funded Debt to (ii) Capitalization.

"Funded Debt to EBITDA Ratio" means at any time, the ratio of:

- (a) the Funded Debt of IEnergy Services, without duplication, at the end of its most recently completed Fiscal Quarter, determined on a consolidated basis; and
- (b) the EBITDA of IEnergy Services, without duplication, determined on a consolidated basis, for its most recently completed four Fiscal Quarters.

If prior to the end of any Fiscal Quarter (the **"Relevant Fiscal Quarter"**), the Loan Parties have consummated an Acquisition (approved by the Majority Lenders if it is a Material Funded Acquisition), the Borrower may or the Agent may request that the Borrower submit to the Agent a *pro forma* Compliance Certificate, together with a management analysis (including supporting financial statements) respecting the *pro forma* Compliance Certificate, certified by a Responsible Officer, setting forth what would have been the Funded Debt to EBITDA Ratio at the end of such Relevant Fiscal Quarter, had the material transaction closed at the beginning of the period in respect of which Funded Debt to EBITDA Ratio is calculated (the **"Relevant Period"**), and if in the opinion of the Agent, acting reasonably, the *pro forma* Compliance Certificate accurately represents what would have been the Funded Debt to EBITDA Ratio at the end of the Relevant Fiscal Quarter had the material transaction closed at the beginning of the Relevant Period, the Funded Debt to EBITDA Ratio shall be the value of that ratio as disclosed in such *pro forma* Compliance Certificate.

"GAAP" means generally accepted accounting principles consistently applied which are in effect from time to time in Canada, as published in the Handbook of the Canadian Institute of Chartered Accountants.

"Governmental/Judicial Body" 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 within and 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.

"Guarantee" means any undertaking to assume, guarantee, indemnify, endorse (other than the routine endorsement of cheques in the ordinary course of business), contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any Indebtedness of any person; provided that the amount of each Guarantee shall be deemed to be the amount of the Indebtedness guaranteed thereby unless the Guarantee is limited to a specified amount as to realization exclusively on specified assets in which case the amount of such

Guarantee shall be deemed to be the lesser of such specified amount or the fair market value of such specified assets, as the case may be, or the amount of such Indebtedness.

"Guarantor" means each Subsidiary, Affiliate or other Person of or related to any Loan Party which has provided to the Agent the following (in each case in form and substance satisfactory to the Agent, acting reasonably) (i) a guarantee, pursuant to which such Guarantor guarantees to the Agent and the Lenders, the payment and performance of all present and future indebtedness, liabilities and obligations of the Borrower to the Agent and the Lenders, direct or indirect, absolute or contingent, joint or several, matured or unmatured; (ii) a security agreement pursuant to which such Guarantor grants to the Agent and the Lenders a Security Interest over all of such Guarantor's present and after-acquired real and personal property, assets and undertakings; and (iii) such other certificates, documents and legal opinions that the Agent may require, acting reasonably.

"Hazardous Material" means any substance or mixture of substances, or any pollutant or contaminant, toxic or dangerous waste, or hazardous material, as defined in or regulated by any Environmental Law, from time to time, that if Released to the environment could reasonably be expected to cause, immediately or at some future time, harm or damage to or impairment of the environment, or any risk to human health or safety or property.

"IDrilling" means IROC Drilling and Production Services Corp.

"IEnergy Services" means IROC Energy Services Corp.

"Indebtedness" means, with respect to any Person, all present and future indebtedness, liabilities and obligations created, incurred, assumed or guaranteed by such Person, whether absolute or contingent including all Indebtedness for borrowed money, any obligation arising in respect of any Swap or similar obligation and all liabilities (other than Indebtedness for borrowed money) which in accordance with GAAP would appear on the liability side of a balance sheet of such person prepared as at such time, except items of capital, retained earnings, surplus or deferred tax reserves, and unless otherwise indicated hereunder, **"Indebtedness"** means all Indebtedness of the Loan Parties under this Agreement or any other Credit Document, including without limitation, in respect of the Facilities and the Ancillary Facilities, and all fees, expenses and indemnity obligations hereunder and thereunder.

"Interest Expense" means, with respect to any Person for any period, without duplication, interest expense of such Person calculated on a consolidated basis and in accordance with GAAP as the same would be set forth or reflected in a consolidated statement of earnings of such person and, in any event and without limitation, shall include:

- (a) all interest accrued or payable in respect of such period;
- (b) all fees (including standby, letter of credit, guarantee, commitment and BA Fees) accrued or payable in respect of such period and which relate to any Debt, prorated (as required) over such period;
- (c) any difference between the face amount and the discount proceeds of any bankers' acceptances and other obligations issued at a discount, prorated (as required) over such period;

- (d) the interest component of capital lease obligations and any other financing lease obligations (whether a synthetic lease or otherwise and whether categorized as a true lease or a financing lease for income tax purposes); and
- (e) all net amounts charged or credited to interest expense under any interest rate hedge agreements in respect of such period.

"Interest Payment Date" means, with respect to Prime Rate Advances, the first Business Day of each month, provided that any earlier date on which the Facilities are fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Obligations then outstanding under the Facilities.

"Interest Swap" means any transaction, arrangement or agreement entered into between any Loan Party and a counterparty, on a case by case basis, including a futures contract, an interest rate swap, an interest rate option, a cap transaction, a floor transaction, a collar transaction or other similar interest-related transaction, the purpose of which is to manage, mitigate or eliminate such Loan Party's exposure to fluctuations in interest rates.

"Inventory" means all raw materials and inventory of the Borrower and its Material Subsidiaries comprising finished goods which is acceptable to the Lenders in their sole discretion (which shall be valued at any date at the lower of the applicable Loan Party's cost and the fair market value thereof on an average cost basis), and that meets and continues to meet all of the following requirements:

- (a) it is owned by the Borrower or a Material Subsidiary as readily saleable product with a right to subject it to a Security Interest;
- (b) it is located on premises of the Borrower or a Material Subsidiary;
- (c) it is not subject to any prior Security Interest, other than Permitted Encumbrances, has not given rise to an Account Receivable, and is subject to a valid first ranking Security Interest in favour of the Agent which is properly perfected in the jurisdiction where such inventory is located;
- (d) it is not stored with a bailee, consignee, warehouseman, processor or similar party, or located on any leased premises unless the Agent has given its prior written approval; and
- (e) it is not unacceptable due to obsolescence, age, type, category or quantity, including for greater certainty, returned, damaged, defective or spoiled inventory, and inventory unfit for intended usage,

but excludes all work in progress.

"Investment" means (a) any loan or other extension of credit (including the delivery of guarantees, indemnities or other financial assistance) or capital contribution (including a transfer of property) to, or acquisition of any Shares, bonds, notes, debentures or other securities of, any Person, and (b) any purchase of any assets constituting all or part of a business unit from any Person (excluding any deposit, advance, loan or extension of credit having its term not exceeding ninety (90) days representing a purchase price of inventory or supplies sold by such person in the ordinary course of business); and **"Invest"** and **"Invested"** shall be construed accordingly.

"ISDA Master Agreement" means the 2002 International Swap and Derivatives Association, Inc. Master Agreement (Multi Currency - Cross-Border) as from time to time amended, restated or replaced by the International Swap and Derivatives Association, Inc., including the schedule thereto and any confirmation thereunder as entered into by any Loan Party with any Swap counterparty.

"ITechnology" means IROC Technology Services Corp.

"LC Rate" means, from time to time, the applicable percentage rate per annum indicated beside the reference to **"LC Rate"** in the table to the definition of **"Applicable Margin"**.

"Lenders" means CWB, ATB and NBC, and any other banks and financial institutions who from time to time become party to this Agreement, and each of their respective successors and assigns, and **"Lender"** means any one of them.

"Lenders' Counsel" means the firm of Fraser Milner Casgrain LLP, or such other firm or legal counsel as the Agent may from time to time designate.

"Letter of Credit" means a documentary letter of credit, standby letter of credit or letter of guarantee (in a form acceptable to the Lender issuing such letter of credit or letter of guarantee) in Canadian Dollars.

"Letter of Credit Advance" means an Advance under Facility A by the Facility A Lenders pursuant to this Agreement by the issuance of Letters of Credit at the request and for the account of the Borrower.

"Loan Party" means, collectively, the Borrower and all Guarantors, and **"Loan Party"** means any one of them.

"Long-Term Debt" means, at any particular time, Indebtedness of the Borrower which does not mature within one year.

"Majority Lenders" means (i) when there are less than three Lenders, all of the Lenders; and (ii) when there are three or more Lenders, those Lenders holding, in the aggregate, a minimum of sixty five percent (65%) of the Total Commitments under all Facilities.

"Mark-to-Market" means, in respect of any Swap and for any day on which the Mark-to-Market is calculated, the amount, if any, that would be payable by any Loan Party to a Swap Lender (expressed as a positive number, a **"Positive Mark-to-Market"**) or by such Swap Lender to any Loan Party (expressed as a negative number, a **"Negative Mark-to-Market"**), estimated by making at mid-market the calculations required by Section 6(c)(ii)(3)(B) of the ISDA Master Agreement between such Swap Lender, on the one hand, and the Loan Party, on the other hand, as if such ISDA Master Agreement were being terminated as a result of a Termination Event with two Affected Parties on that day of calculation. For purposes of this definition, capitalized terms used in this definition and not defined in this Agreement shall have the meanings ascribed to them in such ISDA Master Agreement.

"MasterCard Documents" means NBC's standard form documents required to utilize the MasterCard Facility from time to time, copies of which have been provided to the Borrower.

"MasterCard Facility" means the MasterCard card products facility in the amount of \$500,000 or such amount as may be agreed to between NBC and the Borrower from time to time established by NBC in favour of the Borrower in accordance with the provisions hereof.

"Material Adverse Effect" means any matter, event or circumstance that individually or in the aggregate could have a material adverse effect on:

- (a) the business, financial condition, operations, property, assets or undertaking of the Loan Parties (taken as a whole);
- (b) the ability of any Loan Party to perform its obligation under any material contract, if it would also have a material adverse effect on the ability of such Loan Party to pay and perform its Obligations in accordance with this Agreement;
- (c) the ability of the Borrower to pay and perform its Obligations in accordance with this Agreement;
- (d) the validity or enforceability of this Agreement or any other Credit Document;
- (e) the rights and remedies of the Lenders and the Agent under the Credit Documents; or
- (f) the priority ranking of any of the Security Interests granted by the Security or the rights or remedies intended or purported to be granted to the Agent and the Lenders under or pursuant to the Security.

"Material Funded Acquisition" means any Funded Acquisition with a value in excess of twenty percent (20%) of the Consolidated Net Tangible Total Assets reported for the most recent Fiscal Quarter.

"Material Subsidiary" means, at any time, any Subsidiary of any Loan Party whose total assets constitute more than 5% of the Consolidated Net Tangible Assets, or whose total revenue (calculated on its preceding consecutive twelve month period) constitutes more than 5% of the consolidated revenue of the Loan Parties for the then preceding consecutive twelve month period, or who has provided a Subsidiary Guarantee and Security to the Agent.

"Maturity Date" means the last day of the Term-Out Period.

"Monthly Certificate" means a certificate of a Responsible Officer of the Borrower required from time to time pursuant to Section 8.3(f), the form of which is attached hereto as Schedule G.

"Monthly Reduction Date" means the day in each calendar month following the calendar month in which the Term-Out Date occurs and which corresponds to the Term-Out Date, or if there is no day in such month which corresponds to the Term-Out Date, the 1st Business Day of such month, or such other date as determined by the Agent.

"NBC" means National Bank of Canada.

"New Term-Out Date" has the meaning ascribed thereto in Section 3.6(a).

"Non-Agreeing Lender" has the meaning ascribed thereto in Section 3.6(b)(i).

"Non BA Lender" means a Lender which is not permitted by Applicable Law or by customary market practices to stamp, for purposes of subsequent sale, or accept, a Bankers' Acceptance.

"Non-Conflicted Lender" has the meaning ascribed thereto in Section 3.10(b).

"Notification Date" has the meaning ascribed thereto in Section 3.6(a).

"Notional Bankers' Acceptance" has the meaning ascribed thereto in Section 2.13(b).

"Obligations" means all of the present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or unmatured of the Loan Parties at any time owing to any of the Agent, the Lenders and the Swap Lenders under, pursuant to or in connection with (i) this Agreement and the other Credit Documents, and (ii) Eligible Swaps; including without limitation all principal, interest, fees, indemnities, costs and expenses owing by the Loan Parties.

"Offer of Extension" means a written offer by the Agent, on behalf of the Applicable Lenders, to the Borrower to extend the Term-Out Date to a date 364 days from the then existing Term-Out Date, as applicable, and setting forth the terms and conditions on which such extension is being offered by the Applicable Lenders.

"Outstanding Debentures" means the 8% unsecured non-convertible debentures, with interest payable quarterly, with principal repayable in full on September 12, 2008 which, as of September 30, 2007 the outstanding amount of which is \$6,648,625.00.

"Outstanding Principal" means, at any time in relation to any Facility, the aggregate at such time of: (a) the principal amounts outstanding of all Prime Rate Advances, (b) the Equivalent Amount in Cdn Dollars of the maximum undrawn amounts in respect of outstanding Letters of Credit; and (c) the Face Amount of all outstanding BA Advances.

"Overdraft" means an amount owing by the Borrower to the Swingline Lender from time to time as a result of clearance of cheques or drafts drawn on, or transfer of funds from, accounts of the Borrower maintained with the Swingline Lender at its branch of account in Cdn Dollars for such purpose.

"Partnership" means IROC Energy Services Partnership, whose partners are as of the date hereof, IDrilling, ITechnology and IEnergy Services.

"Participant" shall have the meaning ascribed thereto in Section 11.3.

"Participation" shall have the meaning ascribed thereto in Section 11.3.

"Permits" means governmental licenses, authorizations, consents, registrations, exemptions, permits and other approvals required by Applicable Law.

"Permitted Contest" means any action taken by a Loan Party in good faith by appropriate proceedings diligently pursued to contest Taxes or a Security Interest, provided that:

- (a) such Person has established reasonable reserves therefor as are required in accordance with GAAP;

- (b) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect;
- (c) proceeding with such contest will not create a material risk of sale, forfeiture or loss of, or interference with the use or operation of the Loan Party's Property; and
- (d) proceeding with such contest does not create a Default or Event of Default.

"Permitted Disposition" means, in respect of any Loan Party and subject to the restrictions in Section 8.8:

- (a) any sale, trade or other disposition of any tools, implements, equipment or machinery which may have become worn out, unserviceable, obsolete, unsuitable or unnecessary in operations;
- (b) abandonments, surrenders or terminations of Property, rights or interests in accordance with sound industry practice; and
- (c) the sale or other disposition of any Property, rights or interests by any Loan Party to another Loan Party.

"Permitted Encumbrances" means, in respect of any Loan Party, any of the following:

- (a) liens for taxes, rates, assessments or other governmental charges or levies not yet due (or if overdue are being contested by such person diligently by a Permitted Contest and in good faith by appropriate proceedings and then, only for so long as such contestation effectively postpones the rights of the holders thereof to enforce such liens);
- (b) Purchase Money Security Interests and Capital Leases which Purchase Money Security Interests and Capital Leases (other than leases of premises for the Business), in respect of the Loan Parties, do not at any time secure obligations exceeding \$3,000,000;
- (c) inchoate liens, charges or encumbrances imposed or permitted by laws such as garagemens' liens, carriers' liens, builders' liens, materialmens' liens and other liens, privileges or other charges of a similar nature which relate to obligations not due or delinquent or if due or delinquent are being contested by such Loan Party diligently and in good faith by appropriate proceedings;
- (d) liens to secure its assessments or current obligations which are not at the time overdue or otherwise dischargeable by the payment of money, and which are incurred in the ordinary course of its business under workers' compensation laws, unemployment insurance or other social security legislation or similar legislation, provided that such liens are in amounts commensurate with such current obligations;
- (e) liens or any rights of distress reserved in or exercisable under any lease or sublease to which it is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such rent is not then overdue and it is then in compliance in all material respects with such terms;
- (f) the right reserved to or vested in any Governmental/Judicial Body by the terms of any lease, license, grant or Permit or by any statutory or regulatory provision to terminate any

such lease, license, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

- (g) any mortgage, charge, lien or security interest in respect of any deposits in connection with bids or tenders;
- (h) the Security Interests created under the Security;
- (i) all reservations in the original grant from the Crown of any lands or interests therein and all statutory exceptions, qualifications and reservations in respect of title;
- (j) easements, rights-of-way, servitudes or other similar rights in and (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which either alone or in the aggregate do not detract from the value of such land or materially impair its use in the operation of any Loan Party's business;
- (k) security given by any Loan Party to a public utility or any municipality or governmental or other public authority when required by such public utility or municipality or other governmental authority in the ordinary course of the business of any Loan Party in connection with such Loan Party's operations provided such security does not either alone or in the aggregate materially detract from the value of the property or assets affected thereby or materially impair its use in the conduct of such Loan Party's business;
- (l) Security Interests granted to a Swap counterparty (other than to a Swap Lender) which rank in all respects subordinate to the Security;
- (m) operating leases: or
- (n) other Security Interests agreed to in writing by the Majority Lenders.

"Permitted Indebtedness" means:

- (a) trade payables of the Loan Parties (other than Indebtedness for borrowed money) incurred in the ordinary course of business, provided that such Indebtedness is classified as a current liability on the Financial Statements;
- (b) all Indebtedness of the Loan Parties to the Agent and the Lenders under this Agreement or under or secured by any Credit Document;
- (c) all Indebtedness of any Loan Party to another Loan Party;
- (d) the Convertible Debentures;
- (e) the Outstanding Debentures; and
- (f) such other Indebtedness of the Borrower or any Material Subsidiary which the Agent, acting on instructions of the Majority Lenders, has consented to in writing.

"Permitted Swap" means a Swap entered into by a Loan Party with a counterparty (other than a Swap Lender) which, at the time the Swap is entered into: (i) is unsecured, (ii) is not for

speculative purposes or (iii) is secured but otherwise complies with the restrictions in subparagraph (l) in the definition of "Permitted Encumbrances".

"Person" or "person" means any individual, corporation, company, partnership, unincorporated association, trust, joint venture, estate or other judicial entity or any governmental body.

"Prime Rate" means, on any day with respect to Prime Rate Advances, the greater of:

- (a) the floating annual rate of interest announced from time to time by the Agent as being its reference rate then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by it in Canada; and
- (b) a rate of interest per 365 day period equal to the CDOR Rate (one month) plus 100 bps.

"Prime Rate Advance" means the portion of an Advance made available by an Applicable Lender to the Borrower pursuant to Section 2.5 and outstanding from time to time, which is denominated in Canadian Dollars (including all amounts advanced to the Borrower by the Swingline Lender by way of Overdraft) and on which the Borrower has agreed to pay interest in accordance with Section 4.1.

"Priority Payable" means, at any time, any amount due and payable at such time by an obligor which is secured by an encumbrance or statutory right or claim in favour of any Governmental/Judicial Body which ranks or is capable of ranking prior to or *pari passu* with the Security Interests created by the Security in respect of any Account Receivable including, without limitation, amounts due and payable for wages, vacation pay, termination and severance pay, employee deductions (including income, withholding, social security and other employment taxes), sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of GST input credits), workers compensation premiums, municipal taxes, government royalties, pension fund obligations and overdue rents or taxes.

"Property" means, with respect to any Person, all or any portion of its undertaking, property, equipment and assets for the time being, both real and personal, tangible and intangible.

"Proportionate Share" means in respect of each Lender from time to time:

- (a) with respect to the Facilities, the Foreign Exchange Facility and the Eligible Swaps Facility, (i) prior to the giving of an Acceleration Notice under Section 9.2, the percentage of the Total Commitment which a Lender has agreed to advance to the Borrower determined by dividing the Lender's Commitment in respect of the Facilities by the aggregate of all of the Lenders' Commitments with respect to the Facilities, and (ii) after the giving of an Acceleration Notice under Section 9.2, the percentage determined by dividing the Obligations owed by the Borrower to each Lender by the aggregate of all Obligations owed by the Borrower to all of the Lenders;
- (b) with respect to an Advance or a payment only under the applicable Facility and prior to the giving of an Acceleration Notice under Section 9.2,
 - (i) at any time when all of the Lenders are Agreeing Lenders, the percentage of the Commitments which a Lender has agreed to advance to the Borrower determined by dividing the Lender's Commitment in respect of the applicable Facility by the aggregate of all of the Lenders' Commitments with respect to such Facility, or

- (ii) at any time when there are one or more Agreeing Lenders and one or more Non-Agreeing Lenders, then in respect of:
 - (A) an Advance under the applicable Facility, the percentage of such Facility which each Agreeing Lender has agreed to advance to the Borrower, determined by dividing the Lender's Commitment of each Agreeing Lender in respect of such Facility by the aggregate of all of the Agreeing Lenders' Commitments with respect to such Facility,
 - (B) a payment of interest under the applicable Facility, the percentage thereof determined by dividing the Obligations owed by the Borrower to each Lender with respect to such Facility by the aggregate of all Obligations owed by the Borrower to all of the Lenders with respect to such Facility, excluding any interest payable on Letter of Credit Advances,
 - (C) a payment of principal made prior to the Term-Out Date of any Lender, then if such payment is (x) not made as a permanent repayment and reduction of the applicable Facility, the share shall be for Agreeing Lenders only and for each Agreeing Lender shall be determined by dividing the Obligations owed by the Borrower to each Agreeing Lender by the aggregate of all Obligations owed by the Borrower to all of the Agreeing Lenders with respect to such Facility, or (y) made as a permanent repayment and reduction of the applicable Facility, the share for all Lenders shall be determined by dividing each Lender's Commitment with respect to such Facility by the aggregate of all of the Lenders' Commitments with respect to such Facility, provided that no Lender shall be required to be paid any amount greater than required to reduce its outstanding Advances under such Facility to its Commitment, as so reduced,
 - (D) a payment of fees (other than BA Fees payable only on a Rollover or Conversion) under the applicable Facility, a percentage thereof for each Agreeing Lender determined by dividing the Lender's Commitment of each Agreeing Lender with respect to such Facility by the aggregate of all of the Agreeing Lenders' Commitments with respect to such Facility, and
 - (E) a payment of BA Fees upon a Rollover or Conversion (and not involving an Advance) under the applicable Facility, the percentage for each Lender determined by dividing the Obligations owed by the Borrower to each Lender with respect to such Facility by the aggregate of all Obligations owed by the Borrower to all of the Lenders with respect to such Facility;
- (c) with respect to a cancellation of Commitments pursuant to Section 3.6 for each Non-Agreeing Lender to which the cancellation is applicable, the percentage determined by dividing such Lender's Commitment with respect to such Facility by the aggregate of all Lenders' Commitments with respect to such Facility;

- (d) on the Term-Out Date of any Lender, the percentage for that Lender determined by dividing the Obligations owed by the Borrower to each Lender with respect to the applicable Facility by the aggregate of all Obligations owed by the Borrower to all of the Lenders with respect to such Facility having a concurrent Term-Out Date;
- (e) prior to the giving of an Acceleration Notice under Section 9.2, 100% for the Swingline Lender and 0% for all other Lenders with respect to an Advance by or a repayment to the Swingline Lender only under the Swingline Facility;
- (f) prior to the giving of an Acceleration Notice under Section 9.2, 100% for NBC and 0% for all other Lenders with respect to an Advance by or a repayment to NBC only under the EFT Facility and the MasterCard Facility;
- (g) prior to the giving of an Acceleration Notice under Section 9.2, with respect to any other Obligations owing by the Borrower hereunder, the *pro rata* aggregate unpaid amount of such outstanding Obligations owed to each Lender under this Agreement; and
- (h) after the giving of an Acceleration Notice under Section 9.2 and subject in respect of the Lenders to the provisions of Section 10.6 with respect to the Obligations owed by the Borrower to all of the Lenders, the percentage of the Obligations of the Borrower to the Lenders determined by dividing the amount of such Obligations owed by the Borrower to each Lender by the aggregate of all of the then outstanding Obligations owed by the Borrower to all of the Lenders (which for greater certainty shall include all Obligations under Eligible Swap Agreements owed by the Borrower and any Material Subsidiaries to any Swap Lenders and to persons who ceased to be Lenders hereunder after entering into such Eligible Swap Agreements).

"Purchase Money Security Interest" means a Security Interest created by the Borrower or a Material Subsidiary securing Debt incurred to finance the acquisition of assets, provided that (i) such Security Interest is created substantially simultaneously with the acquisition of such assets, (ii) such Security Interest does not at any time encumber any Property other than the Property financed by such Debt, (iii) the amount of Debt secured thereby is not increased subsequent to such acquisition, and (iv) the principal amount of Debt secured by any such Security Interest at no time exceeds 100% of the original purchase price of such property at the time it was acquired; and in this definition, the term **"acquisition"**, for the purposes of this definition, shall include without limitation, a Capital Lease, and the term **"acquire"** shall have a corresponding meaning.

"Purchasing Lender" has the meaning ascribed thereto in Section 3.6(e).

"rateably" means the proportion that the total Indebtedness of the Borrower to each Lender bears to the aggregate of the Indebtedness of the Borrower to all Lenders at such time.

"Release" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, leeching or migration of any element or compound in or into the indoor or outdoor environment (including the abandonment or disposal of any barrels, tanks, containers or receptacles containing any contaminant), or in, into or out of any vessel or facility, including the movement of any contaminant through the air, soil, subsoil, surface, water, groundwater, rock formation or otherwise.

"Relevant Jurisdiction" means, from time to time, any province or territory in Canada or other relevant political subdivision of any other jurisdiction in which the Borrower or any Material

Subsidiary has material Property or in which it carries on material business and, for the purposes of this Agreement as of the date hereof, means Alberta, British Columbia and Saskatchewan.

"Request for an Offer of Extension" means a request by the Borrower to the Agent for an offer by the Applicable Lenders to extend the Revolving Period pursuant to Section 3.6(a), in the form attached hereto as Schedule "E", executed by a Responsible Officer of the Borrower.

"Requested Lender" has the meaning ascribed thereto in Section 3.6(a).

"Responsible Officer" means the chief executive officer or chief financial officer of the applicable Loan Party.

"Revolving Period" means the period commencing on the Effective Date and ending at 2:30 p.m. (Calgary time) on the earliest of (i) the day immediately prior to the Term-Out Date, and (ii) the day on which Acceleration Notice is made pursuant to Section 9.2.

"Rollover" means a rollover of a BA Advance into another BA Advance, or a rollover of or an extension of a Letter of Credit Advance, as permitted hereby, and **"Rolled Over"** has a corresponding meaning.

"Rollover Date" means a Business Day on which a Rollover is to be made pursuant to a Rollover Notice.

"Rollover Notice" means a notice in the form of Schedule "C" attached hereto.

"Section" means the designated section of this Agreement.

"Security" means the security documents listed in Section 5.1, any amendments thereto, any indentures supplemental to or in implementation of the security documents, and any and all other documents, instruments or agreements held from time to time by the Agent, securing or intended to secure payment and performance of the Obligations.

"Security Interest" means any assignment, mortgage, charge, pledge, lien, hypothec, encumbrance securing or in effect securing an obligation or any Indebtedness of any Person, conditional sale, title retention agreement or security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or not, and includes the rights of a lessor pursuant to a Capital Lease and any other interest in property or assets, howsoever created or arising, that secures payment or performance of an obligation, but does not include a right of set-off or a set-off.

"Shares" means:

- (a) in respect of a corporation, shares of any class of a corporation:
 - (i) carrying voting rights in all circumstances, or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing,

provided that subparagraph (ii) above shall not include voting rights created solely by statute, such as those rights created pursuant to section 183(4) of the *Business Corporations Act* (Alberta) as in effect on the date hereof;

- (b) in respect to a trust, trust units of such trust and shares exchangeable into trust units of such trust:
 - (i) carrying voting rights in all circumstances, or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing,
- (c) in respect to a partnership, the partnership interests or partnership units:
 - (i) carrying voting rights in all circumstances, or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing.

"Subsidiary" means:

- (a) a Person of which another Person alone or in conjunction with its other Subsidiaries owns an aggregate number of Shares sufficient to enable the election of a majority of the directors (or other Persons performing similar functions) regardless of the manner in which other Shares are voted by any Loan Party or one or more of their respective Subsidiaries, or by a combination thereof;
- (b) a Person of which another Person alone or in conjunction with its other Subsidiaries has, through the operation of any agreement or otherwise, the ability to elect or cause the election of a majority of the directors (or other Persons performing similar functions) or otherwise exercise control over the management and policies of such Person by any Loan Party or one or more of their respective Subsidiaries, or by a combination thereof;
- (c) any trust of which 50% or more of the equity or beneficial interests therein are owned or controlled by any Loan Party or one or more of their respective Subsidiaries, or by a combination thereof;
- (d) any partnership or joint venture of which any Loan Party:
 - (i) is the general or managing partner, or
 - (ii) directly or indirectly, owns more than 50% of the equity or beneficial interest thereof,

and shall include any Person in like relation to a Subsidiary.

"Subsidiary Guarantee" means a guarantee granted or to be granted by a Material Subsidiary to the Agent pursuant to which it guarantees the payment and performance of the Obligations of the Borrower to the Agent, the Lenders and the Swap Lenders, as the same may be amended, modified, supplemented, varied, restated or replaced from time to time.

"Successor Agent" has the meaning ascribed thereto in Section 10.11.

"**Swap**" means any Commodity Swap, Currency Swap or Interest Swap.

"**Swap Demand for Repayment**" means a demand made by a Swap Lender pursuant to an agreement evidencing an Eligible Swap demanding repayment of all Indebtedness relating thereto and includes, without limitation, any notice under any agreement evidencing an Eligible Swap which, when delivered, would require an early termination thereof and may require a payment by the Borrower in settlement of obligations thereunder as a result of such early termination.

"**Swap Lender**" means a Person which, at the time that it entered into any Eligible Swap with the Borrower or a Material Subsidiary, was a Lender or an Affiliate of a Lender.

"**Swingline Commitment**" means the Commitment of the Swingline Lender in respect of the Swingline Facility set out in Schedule "A" hereto, as such Schedule may hereafter be amended from time to time.

"**Swingline Excess Notice**" means a notice from the Swingline Lender to the Agent pursuant to Section 2.1 hereof identifying any excess Indebtedness beyond the Swingline Commitment and requiring Lenders, subject to the other terms hereof, to make their respective Proportionate Share of Advances under Facility A to repay all outstanding Indebtedness under the Swingline Facility as at such time, unless as otherwise arranged with the Agent.

"**Swingline Facility**" means the extendible revolving swingline loan facility more particularly described in Section 2.1(a), which Swingline Facility is a sublimit of Facility A.

"**Swingline Lender**" means CWB in respect of Advances under the Swingline Facility, or any other Facility A Lender which may replace or succeed CWB in such capacity from time to time.

"**Takeover**" has the meaning ascribed thereto in Section 3.10.

"**Takeover Loan**" has the meaning ascribed thereto in Section 3.10(c).

"**Taxes**" means all taxes, levies, rates, assessments, charges, imposts, stamp taxes, duties, deductions, withholdings and similar impositions payable, levied, collected, withheld or assessed as of the date of this Agreement or at any time in the future under the laws of Canada or any political subdivision thereof, and "**Tax**" shall have a corresponding meaning.

"**Term-Out Date**" means May 31, 2008, or if the Revolving Period is extended pursuant to Section 3.6, to the date to which it is extended hereunder, or that due date of all Obligations resulting from the giving of an Acceleration Notice.

"**Term-Out Period**" means the period commencing on the Term-Out Date and ending on the third anniversary of the Term-Out Date.

"**Total Commitment**" means the aggregate of the Commitments of all of the Lenders under the Facilities, as hereafter cancelled, reduced, increased or terminated from time to time pursuant to this Agreement.

"**Total Debt**" means, in respect of IEnergy Services, on a consolidated basis, Indebtedness calculated in accordance with GAAP but excluding, without duplication (i) any future Taxes, (ii) Indebtedness which is subordinated to the Indebtedness under the Credit Documents and the Eligible Swaps to the satisfaction of the Lenders, (iii) Shares where the holder thereof has agreed

not to redeem such Shares without the prior written consent of the Majority Lenders; and (iv) any Convertible Debentures.

"Total Debt to Capitalization Ratio" means, with respect to IEnergy Services on a consolidated basis at any time, the ratio of Total Debt to Capitalization at such time.

"Trailing Fiscal Quarters" means the most recently completed consecutive four (4) Fiscal Quarters.

"Unfunded Capex" means for any period, the sum (without duplication) of the aggregate amount of all Capital Expenditures of any Loan Party made during such period, where such expenditures are not funded by Funded Debt or equity investments made by the holders of Shares in any Loan Party less the aggregate amounts of any undrawn availability under the Facilities to the extent that such deduction would not otherwise cause a Default or Event of Default.

"US Dollars" and the symbol **"US\$"** each means lawful money of the United States of America.

1.2 Knowledge

Where any representation, warranty or other provision of this Agreement is qualified by reference to the knowledge of any Loan Party, after reasonable inquiry, it shall be deemed to refer to the actual knowledge of the senior management of any Loan Party after having made such inquiries of its Responsible Officers, and, if as a result of the actual knowledge of such Responsible Officers after having made such inquiries, there is an issue or matter known that would reasonably require advice from professional advisors, the professional advisors of any Loan Party likely to have knowledge of the relevant subject matter.

1.3 Headings and Table of Contents

The headings, the table of contents and the article and section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 References

Unless something in the subject matter or context is inconsistent therewith, all references to Sections, Articles and Schedules are to Sections, Articles of and Schedules to this Agreement.

1.5 Rules of Interpretation

In this Agreement, unless otherwise specifically provided, the singular includes the plural and vice versa, and "in writing" or "written" includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including by facsimile.

1.6 Generally Accepted Accounting Principles

All financial statements required to be furnished by the Borrower to the Agent hereunder shall be prepared in accordance with GAAP. Each accounting term used in this Agreement, unless otherwise defined herein, has the meaning assigned to it under GAAP and, except as otherwise provided herein, reference to any balance sheet item, statement of income item or statement of cash flows item means such item as computed from the applicable financial statement prepared in accordance with GAAP.

1.7 Time

Unless otherwise provided herein, all references to a time in this Agreement shall mean local time in Calgary, Alberta.

1.8 Monetary References

Whenever an amount of money is referred to herein, such amount shall, unless otherwise expressly stated, be in Canadian Dollars.

1.9 Payment for Value

All payments required to be made hereunder shall be made for value on the required day in same day immediately available funds.

1.10 Schedules

Schedule "A"	-	Commitments of the Lenders
Schedule "B"	-	Compliance Certificate
Schedule "C"	-	Drawdown, Conversion or Rollover Notice
Schedule "D"	-	Repayment Notice
Schedule "E"	-	Request for an Offer of Extension
Schedule "F"	-	Assignment Agreement
Schedule "G"	-	Monthly Certificate

ARTICLE II CREDIT FACILITIES

2.1 Swingline Facility

- (a) Subject to the provisions of this Agreement, the Swingline Lender agrees to provide a revolving credit (the "Swingline Facility") under which the Borrower may borrow, repay and reborrow an aggregate principal amount up to the Swingline Commitment, as a sublimit of Facility A. At the option of the Borrower, the Swingline Facility may be used by requesting Prime Rate Advances from the Swingline Lender; provided that such Prime Rate Advances are also available by way of Overdraft without notice. Each Advance under the Swingline Facility by way of Overdraft in Canadian Dollars shall automatically be deemed to be a Prime Rate Advance. The Borrower covenants and agrees not to effect any Overdraft hereunder which would cause the Outstanding Principal under the Swingline Facility to exceed the Swingline Commitment at any time, and acknowledges that the Swingline Lender reserves the right to refuse to honour any Overdraft hereunder which, in the opinion of the Swingline Lender, would have the effect of causing the Swingline Commitment to be so exceeded. If, at the end of any Business Day, there is a credit balance in excess of a multiple of \$50,000 in the Borrower's Account, the Swingline Lender, in conjunction with the Agent, will apply such credit balance, up to such multiple, to Prime Rate Advances outstanding under Facility A on the next Business Day when NBC is not the Swingline Lender or on such Business Day when the Swingline Lender is NBC.

- (b) The Swingline Lender shall monitor the Swingline Facility for the purpose of identifying any excess Indebtedness thereunder beyond the Swingline Commitment and, upon the Swingline Lender becoming aware of any such excess Indebtedness under the Swingline Facility in any amount which exceeds the Swingline Commitment, the Swingline Lender shall forthwith provide notice thereof to the Borrower and the Agent. Upon receipt of such notice from the Swingline Lender, the Agent shall provide the Lenders with a Swingline Excess Notice and the Lenders shall, subject to Section 6.2 hereof, make Prime Rate Advances in their respective Proportionate Shares to repay all outstanding Indebtedness under the Swingline Facility as at such time if NBC is the Swingline Lender or the next Business Day if NBC is not the Swingline Lender.

2.2 Facility A

- (a) Subject to the provisions of this Agreement, the Facility A Lenders agree to provide a revolving credit facility ("**Facility A**") under which the Borrower may borrow, repay and reborrow an aggregate principal amount (the "**Facility A Lending Limit**") up to the lesser of (i) the Facility A Commitment at that time, and (ii) the sum of the Borrowing Base at that time; provided that the obligation of each Facility A Lender to make Advances under Facility A shall be several and shall not exceed its Proportionate Share of the Facility A Commitment. At the option of the Borrower, Facility A may be used by requesting Prime Rate Advances, BA Advances or Letter of Credit Advances from the Facility A Lenders. Facility A shall only be used to refinance existing debt and for ongoing working capital and general corporate purposes of the Borrower, and to pay the fees, costs and expenses relating to the preparation, negotiation and settlement of this Agreement, the Security and the other Credit Documents.
- (b) The Agent may also permit that Prime Rate Advances under Facility A be owing to the Lenders in proportions other than those of their respective Commitments under Facility A, but the Agent may from time to time (but will, not less frequently than on a weekly basis), and will upon the request of the Swingline Lender, make adjustments among the Lenders so that all such Advances be approximately in the proportion of the respective Commitments of the Lenders (including the Lender who is the Swingline Lender) under Facility A.

2.3 Facility B; New Commitments

- (a) Subject to the provisions of this Agreement, the Facility B Lenders agree to provide a revolving credit facility ("**Facility B**") under which the Borrower may borrow, repay and reborrow an aggregate principal amount up to the lesser of (i) the Facility B Commitment at that time, or (ii) sixty percent (60%) of the Book Value of the Consolidated Net Tangible Capital Assets, less the outstanding Indebtedness secured by an Security Interest that has priority over of the Security in respect of such Capital Assets in favour of any Person other than the Lender at that time (with such amount calculated in (ii) above being referred to as the "**Facility B Lending Value**"); provided that the obligation of each Facility B Lender to make Advances under Facility B shall be several and shall not exceed its Proportionate Share of the Facility B Commitment. At the option of the Borrower, Facility B may be used by requesting Prime Rate Advances or BA Advances from the Facility B Lenders. Facility B shall only be used to finance Acquisitions, Capital Expenditures and for general corporate purposes of the Borrower, on and subject to the other provisions of this Agreement.

- (b) The Borrower may, by written notice to the Agent request commitments (the "**New Commitments**") to increase the Facility A Commitment, the Facility B Commitment, or both of such Commitments, such that the aggregate amount of the Facility A Commitment, the Facility B Commitment and the New Commitments do not exceed \$100,000,000. The notice shall specify the date (the "**Increased Amount Date**") on which the New Commitments are required, which shall be a date not less than thirty (30) Business Days after the date on which the Agent delivers such notice from the Borrower to the Lenders. Each Lender shall have the sole discretion to elect or decline to provide all or a portion of the New Commitments.

The New Commitments shall become available on the Increased Amount Date provided that:

- (i) no Default or Event of Default exists on the Increased Amount Date, before or after giving effect to the New Commitments;
- (ii) both before and after giving effect to extensions of credit pursuant to the New Commitments, each of the conditions set forth in Sections 6.2 and 6.3 hereof shall be satisfied;
- (iii) the New Commitments shall be effected pursuant to an agreement (the "**Joinder Agreement**") executed and delivered by the Borrower, the other Loan Parties, the Agent, each of the Lenders herein and the financial institutions, if any, extending the New Commitments incorporating such terms and conditions as reasonably required by Lenders (the "**New Lenders**");
- (iv) any fees payable in connection with the New Commitments are paid;
- (v) the Borrower has delivered, or caused to be delivered, any legal opinions or other documents reasonably required by the Agent; and
- (vi) the Agent may, in its discretion, allocate the amounts of the New Commitments to the New Lenders in the event the aggregate of the New Commitments from each of the New Lenders exceeds the aggregate amount of the New Commitments requested by the Borrower.

On any Increased Amount Date on which any New Commitments are effective, subject to the satisfaction of the foregoing terms and conditions, (i) each of the Lenders and each financial institution, if any, with a New Commitment shall be entitled to make Advances to the Borrower (the "New Loans") in an amount equal to its New Commitment, and (ii) each New Lender shall become a Lender hereunder with respect to the New Commitment and the New Loans made pursuant thereto.

The terms and provisions of the New Loans and New Commitments shall be, except as otherwise set forth herein or in the Joinder Agreement, identical to those applicable to the Advances hereunder.

2.4 Revolverment – Facilities

- (a) The principal amount of any Advance under the Swingline Facility that is repaid may be reborrowed from time to time, subject to the restrictions set out in Section 2.1, until the Term-Out Date.
- (b) The principal amount of any Advance under Facility A that is repaid may be reborrowed from time to time, subject to the restrictions set out in Section 2.2, until the Term-Out Date, following which all undrawn Commitments under Facility A will be cancelled and Facility A shall become immediately due and payable.
- (c) The principal amount of any Advance under Facility B that is repaid may be reborrowed from time to time, subject to the restrictions set out in Section 2.3, until the Term-Out Date, following which all undrawn Commitments under Facility B will be cancelled and all Obligations under Facility B shall become due and payable pursuant to Section 3.5.

2.5 Prime Rate Advances

Subject to the other provisions of this Agreement, upon timely fulfillment of all applicable conditions as set forth in this Agreement, the Swingline Lender (in the case of the Swingline Facility) or the Applicable Lenders (in the case of Facility A or Facility B, as the case may be) will make the requested amount of a Prime Rate Advance available to the Borrower on the Drawdown Date requested by the Borrower by crediting such amount to the Borrower's Account or the Agent's Account, as applicable. Each Prime Rate Advance under the Swingline Facility or Facility A, as the case may be, shall be in a minimum amount of \$50,000 and in whole multiples of \$50,000 thereafter, and each Prime Rate Advance under Facility B shall be in a minimum amount of \$250,000 and in whole multiples of \$250,000 thereafter.

2.6 Evidence of Indebtedness

The Indebtedness of the Borrower resulting from Advances made by the Lenders under all Facilities shall be evidenced by records maintained by the Agent or the Swingline Lender with respect to the Swingline Facility (including by way of Overdraft). The records maintained by the Agent regarding the Facilities or the Swingline Lender with respect to the Swingline Facility shall constitute in the absence of manifest error *prima facie* evidence of the Indebtedness of the Borrower to the Lenders in respect of Advances made, and all details relating thereto. The failure by the Agent or the Swingline Lender with respect to the Swingline Facility shall not, however, adversely affect the Obligations of the Borrower to pay amounts due hereunder to the Lenders in accordance with this Agreement.

2.7 Conversions

Subject to the other terms of this Agreement, the Borrower may from time to time convert all or any part of the outstanding amount of any Advance under any Facility into another form of Advance permitted by this Agreement.

2.8 Payment and Notice of Drawdowns, Rollovers and Conversions

- (a) The Borrower shall give the Agent irrevocable written notice, in the form of a Conversion Notice for a Conversion, in the form of a Rollover Notice for a Rollover, and in the form of a Drawdown Notice for any subsequent Advance, in each case if made under Facilities as applicable, other than in respect of any Rollover, Conversion, or Advance under the Swingline Facility.
- (b) No Drawdown Notice shall be required for any Prime Rate Advance made under the Swingline Facility.
- (c) If a Drawdown Notice relating to a Prime Rate Advance to be made under Facility A or Facility B, as the case may be, is received by the Agent before 10:00 a.m. (Calgary time) on any Business Day, funds shall be advanced on the first Business Day after the Drawdown Notice is received by the Agent or such later date as may be specified by the Borrower as the Drawdown Date.
- (d) Drawdown Notices, Rollover Notices and Conversion Notices relating to BA Advances, requests for BA Equivalent Loans and requests for Letter of Credit Advances shall be given not later than 10:00 a.m. (Calgary time) on any Business Day. If a Drawdown Notice, Rollover Notice or Conversion Notice relating to a BA Advance or a BA Equivalent Loan or a Letter of Credit Advance under Facility A or Facility B, as the case may be, is received by the Agent before 10:00 a.m. (Calgary time) on any Business Day, funds shall be advanced on the second Business Day after such notice is received by the Agent or such later date as may be specified by the Borrower as the Drawdown Date, Rollover Date or Conversion Date, as applicable.
- (e) Payments (other than those being made solely from the proceeds of Rollovers and Conversions) must be made prior to 11:00 a.m. (Calgary time) on any Business Day that such payment is due.
- (f) If a notice or payment is not given or made by the times required by this Section 2.8, it shall be deemed to have been given or made on the next Business Day unless all Lenders affected by the late notice or payment agree, in their sole discretion, to accept a notice or payment at a later time as being effective on the date it is given or made.

2.9 Co-ordination of Prime Rate Advances – Facility A

Each Facility A Lender shall advance its Proportionate Share of each Prime Rate Advance under Facility A in accordance with the following provisions:

- (a) the Agent shall advise each Facility A Lender of its receipt of notice from the Borrower pursuant to Section 2.8, on the day such notice is received, and shall as soon as possible advise each Facility A Lender of such Lender's Proportionate Share of the Advance requested by such notice;

- (b) each Facility A Lender shall deliver its Proportionate Share of the requested Advance to the Agent not later than 12:00 noon (Calgary time) on the Drawdown Date; and
- (c) subject to meeting the conditions precedent in respect thereof by not later than 12:00 noon (Calgary time) on the Drawdown Date, the Agent shall advance to the Borrower the amount delivered by each Facility A Lender by crediting the Agent's Account, provided that if the conditions precedent to the Advance are not met by 12:00 noon (Calgary time) on the Drawdown Date, the Agent shall return the funds to the Facility A Lenders or invest them in an overnight investment in the Agent's discretion until such time as the Advance is made.

2.10 Co-ordination of Prime Rate Advances - Facility B

Each Facility B Lender shall advance its Proportionate Share of each Prime Rate Advance under Facility B in accordance with the following provisions:

- (a) the Agent shall advise each Facility B Lender of its receipt of notice from the Borrower pursuant to Section 2.8, on the day such notice is received, and shall as soon as possible advise each Facility B Lender of such Lender's Proportionate Share of the Advance requested by such notice;
- (b) each Facility B Lender shall deliver its Proportionate Share of the requested Advance to the Agent not later than 12:00 noon (Calgary time) on the Drawdown Date; and
- (c) subject to meeting the conditions precedent in respect thereof by not later than 12:00 noon (Calgary time) on the Drawdown Date, the Agent shall advance to the Borrower the amount delivered by each Facility B Lender by crediting the Agent's Account, provided that if the conditions precedent to the Advance are not met by 12:00 noon (Calgary time) on the Drawdown Date, the Agent shall return the funds to the Facility B Lenders or invest them in an overnight investment in the Agent's discretion until such time as the Advance is made.

2.11 Bankers' Acceptances - Power of Attorney

- (a) To facilitate the acceptance of drafts hereunder, the Borrower hereby appoints each BA Lender, acting by the commercial paper clerk or other designated securities officer (the "Attorney") for the time being at each BA Lender's branch of account, the attorney of the Borrower
 - (i) to complete and sign (by handwritten, facsimile or mechanical signature) for and on behalf and in the name of the Borrower, as drawer, drafts in each BA Lender's standard form which are "depository bills" under and as defined in the DBNA drawn on the BA Lender payable to a "clearing house" under the DBNA or its nominee for deposit by the BA Lender with the "clearing house" after acceptance thereof by the BA Lender, and
 - (ii) to fill in the amount, date and maturity date of such drafts,

and drafts so completed, signed and endorsed on behalf of the Borrower by any BA Lender shall bind the Borrower as fully and effectively as if so performed by duly authorized officers of the Borrower; provided that such acts in each case are to be

undertaken by the BA Lender in accordance with instructions given to the BA Lender by the Borrower as provided in this Section 2.11. The Agent is also authorized to make the necessary arrangements for the negotiation and delivery of Bankers Acceptances intended to be sold on the money market.

- (b) Instructions to the BA Lender relating to the execution, completion, discount and/or deposit by the BA Lender on behalf of the Borrower of drafts which the Borrower wishes to submit to the BA Lender for acceptance by the BA Lender shall be communicated by the Agent and/or the Borrower to the BA Lender in writing at its branch of account following delivery by the Borrower of a Drawdown Notice, Conversion Notice or Rollover Notice pursuant to this Agreement, and shall specify the following information:
 - (i) reference to this power of attorney;
 - (ii) a Canadian Dollar amount, which shall be the aggregate Face Amount of the drafts to be accepted by the BA Lender in respect of a particular Advance;
 - (iii) a specified period of time as provided in this Agreement which shall be the number of days after the date of acceptance of such drafts that such drafts are to be payable, and the dates of issue and maturity of such drafts; and
 - (iv) payment instructions specifying the account number of the Borrower and the financial institution at which the BA Discount Proceeds are to be credited.
- (c) The communication in writing by the Borrower to the BA Lender of the instructions referred to above shall constitute the authorization and instruction of the Borrower to the BA Lender to complete and execute drafts in accordance with such information as set out above and the request of the Borrower to the BA Lender to accept such drafts and deposit the same with the "clearing house" against payment as set out in the instructions. The Borrower acknowledges that the BA Lender shall not be obligated to accept any such drafts except in accordance with the provisions of this Agreement. The BA Lender shall be and it is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to the BA Lender as provided herein if the BA Lender reasonably believes them to be genuine.
- (d) The Borrower agrees to indemnify the BA Lender and its directors, officers, employees, affiliates and agents and to hold it and them harmless from and against any loss, liability, expense or claim of any kind or nature whatsoever incurred by any of them as a result of any action or inaction in any way relating to or arising out of this power of attorney or the acts contemplated hereby including the deposit of any draft with the "clearing house"; provided that this indemnity shall not apply to any such loss, liability, expense or claim which results from the gross negligence or wilful misconduct of the BA Lender or any of its directors, officers, employees, affiliates or agents.
- (e) This power of attorney may be revoked by the Borrower at any time upon not less than five (5) Business Days' written notice served upon the BA Lender at the address set out in this Agreement; provided that (i) it may be replaced with another power of attorney forthwith in accordance with the requirements of this Agreement; and (ii) no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any draft executed, completed, discounted and/or deposited in accordance herewith prior to the time at which such revocation becomes effective. This power of

attorney may be terminated by the BA Lender at any time not less than five (5) Business Days' written notice to the Borrower. Any revocation or termination of this power of attorney shall not affect the rights of the BA Lender and the obligations of the Borrower with respect to the indemnities of the Borrower stated above.

- (f) This power of attorney is in addition to and not in substitution for any agreement to which the BA Lender and the Borrower are parties.
- (g) The Borrower may, at its option, execute any draft by the facsimile signatures of any two authorized signing officers of the Borrower, and the Agent and each BA Lender is hereby authorized to accept or pay, as the case may be, any draft of the Borrower which has been completed pursuant to a power of attorney or which purports to bear such facsimile signatures notwithstanding that subsequent to the issuance of the Bankers' Acceptance, the power of attorney has been revoked or any such individual has ceased to be an authorized signing officer of the Borrower, and any such draft or Bankers' Acceptance so executed and completed or executed and completed pursuant to the power of attorney shall be as valid as if it has been signed by an authorized signing officer of the Borrower at the date of issue of such Bankers' Acceptance. Any such draft or Bankers' Acceptance may be dealt with by the Agent or any BA Lender to all intents and purposes and shall bind the Borrower as if duly signed in each signing officer's own handwriting and issued by the Borrower, and the Borrower hereby agrees to hold the Agent and each BA Lender harmless and indemnified against all loss, costs, damages and expenses arising out of the payment or negotiation of any such draft or Bankers' Acceptance resulting from such drafts not having been duly signed. No BA Lender shall be liable for its failure to accept a Bankers' Acceptance as required hereunder if the cause of such failure, in whole or in part, is due to the revocation or termination of the power of attorney or the failure of the Borrower to provide the power of attorney or executed drafts to the Agent on a timely basis.
- (h) The receipt by the Agent of a request for an Advance by way of Bankers' Acceptances shall be each BA Lender's sufficient authority to complete and sign (as applicable), and each BA Lender shall, subject to the terms and conditions of this Agreement, complete and sign (as applicable) such drafts in accordance with such request and the advice of the Agent given pursuant to Section 2.8, and the drafts so completed and signed (as applicable) shall thereupon be deemed to have been presented for acceptance.

2.12 Size and Maturity of Bankers' Acceptances and BA Equivalent Loans

Each Advance of a Bankers' Acceptance and BA Equivalent Loan shall be in a minimum initial amount of \$500,000 and in whole multiples of \$100,000 thereafter. Each Bankers' Acceptance or BA Equivalent Loan shall have a term of 1, 2, 3 or 6 months after the date of acceptance of the draft by the BA Lender or the date of advancing such BA Equivalent Loan by the Non BA Lender, as applicable, provided further that no Bankers' Acceptance or BA Equivalent Loan may mature on a day which is not a Business Day or on a date which is later than the Maturity Date. The Face Amount at maturity of a Bankers' Acceptance or a Notional Bankers' Acceptance may be Rolled Over or Converted into another form of Advance permitted by this Agreement. BA Advances hereunder shall not exceed:

- (a) with respect to Facility A-75% of the Borrowing Base; and
- (b) with respect to Facility B-75% of the Facility B Lending Value.

2.13 Co-ordination of BA Advances and BA Equivalent Loans

Each Lender shall advance its Proportionate Share of each Advance by way of Bankers' Acceptances and BA Equivalent Loans in accordance with the following provisions:

- (a) the Agent, as soon as reasonably practicable following its receipt of a notice from the Borrower pursuant to Section 2.8 requesting an Advance by way of Bankers' Acceptances, shall (i) advise each BA Lender of the Face Amount of the Bankers' Acceptances to be accepted by it, and (ii) advise each Non BA Lender of the Face Amount of its Notional Bankers' Acceptance. The aggregate Face Amount of the Bankers' Acceptances to be accepted by a BA Lender and the Face Amount of the Notional Bankers' Acceptance for each Non BA Lender shall be determined by the Agent by reference to the respective Commitments of the Lenders under Facility A or Facility B, as the case may be; provided that, if the Face Amount of a Bankers' Acceptance in the case of a BA Lender or the Face Amount of a Notional Bankers' Acceptance used to determine the amount of a BA Equivalent Loan in the case of a Non BA Lender would not be \$100,000 or a whole multiple thereof, the Face Amount shall be increased or reduced by the Agent in its sole discretion to the nearest whole multiple of \$100,000;
- (b) whenever the Borrower requests an Advance that includes Bankers' Acceptances, each Non BA Lender shall, in lieu of accepting its *pro rata* amount of such Bankers' Acceptances, make available to the Borrower on the Drawdown Date a loan (a "**BA Equivalent Loan**") in Cdn Dollars and in an amount which would be equal to the BA Discount Proceeds of the Bankers' Acceptances (which are referred to herein collectively as "**Notional Bankers' Acceptances**") that such Non BA Lender would have been required to accept on the Drawdown Date if it were a BA Lender. Each Non BA Lender shall also be entitled to deduct from the BA Equivalent Loan an amount equal to the applicable BA Fee that would have been applicable to the Notional Bankers' Acceptance had it been a Bankers' Acceptance;
- (c) subject to the terms and conditions of this Agreement, each BA Lender agrees to accept drafts issued by the Borrower pursuant to this Section 2.13 and purchase such Bankers' Acceptances discounted at the applicable BA Discount Rate. Each BA Lender shall provide the BA Discount Proceeds thereof to the Agent, less the BA Fee payable to such BA Lender. Each such BA Lender shall be entitled to sell, assign or otherwise transfer such Bankers' Acceptances to any third party without any notice to or the consent of the Borrower;
- (d) each BA Lender and Non BA Lender, as applicable, shall transfer to the Agent for value on each Drawdown Date immediately available Cdn Dollars in an aggregate amount equal to (i) in the case of a BA Lender, the BA Discount Proceeds (net of the applicable BA Fee in respect of such Bankers' Acceptances) of all Bankers' Acceptances accepted by it on such Drawdown Date, and (ii) in the case of a Non BA Lender, the amount of each BA Equivalent Loan (net of the applicable BA Fee in respect of such BA Equivalent Loan) to be made by it on the Drawdown Date. The Agent may designate such offices in Montreal or Calgary as it may see fit for the purposes referred to in this Section 2.13. The Agent shall make such amounts received by it from the BA Lenders as aforesaid available to the Borrower by crediting the Agent's Account on the applicable Drawdown Date;

- (e) the Borrower hereby authorizes each BA Lender to complete, stamp, hold, sell, rediscount or otherwise dispose of all Bankers' Acceptances accepted by it in accordance with the instructions provided by the Borrower hereunder or pursuant to the power of attorney referred to in Section 2.11; and
- (f) if the Borrower requests that a BA Lender complete incomplete drafts pursuant to telephone instructions, such instructions are at the risk of the Borrower until confirmed in writing and the BA Lender shall not have any liability for any failure to carry out the same, in whole or in part, or for any error or omission in such instructions or the interpretation or execution thereof by such BA Lender.

2.14 Payment of Bankers' Acceptances and BA Equivalent Loans

The Borrower shall provide for payment to the Agent for the account of the applicable BA Lender or Non BA Lender, as the case may be, the full Face Amount of each Bankers' Acceptance and each Notional Bankers' Acceptance on the earlier of (i) its date of maturity, and (ii) the date on which the Agent (acting upon instructions of the Majority Lenders), as the case may be, demands payment of the Obligations outstanding under the respective Facilities.

2.15 Deemed Advances - Bankers' Acceptances

Except in the case of amounts which are paid from the proceeds of a Rollover of a Bankers' Acceptance or BA Equivalent Loan or other Advance or Conversion hereunder, any amount which a BA Lender pays to any third party on or after the date of maturity of a Bankers' Acceptance in satisfaction thereof or which is owing to a BA Lender by the Borrower in respect of such Bankers' Acceptance or BA Equivalent Loan on or after the date of maturity of such Bankers' Acceptance or BA Equivalent Loan shall be deemed to be a Prime Rate Advance made to the Borrower under this Agreement. If the Borrower fails to give notice to the Agent upon a Rollover of a maturing Bankers' Acceptance or BA Equivalent Loan, the Agent will be entitled to assume that such amounts are deemed to be a Prime Rate Advance made to the Borrower and give notice thereof to the Applicable Lenders. Interest shall be payable on such Prime Rate Advances in accordance with the terms applicable to Prime Rate Advances.

2.16 Waiver

The Borrower shall not claim from a Lender or any other person any days of grace for the payment at maturity of any Bankers' Acceptances or Notional Bankers' Acceptances presented and accepted by a Lender pursuant to this Agreement. The Borrower waives any defence to payment which might otherwise exist if for any reason a Bankers' Acceptance shall be held by a BA Lender in its own right at the maturity thereof, and the doctrine of merger shall not apply to any Bankers' Acceptance that is at any time held by a BA Lender in its own right.

2.17 Degree of Care

Any executed drafts to be used as Bankers' Acceptances which are delivered to a BA Lender shall be held in safekeeping with the same degree of care as if they were such Lender's own property, and shall be kept at the place at which such drafts are ordinarily held by such BA Lender.

2.18 Indemnity

The Borrower hereby indemnifies and holds each Lender harmless from any loss or expense with respect to any Bankers' Acceptance dealt with by the BA Lenders, or any of them, in accordance with the

provisions hereof, but shall not be obliged to indemnify a Lender for any loss or expense caused by the gross negligence or wilful misconduct of that Lender.

2.19 Obligations Absolute

The obligations of the Borrower with respect to Bankers' Acceptances under this Agreement shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

- (a) any lack of validity or enforceability of any draft accepted by a BA Lender as a Bankers' Acceptance; or
- (b) the existence of any claim, set-off, defence or other right which the Borrower may have at any time against the holder of a Bankers' Acceptance, the BA Lenders (or any of them) or any other person or entity, whether in connection with this Agreement or otherwise.

2.20 Letters of Credit

Upon timely fulfillment of all applicable conditions as set forth in this Agreement, but subject to the limitations in Section 2.21 the Agent in the case of Facility A, agrees to issue Letters of Credit under Facility A on any Business Day for the account of the Borrower. Letters of Credit issued by the Agent shall be issued by the Agent on behalf of the Facility A Lenders each of which shall participate therein to the extent of its Proportionate Share.

2.21 Letter of Credit Procedures and Limitations – Facility A

The following provisions shall apply to Letter of Credit Advances issued under Facility A:

- (a) the Borrower shall give notice of each requested Letter of Credit Advance in accordance with the normal practices of the Agent;
- (b) a maximum aggregate amount of \$500,000.00 of Letter of Credit Advances may be issued and outstanding under Facility A at any time;
- (c) each Letter of Credit under Facility A shall expire not later than one year from its date of issuance;
- (d) the Agent shall have no obligation to issue a Letter of Credit until:
 - (i) each requested Facility A Lender has received notice of and acknowledged the Borrower's request therefor,
 - (ii) the applicable fee(s) have been paid,
 - (iii) such ancillary documents, including applications and indemnities, as it normally requires for similar transactions have been executed and delivered to it, and
 - (iv) in the case of the Conversion of an existing Advance to a Letter of Credit Advance, the full amount of the Advance being converted together with all interest, fees and other amounts applicable thereto have been paid to such Lender; and

all payments made by such Lender to any Person pursuant to a Letter of Credit shall, unless the Borrower reimburses such Lender for such payment on or before the date it is made, be deemed as and from the date of such payment to be a Prime Rate Advance with the proceeds of such Prime Rate Advance being applied against the Borrower's Obligations to reimburse the Lender for payment made under the Letter of Credit.

2.22 Ancillary Facilities

In addition to its Proportionate Share of the Facilities, the Lenders have agreed to provide the following ancillary facilities (collectively, the "**Ancillary Facilities**") in an amount up to the commitment amount set forth in Schedule "A" hereto in respect of such Ancillary Facilities, in favour of the Borrower; provided that in the case of (a) and (b) below the Borrower and the Material Subsidiaries shall not use the same for speculative purposes:

- (a) the Foreign Exchange Facility;
- (b) the Eligible Swaps;
- (c) the EFT Facility; and
- (d) the MasterCard Facility.

For greater certainty, the Ancillary Facilities are deemed to be Obligations of the Borrower or a Material Subsidiary, as the case may be, and are secured by the Security on a *pari passu* basis and shall rank *pari passu* with all Indebtedness under the Facilities.

2.23 Eligible Swaps; ISDA

Prior to engaging in any such Eligible Swaps, the Borrower or such Loan Party shall enter into an ISDA Master Agreement with the applicable Swap Lender the terms of which are not inconsistent with this Agreement and which provide for cross default hereto.

2.24 Letter of Credit Indemnity

The Borrower hereby indemnifies and holds the Agent and each Facility A Lender (in the case of Facility A) harmless from and against any loss or expense with respect to any Letter of Credit Advances made pursuant to this Agreement, including to the extent of:

- (a) any payment made thereunder to and for the account of the applicable beneficiary thereof, including all obligations imposed by foreign laws and all fees and commissions and all charges and expenses paid or incurred by the issuing Lenders and/or the Agent in connection with the Letter of Credit plus any interest, where applicable;
- (b) all losses, costs, damages or expenses suffered or incurred by the issuing Lenders and/or the Agent in any manner whatsoever by reason or in consequence of making any Letter of Credit Advance, either directly or indirectly, or any renewal thereof;
- (c) any claim that the issuing Lenders and/or the Agent should have refrained from making payment under any Letter of Credit by virtue of (i) being aware, actually, constructively or otherwise, of facts justifying a decision to decline making a payment under the Letter

of Credit, or (ii) some impropriety by the beneficiary or its successors, assigns or other persons in seeking payment under the Letter of Credit;

- (d) all claims and expenses, whether awarded by a court or not, incurred by the issuing Lenders and/or the Agent in the prosecution or defence of any claim in any way related to the Letter of Credit; and
- (e) reasonable legal fees on a solicitor and client basis incurred in connection with any of the foregoing.

2.25 Cash Collateralization of Letters of Credit

If any Letters of Credit issued under this Article II shall remain outstanding as of the Maturity Date, the Borrower shall, (a) not less than ten (10) days prior to the Maturity Date, deliver a notice to the Agent, on behalf of the Applicable Lenders identifying each such Letter of Credit, including the respective amounts, and stated expiry dates thereof and (b) not less than five (5) Business Days prior to the Maturity Date, deposit in cash in a cash collateral account established with the Agent, on behalf of the Applicable Lenders on terms and conditions satisfactory to the Agent an amount equal to the aggregate maximum amount available to be drawn under such Letters of Credit outstanding on the Maturity Date, which Letters of Credit shall be permitted to remain outstanding after the Maturity Date; provided, however, the obligations of the Borrower under this Article II in respect of such Letters of Credit shall survive the Maturity Date and shall remain in effect until no such Letters of Credit remain outstanding.

ARTICLE III EXTENSION, REPAYMENT AND PREPAYMENT

3.1 Reduction of Swingline Facility Commitment and Repayment of Borrowings

Unless the Swingline Lender has agreed, in its sole and absolute discretion, to an extension of the Revolving Period for the Swingline Facility, any undrawn portion of the Swingline Facility on the Term-Out Date shall automatically be cancelled and all Indebtedness under the Swingline Facility will become immediately due and payable.

3.2 Reduction of Commitment and Repayment of Borrowings – Facility A

Unless one or more Lenders have agreed to an extension of the Revolving Period pursuant to Section 3.6, on the Term-Out Date:

- (a) any undrawn portion of Facility A on the Term-Out Date (after including any Obligations under the Swingline Facility deemed to be outstanding under Facility A) shall automatically be cancelled; and
- (b) Facility A shall become immediately due and payable.

3.3 Reduction of Facility B Commitments and Repayment of Borrowings

Unless the Lenders have agreed, in their sole and absolute discretion, to an extension of the Revolving Period for Facility B, the Borrower shall repay to the Lenders all outstanding Obligations in respect of Facility B by incremental principal repayments in the inverse order of maturity each in the amount of one thirty-sixth (1/36) of the Outstanding Principal under Facility B, together with payments of accrued interest due and payable monthly in arrears on each Interest Payment Date; in each case, until all

outstanding Obligations in respect of Facility B have been paid in full. Such payments of the Outstanding Principal under Facility B shall be repaid over a period of 3 years from the Term-Out Date as follows: (i) by automatic debit to the Borrower's current account in 36 consecutive monthly payments on each Interest Payment Date; and (ii) the balance of any Outstanding Principal under Facility B and all accrued and outstanding interest shall be repaid in full on the 26th day of the 36th month of such period. To the extent applicable, breakage fees calculated and payable in accordance with Section 4.8 will apply, with remaining interest rate terms extending beyond the Maturity Date; provided that the Borrower may, in lieu of paying such breakage fees, on or before the Maturity Date, deposit in an account with the Agent for the benefit of the Applicable Lenders an amount of cash equal to the Outstanding Principal under Facility B still outstanding on such date together with an amount estimated to cover accrued Interest Expense thereon until maturity. The Borrower shall ensure that all Banker's Acceptances issued under Facility B shall mature on or prior to the Maturity Date.

3.4 Reduction and Termination of Ancillary Facilities Commitments and Repayment of Borrowings

Unless the Lenders providing the Ancillary Facilities have agreed to continue to provide the Ancillary Facilities beyond the Term-Out Date, in their sole and absolute discretion, any undrawn portion of the Ancillary Facilities on the Maturity Date shall automatically be cancelled and all Indebtedness under the Ancillary Facilities will become immediately due and payable at the option of the Lenders providing such Ancillary Facilities.

3.5 Repayment of Outstanding in Excess of Commitments Due to Exchange Fluctuations

If the amount of Outstanding Principal under a particular Facility owing to any Lender due to exchange rate fluctuations is on any day in excess of the amount of such Lender's Commitment in respect of such Facility, the Borrower shall within five (5) Business Days after receiving notice thereof (i) repay such excess, (ii) provide cash collateral to be held by the Agent on behalf of the Applicable Lenders, or (iii) otherwise reduce a portion of such Advances under the particular Facility to the extent of the amount of the excess.

3.6 Extension of the Revolving Period

- (a) **Request for Extension.** Not more than 90 days and not less than 60 days prior to the Term-Out Date, the Borrower may request an Offer of Extension in respect of the Swingline Facility, and Facility A or Facility B, as the case may be, from each Lender which has not yet refused (or been deemed to refuse) to extend the Term-Out Date, pursuant to any prior Request for an Offer of Extension (each, a "Requested Lender"), for a further period of 364 days from the anticipated Decision Date (as defined below) (such requested date being the "New Term-Out Date") by delivering to the Agent an executed Request for an Offer of Extension, together with all required reports specified in Section 8.3(b), (c), (d) and (o). The Agent shall forthwith, and in any event within two (2) Business Days, notify the Swingline Lender (in the case of the Swingline Facility) and each Requested Lender (in the case of Facility A or Facility B) of such request by the Borrower (such date being the "Notification Date"). Each Requested Lender shall advise the Agent as to whether or not it agrees to such request not later than twenty (20) Business Days after the Notification Date; provided that in the event any Requested Lender (including the Swingline Lender) does not so advise the Agent within such twenty (20) Business Day period, such Requested Lender shall be deemed to have elected not to agree to such request. Within two (2) Business Days of the Agent having received from all Requested Lenders their respective decision or deemed decision with regard to the

Request for an Offer of Extension (the "**Decision Date**"), the Agent shall, unless the provisions of clause (c) below are applicable at that time, advise the Borrower which Lenders have agreed to extend the Term-Out Date to the New Term-Out Date pursuant to such Request for an Offer of Extension, and deliver to the Borrower an Offer of Extension. Any such Offer of Extension shall be open for acceptance by the Borrower until the Business Day immediately preceding the then current applicable Term-Out Date. Upon written notice being provided by the Borrower to the Agent accepting an outstanding Offer of Extension and agreeing to the terms and conditions specified therein, the Term-Out Date shall be extended to the New Term-Out Date.

- (b) **Agreeing Lenders and Non-Agreeing Lenders.** For the purposes of this Section 3.6:
 - (i) a "**Non-Agreeing Lender**" means any Requested Lender which does not agree (or is deemed not to have agreed) to extend the Term-Out Date pursuant to Section 3.6(a); and
 - (ii) an "**Agreeing Lender**" means any Requested Lender which agrees to extend the Term-Out Date pursuant to Section 3.6(a).
- (c) **Non-Extension.** If, in respect of any Request for an Offer of Extension, at least two Non-Agreeing Lenders hold in aggregate more than sixty six and two thirds per cent (66 2/3%) of the Commitments of all Requested Lenders, then:
 - (i) the Term-Out Date for all Requested Lenders shall not be extended; and
 - (ii) the Borrower shall not be entitled to request any further extensions of the Term-Out Date.
- (d) **Extension of All Requested Lenders.** If all Requested Lenders agree to the Request for an Offer of Extension and the Borrower accepts such Offer of Extension pursuant to Section 3.6(a), then the Term-Out Date for all Requested Lenders shall be extended to the New Term-Out Date pursuant to such request.
- (e) **Payment or Replacement.** If, after any Request for an Offer of Extension pursuant to Section 3.6(a), the provisions of Section 3.6(c) or (d) are not applicable, then:
 - (i) each of the Agreeing Lenders shall have the right, but not the obligation, to purchase the Commitment of any Non-Agreeing Lender, and each of the Agreeing Lenders wishing to exercise its rights to purchase the Commitment of a Non-Agreeing Lender (each, a "**Purchasing Lender**") shall forthwith so notify the Borrower, the Agent and the other Lenders, and such Purchasing Lender shall thereupon be obligated to purchase not less than the thirtieth (30th) day after the Decision Date an amount of such Commitment equal to the Commitment of the Non-Agreeing Lender multiplied by such Purchasing Lender's Proportionate Share of Facility A or Facility B as the case may be, over the aggregate of all Purchasing Lenders' Proportionate Share of Facility A or Facility B, as the case may be, or as otherwise agreed to by the Borrower and all Purchasing Lenders. If the Swingline Lender is a Non-Agreeing Lender and there is more than one Purchasing Lender, the Borrower shall choose which Purchasing Lender shall acquire the Swingline Commitment of the Swingline Lender. The Non-Agreeing Lender, the Purchasing Lender(s), 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 the Non-Agreeing Lender shall, as of the effective date thereof, be released from its obligations to the Borrower hereunder and under the other Credit Documents arising subsequent to such date; or

- (ii) if none of the Agreeing Lenders exercises its rights under Section 3.6(e)(i), the Borrower may, but is not obligated to:

- (A) so long as there exists no Event of Default, repay all Obligations owing hereunder to any such Non-Agreeing Lender on or prior to the thirtieth (30th) day after the Decision Date, and upon such payment any such Non-Agreeing Lender shall cease to be a Lender hereunder and each such Non-Agreeing Lender's Commitment shall be terminated and the Total Commitment reduced accordingly; or

- (B) arrange for a replacement lender (or lenders) (which may be one or more Lenders) to replace each Non-Agreeing Lender's Advances and its Commitment; provided that any such replacement lender (or lenders) (if not already a Lender hereunder) shall qualify as a permitted assignee pursuant to Section 11.2 and all other requirements hereunder shall have been satisfied on or prior to the thirtieth (30th) day after the Decision Date, and in respect of which the Lenders shall do all things and make all such adjustments as are reasonably necessary to give effect to any such replacement.

- (f) **Partial Extension.** If, with respect to any Request for an Offer of Extension, the provisions of Sections 3.6(c) or (d) are not applicable, and if after any replacements or repayments under Section 3.6(e) there are remaining Non-Agreeing Lenders, then:

- (i) the Term-Out Date for the Agreeing Lenders shall be extended to the New Term-Out Date pursuant to the Request for an Offer of Extension;
 - (ii) for those Non-Agreeing Lenders under Facility A, the Term-Out Date of all such Lenders shall not be extended and the Borrower shall repay all outstanding Obligations in respect of Facility A owing to such Non-Agreeing Lenders on the Term-Out Date;
 - (iii) for those Non-Agreeing Lenders under Facility B, the Maturity Date of all such Lenders shall not be extended and the Borrower shall repay all outstanding Obligations in respect of Facility B owing to such Non-Agreeing Lenders over 36 months pursuant to the terms of Section 3.3;
 - (iv) in the case of Section 3.6(f)(ii), the Borrower shall not be entitled to request any further extensions to the Term-Out Date for Facility A from such Non-Agreeing Lenders; and
 - (v) in the case of Section 3.6(f)(iii), the Borrower shall not be entitled to request any further extensions to the Term-Out Date for Facility B from such Non-Agreeing Lenders.

- (g) **Independent Decision.** The Borrower understands that consideration of any Request for an Offer of Extension constitutes an independent credit decision which each Lender retains the absolute and unfettered discretion to make, and that no commitment in this regard is hereby given by any Lender.
- (h) **Default or Event of Default.** Notwithstanding the foregoing, the Borrower shall not be entitled to accept any offer made by the Agent on behalf of the Agreeing Lenders to extend the Term-Out Date if a Default or Event of Default has occurred and is continuing, unless such Default or Event of Default is waived by all of the Agreeing Lenders; provided that any such waiver shall be effective only for the purposes of this Section 3.6.
- (i) **Successive Extensions.** This Section 3.6 shall apply from time to time to permit successive extensions of the Term-Out Date, if and for so long as the Agreeing Lenders have agreed to all prior extensions in accordance with the foregoing, as applicable.

3.7 Voluntary Prepayment – Facility A

Subject to this Section 3.7, the Borrower may from time to time prepay Indebtedness outstanding under Facility A by making deposits to the Borrower's Account, except that (i) Bankers' Acceptances and BA Equivalent Loans may not be prepaid prior to their respective maturity dates; (ii) repayments of Prime Rate Advances under the Swingline Facility may be made at any time without notice and shall not be subject to any minimum repayment amounts; (iii) except as otherwise provided above in this Section 3.7, notice of an intended prepayment of any Advance under Facility A shall be given with the same number of Business Days prior notice as matches the Drawdown Notice period under Section 2.8 for that kind of Advance; (iv) prepayments shall be in a minimum amount of \$250,000 and in whole multiples of \$250,000 thereafter; and (v) after the Term-Out Date, the Borrower shall pay breakage fees to the Agent for and on behalf of the Lenders pursuant to Section 4.8.

3.8 Voluntary Prepayment – Facility B

Subject to this Section 3.8, the Borrower may from time to time prepay Indebtedness outstanding under Facility B by making deposits to the Agent's Account except that (i) Bankers' Acceptances and BA Equivalent Loans may not be prepaid prior to their respective maturity dates; (ii) prepayments shall be in a minimum amount of \$250,000 and in whole multiples of \$250,000 thereafter; (iii) except as otherwise provided above in this Section 3.8, notice of an intended prepayment of any Advance under Facility B shall be given with the same number of Business Days prior notice as matches the Drawdown Notice period under Section 2.8 for that kind of Advance; and (iv) after the initial Maturity Date, the Borrower shall pay breakage fees to the Agent for on and on behalf of the Lenders pursuant to Section 4.8.

3.9 Mandatory Repayments

Prior to the occurrence and continuance of an Event of Default, the amount of a repayment under (i) the Facilities shall be applied thereto and the amount of such repayment shall be distributed to the Lenders in accordance with each such Lender's Proportionate Share of the Facilities and (ii) the Swingline Facility shall be applied thereto and the amount of such repayment shall be distributed to the Swingline Lender in accordance with such Lender's Proportionate Share of the Swingline Facility. After an Acceleration Notice is made pursuant to Section 9.2, the amount of a repayment under this Agreement shall be distributed to the Lenders in accordance with each such Lender's Proportionate Share of the Obligations, subject to repayment in full of all Advances under the Swingline Facility.

Without limiting the Lenders' right to cause the Agent to demand repayment of the Obligations pursuant to Article 9:

- (a) on each Monthly Reduction Date, the Borrower shall repay to the Agent, the amount, if any (the "**Scheduled Reductions**"), by which the total of all Advances which are then outstanding to the Lenders exceeds the Total Commitment after giving effect to the reduction of the Total Commitment occurring on such Monthly Reduction Date; and
- (b) on the Maturity Date, the Borrower shall repay in full all remaining Obligations which are then outstanding.

3.10 Takeover Notification

In the event the Borrower wishes to utilize Advances to offer to, or to provide funds to any Material Subsidiary, to, acquire or offer to acquire directly or indirectly (which shall include an offer to purchase securities, solicitation of an offer to sell securities, or an acceptance of an offer to sell securities, whether or not the offer to sell was solicited, or any combination of the foregoing) outstanding Shares or other securities of any person (other than (i) a private issuer as defined under the *Securities Act* (Alberta), or (ii) a corporation or limited partnership whose shares or units are directly or indirectly held by one person) (for the purposes of this Section 3.10, the "**Target**") where, as of the date of the offer to acquire, the Shares or other securities that are subject to the offer to acquire, together with the Shares or other securities of the Target that are beneficially owned, or over which control or direction is exercised, by the Borrower or any Material Subsidiary and any person acting jointly or in concert with any thereof on the date that the offer to acquire is made, constitute in the aggregate the lesser of such percentage of outstanding Shares or other securities as is considered to be a "takeover bid" under any law or regulation applicable to the Target and ten percent (10%) or more of all of the outstanding Shares or other securities of the Target (a "**Takeover**"), then either:

- (a) **Agreement of the Target:** prior to or concurrently with delivery to the Agent of any Drawdown Notice pursuant to Section 2.8 requesting one or more Advances, the proceeds of which are to be utilized to finance such Takeover, the Borrower shall provide to the Agent evidence satisfactory to the Agent (acting reasonably) that the board of directors or like body of the Target, or the holders of all of the Shares or other securities of the Target, has or have approved, accepted or recommended to securityholders acceptance of the Takeover; or
- (b) **No Conflict by Lenders:** the following steps shall be followed:
 - (i) at least seven (7) Business Days prior to the delivery of any Drawdown Notice to the Agent pursuant to Section 2.8 requesting one or more Advances intended to be utilized for such Takeover, the Borrower shall advise the Agent (who shall promptly advise each Lender) of the particulars of such Takeover in sufficient detail to enable such Lender to determine whether it has a conflict of interest if Advances from such Lender are utilized by the Borrower for such Takeover;
 - (ii) within five (5) Business Days of being so advised, each Lender shall notify the Agent of such Lender's determination, acting reasonably, as to whether such a conflict of interest exists (such determination to be made by such Lender in the exercise of its sole discretion, having regard to such considerations as it deems appropriate), provided that in the event such Lender does not so notify the Agent

within such five (5) Business Day period, such Lender shall be deemed to have notified the Agent that it has such a conflict of interest; and

- (iii) the Agent shall promptly notify the Borrower of each Lender's determination or deemed determination;

and in the event that any Lender has, or is deemed to have, such a conflict of interest (each, a "**Conflicted Lender**"), the Conflicted Lender shall have no obligation to provide Advances to finance such Takeover notwithstanding any other provision of this Agreement to the contrary; provided, however, that each Lender that is not a Conflicted Lender (each, a "**Non-Conflicted Lender**") shall have an obligation, up to the amount of its applicable Commitment and subject to the terms, conditions and limitations of this Agreement, to provide Advances to finance such Takeover in accordance with the ratio that its Proportionate Share bears to the aggregate of the Proportionate Shares of all the Non-Conflicted Lenders; and

- (c) **Takeover Loans:** If Advances are utilized to finance a Takeover (a "**Takeover Loan**") and there are Conflicted Lenders, the Proportionate Share of each Conflicted Lender shall be temporarily adjusted in accordance with Section 3.10(b) above and, as applicable, Advances made subsequent to those Advances used to finance the Takeover shall be funded firstly by Conflicted Lenders, and subsequent repayments shall be applied firstly to Non-Conflicted Lenders, in each case, until such time as each Lender is owed its Proportionate Share of the outstanding Obligations as in effect immediately prior to any Advance being made in respect of the Takeover Loan.

3.11 Account Debit Authorization

The Borrower authorizes and directs the Agent, in its sole discretion, to automatically debit, deposit or credit, as applicable, by mechanical, electronic or manual means, the bank accounts of the Borrower maintained with NBC or any of the Lenders (for so long as NBC is Agent hereunder) for all amounts payable under this Agreement, including, but not limited to the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

ARTICLE IV INTEREST RATES AND FEES

4.1 Interest on Prime Rate Advances

The Borrower shall pay to the Swingline Lender (in the case of Prime Rate Advances under the Swingline Facility) or to the Agent on behalf of each Applicable Facility Lender (in the case of Prime Rate Advances under Facility A or Facility B, as the case may be) interest on each Prime Rate Advance at a rate per three hundred sixty-five (365) day period equal to the Prime Rate plus the Applicable Margin. A change in the Prime Rate will simultaneously cause a corresponding change in the interest payable for a Prime Rate Advance and a change in the Applicable Margin will cause a change in the interest payable as provided for in the definition of "Applicable Margin". Such interest shall be calculated monthly in arrears and be payable on each Interest Payment Date for the calendar month immediately prior to the Interest Payment Date and shall be calculated on the basis of the actual number of days elapsed in a year of three hundred sixty-five (365) days. The annual rates of interest to which the rates determined in accordance with the foregoing provisions of this Section 4.1 are equivalent 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 three hundred sixty-five (365).

4.2 BA Fees

The Borrower shall pay to the Agent on behalf of each Applicable Lender (in the case of BA Advances under Facility A or Facility B as the case may be), BA Fees in Canadian Dollars forthwith upon the acceptance by each BA Lender of each Bankers' Acceptance, or by each Non BA Lender of each BA Equivalent Loan, issued by the Borrower at a rate per three hundred sixty-five (365) day period equal to the Applicable Margin, calculated on the Face Amount of each such Bankers' Acceptance or BA Equivalent Loan and on the basis of the number of days in the term of such Bankers' Acceptance or BA Equivalent Loan divided by three hundred sixty-five (365). All fees payable pursuant to this Section 4.2 on any date in respect of any issuance of Bankers' Acceptances or BA Equivalent Loans shall be calculated by the Agent and be payable by the Borrower based on the Applicable Margin in effect on such date; provided that if during the term of any such Bankers' Acceptance or BA Equivalent Loan a change in the Applicable Margin occurs, the fees paid by the Borrower in respect of such Bankers' Acceptance or BA Equivalent Loan shall be adjusted, effective at the beginning of the Fiscal Quarter next following the Fiscal Quarter in which the change in the Applicable Margin occurs pursuant to the definition of "Applicable Margin", to reflect the Applicable Margin for the remaining term of the Bankers' Acceptance or BA Equivalent Loan, and the Borrower, in the case of an increase in the Applicable Margin, shall forthwith after receipt of a notice from the Agent make such payments as are necessary to reflect such change, and the BA Lenders or Non BA Lenders, as the case may be, in the case of a decrease in the Applicable Margin, shall credit any amount which would otherwise be refundable to the Borrower against amounts in respect of interest or fees accruing hereunder in relation to the Borrower.

4.3 Letter of Credit Fees

The Borrower shall pay to the Agent, on behalf of each applicable Lender, (in the case of Letter Credit Advances under Facility A) the following fees in respect of each Letter of Credit issued by the Applicable Lenders hereunder:

- (a) on the date of issue of each Letter of Credit, a fee payable in Canadian Dollars, calculated by multiplying the stated amount of such Letter of Credit by the applicable LC Rate and then multiplying the result by a fraction, (i) the numerator of which is the number of days to elapse from and including the date of issue to and including the last day of the then current Fiscal Quarter of the Borrower and thereafter, and the number of days until the expiry thereof, and (ii) the denominator of which is 365; and
- (b) on the date of each amendment of each Letter of Credit, a fee of Cdn\$100.00.

Concurrently with the payment of any such fee, the Borrower must also pay to the Agent, on behalf of each applicable Lender, a fronting fee at an annual rate equal to 0.125% on the stated amount of such Letter of Credit, calculated as aforesaid. In addition to the above fees, the Borrower shall promptly pay to the Agent, on behalf of each applicable Lender, fees for the issuance, renewal, amendment and delivery of Letters of Credit at rates and on terms generally applicable to other customers of the Agent. In addition, the Borrower shall promptly pay to the Agent, on behalf of each applicable Lender, fees for each documentary Letter of Credit based on the rates and terms of the offering Lender which are generally applicable to customers for similar documentary Letters of Credit in accordance with the issuing Lender's normal practice.

If the stated amount of a Letter of Credit is reduced (either through presentment for payment or with the consent of the beneficiary thereof) or if the Letter of Credit is cancelled, the portion of such fee that has been paid for the remaining term of the Letter of Credit and for the amount of such reduction or cancellation shall be refunded or returned to the Borrower.

4.4 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 Swingline Lender or the Agent for the benefit of the Lenders, as applicable, interest on such unpaid amount (including, without limitation, interest on interest), if and to the fullest extent permitted by Applicable Law, from the date that such amount is 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 Business 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 in respect of the Swingline Facility, Facility A or Facility B that is equal to the Prime Rate plus 3.0% per annum. The Borrower hereby waives, to the fullest extent it may do so under Applicable Law, any provisions of Applicable Law, including specifically the *Interest Act* (Canada) or the *Judgment Interest Act* (Alberta), which may be inconsistent with this Agreement.

4.5 Amendment and Work Fees

The Borrower shall pay an amendment and work fee to the Agent for distribution to the Lenders at the time of execution of any amendment to this Agreement equal to (i) a minimum of [REDACTED] of the Total Commitment for amendments which do not increase the Total Commitment, and (ii) upon any increase of the Total Commitment, a minimum of [REDACTED] on the increased amount of the Total Commitment, as amended, other than pursuant to any extension of this Agreement.

4.6 Extension Fees

Upon any extension of any applicable Term-Out Date, the Borrower shall pay an extension fee to the Agent for distribution to the Lenders (other than any Non-Agreeing Lenders) at the time of its acceptance of an Offer of Extension on terms that are substantially the same as the terms and conditions contained herein, equal to a minimum of [REDACTED] on the amount of the Total Commitment being extended.

4.7 Standby Fees

The Borrower shall pay standby fees to the Agent on behalf of each Lender at the Agent's Account calculated monthly in arrears on the first Business Day of each month commencing with the first Business Day of the first month after execution of this Agreement, and payable monthly in arrears on the first Business Day of each month thereafter or on the date for payment specified in any Acceleration Notice and on the occurrence of any Event of Default calculated at a rate per annum equal to the applicable Standby Fee Rate set forth in the definition of Applicable Margin for the applicable Level multiplied by the sum of daily excess of the applicable Facility Commitment available for each such day for such period of the Facilities over the amount of the Advances under the Facilities for each day in the period of determination divided by 365. Each payment of standby fees shall be calculated for the period commencing on the date hereof or the last date on which such standby fees were payable hereunder, as the case may be, up to the last day of the month for which such standby fees are to be paid.

4.8 Breakage Fees

After the Term-Out Date for a Lender but other than any mandatory payments to be made under Section 3.2, the Borrower shall pay breakage fees to the Agent for and on behalf of such Lender, equal to the then current Applicable Margin multiplied by 90/365 and multiplied by the amount of the Obligations

under Facility B prepaid to such Lender, provided such prepayment is made with funds from any other financial institution (except the Lenders). Notwithstanding the previous provision, the Borrower shall not pay any breakage fees for prepayment of any Obligations provided such prepayment is made from Cash Flow or with the proceeds of the issuance of any Shares.

4.9 Maximum Rate Permitted by Law

No interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by Applicable Law. In the event any such interest or fee exceeds such maximum rate, such interest or fee shall be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under Applicable Law.

4.10 Interest Generally

The theory of deemed reinvestment shall not apply to the calculation of interest or payment of fees or other amounts hereunder, notwithstanding anything contained in this Agreement or in any other Credit Document now or hereafter granted to or taken by the Lenders and all interest and fees payable by the Borrower to any Lender shall accrue from day to day and be computed as described herein in accordance with the "nominal rate" method of interest calculation. In this Agreement each rate of interest which is calculated with reference to a period (the "deemed interest period") that is less than the actual number of days in the calendar year of calculation is, for the purpose of the Interest Act (Canada), equivalent to a rate based on a calendar year calculated by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing by the number of days in the deemed interest period.

ARTICLE V SECURITY

5.1 Security

To secure due repayment and satisfaction in full of all Obligations to the Agent, the Lenders and the Swap Lenders from time to time, including due performance, payment and satisfaction of all Obligations under this Agreement and the other Credit Documents, each of the Loan Parties has executed or shall execute and deliver to the Agent for and on behalf of the Lenders, as the case may be:

- (a) general security agreements made by each of the Loan Parties in favour of the Agent and the Lenders;
- (b) general assignment of book debts made by each of the Loan Parties in favour of the Agent and the Lenders;
- (c) Section 427 *Bank Act* (Canada) security made by the Borrower in favour of the Agent and the Lenders;
- (d) Subsidiary Guarantee made by the signatories hereto other than the Borrower in favour of the Agent and the Lenders, pursuant to which such parties guarantee all the present and future indebtedness, liabilities and obligations of the Borrower to the Agent and the Lenders;
- (e) an assignment of insurance granted by the Loan Parties in favour of the Agent and the Lenders;

- (f) an assignment of all Export Development Corporation insurance granted by the Borrower in favour of the Agent and the Lenders; and
- (g) such other assignments, mortgages, charges, pledges and other security agreements, consents and acknowledgements (including negative pledges) as the Agent may reasonably require from time to time.

together with an opinion in respect of such documents from Borrower's Counsel, all in form and substance satisfactory to the Agent and Lenders' Counsel, acting reasonably.

5.2 Subsidiary Guarantees and Security

Within 30 days of a new Subsidiary becoming a Material Subsidiary, the Borrower shall cause to be executed and delivered to the Agent by each such new Material Subsidiary the documents described in Section 5.1(a), (b) and (d), together with such other documents, certificates and opinions as the Agent may reasonably request. Additionally, in the event that the total assets, on a consolidated basis, of the Loan Parties do not constitute at least 95% of the total assets, on a consolidated basis, of IEnergy Services, or the total revenue, on a consolidated basis, (calculated on the preceding consecutive twelve month period) of the Loan Parties does not constitute at least 95% of the consolidated revenue of IEnergy Services for the preceding consecutive twelve month period, the Borrower shall advise the Agent of such facts and shall, within 30 days of notice thereof from the Agent, designate further Material Subsidiaries and cause to be executed and delivered to the Agent by such new Material Subsidiaries the documents described in Section 5.1 above, together with such other documents, certificates and opinions as the Agent may reasonably request.

5.3 Continuing Subsidiary Guarantees and Security

The Subsidiary Guarantees and other Security shall for all purposes be treated as separate and continuing guarantees and security and shall be deemed to have been given in addition to and not in place of any other guarantee or any security now held or hereafter acquired by the Agent or any Lender. No item or part of any Subsidiary Guarantee or any Security shall be merged or be deemed to have been merged in or by any simple contract debt or any judgment, and any realization of or steps taken or pursuant to any Subsidiary Guarantee or any other Security shall be independent of and not create a merger with any other right available to the Agent or any Lender under this Agreement, any other Subsidiary Guarantee or Security, or any other Credit Document held by it or them or at law or in equity.

5.4 Dealing with Subsidiary Guarantees

The Agent and the Lenders may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Borrower or the Material Subsidiaries and other persons (including other guarantors), sureties or securities as the Agent and the Lenders may in their sole discretion see fit, and the Lenders may, subject to the provisions hereof, apply all moneys received from the Borrower or the Material Subsidiaries or other persons, or from sureties or securities, to such part of the Obligations as the Lenders may deem best, all without prejudice to or in any way limiting the liability of the Borrower or any Material Subsidiary under any of the Credit Documents.

5.5 Effectiveness

The Subsidiary Guarantees and the Security contemplated or required to be created hereby shall be effective upon execution and delivery thereof, and the undertakings as to the Subsidiary Guarantees and the Security herein or in any document hereunder shall be continuing, whether the monies hereby or thereby secured or any part thereof shall be advanced before or after or at the same time as the creation of any such Guarantees or Security, or before or after or upon the date of execution of any amendments to or restatements of this Agreement, and shall not be affected by any Obligations fluctuating from time to time.

5.6 Undertaking to Grant Additional Security

Subject to Section 5.7, if the Agent requests, acting reasonably, the Borrower shall forthwith grant or cause to be granted to the Agent, for and on behalf of the Lenders, such additional security, including a first fixed Security Interest (subject only to Permitted Encumbrances which under Applicable Law rank in priority thereto) in such Property of the Borrower or a Material Subsidiary not previously subject to a fixed Security Interest as the Agent shall determine, as security for all present and future Obligations of the Borrower under or with respect to this Agreement and the other Credit Documents.

5.7 Limitation

The rights of the Agent and the Lenders under Section 5.6 shall be subject to, where applicable, the receipt of any consents that may be required pursuant to Applicable Law prior to the Borrower or any Material Subsidiary granting a Security Interest referred to therein. The Borrower shall use all reasonable efforts (which shall include the expenditure of funds) to obtain such consents.

5.8 Release and Amendment of Security

During the term of this Agreement, the Agent shall not discharge, surrender, amend or otherwise modify any Security without the prior written consent of all of the Lenders; provided that the Agent may discharge Security provided hereunder at the discretion of the Agent with respect to any Permitted Dispositions upon the Borrower having first certified to the Agent in writing that any such disposition is a Permitted Disposition as contemplated by this Agreement.

5.9 Registrations and Renewals

The Borrower shall, and shall cause each Material Subsidiary to, at the Borrower's sole cost and expense, do all such commercially reasonable acts, execute all such instruments and provide such further assurances as the Agent may reasonably request to ensure that the priority of the Security Interests created by all of the Security executed and delivered to the Agent as contemplated hereby is duly protected and perfected by registration, filing or recordation of such Security or a caution, caveat, security notice or other appropriate instrument at all offices where necessary or of material advantage to the protection or perfection thereof including in the Relevant Jurisdictions; and to so cooperate with the Agent and its counsel in renewing or refiling any registration, filing or recordation required hereby in order to preserve, protect and maintain the priority of such Security Interests, from time to time.

5.10 Permitted Encumbrances and Permitted Indebtedness

None of the fact that:

- (a) the Borrower or a Material Subsidiary is permitted to create or suffer to exist any Permitted Encumbrance or Permitted Indebtedness;
- (b) any representation, warranty or covenant contained herein may make an exception for the existence of Permitted Encumbrances or Permitted Indebtedness; or
- (c) the Security Interests created pursuant to the Credit Documents are stated to be subject to, or are not required to rank in priority to, Permitted Encumbrances,

shall in any manner, nor in any cause or proceeding, directly or indirectly, be taken to constitute a subordination of any Security Interest created pursuant to the Credit Documents to any Permitted Encumbrance or to any other Security Interest or other obligation whatsoever, or that the Indebtedness under the Credit Documents is in any way subordinate or junior in right of payment to any Permitted Indebtedness, it being the intention of the parties that all Security Interests created pursuant to the Credit Documents shall at all times, to the maximum extent permitted by Applicable Law, rank as first priority Security Interests in priority to Permitted Encumbrances and all other Security Interests or other obligations whatsoever and that the Indebtedness under the Credit Documents will rank in right of payment at all times at least equally with such Permitted Indebtedness.

ARTICLE VI DISBURSEMENT CONDITIONS

6.1 Conditions Precedent to Initial Drawdown under Facilities

The obligations of the Lenders under this Agreement to make the initial Advance under the Facilities is subject to and conditional upon the following (unless otherwise waived by the Lenders, in their discretion):

- (a) **Receipt of Documents:** the Agent shall have received for and on behalf of the Lenders, each in full force and effect and in form and substance satisfactory to the Lenders, acting reasonably, the following:
 - (i) a copy of this Agreement duly executed and delivered by the Borrower;
 - (ii) a copy of each other Credit Document being delivered in connection herewith (including without limitation, the Security) duly executed and delivered by the Borrower and the Material Subsidiaries, as applicable;
 - (iii) a Compliance Certificate completed by the Borrower as at September 30, 2007;
 - (iv) a Monthly Certificate completed by the Borrower as at October 31, 2007;
 - (v) the certificates of insurance referred to in Section 8.4(g) with the Agent shown as first mortgagee and loss payee, subject to the Permitted Encumbrances;
 - (vi) all operation of account documentation as the Agent may require;
 - (vii) all acknowledgement of debt revolving special credit agreements required to evidence the Obligations pursuant to Facility A, Facility B and the Swingline Facility;

- (viii) the pro forma financial statements for the next succeeding Fiscal Year, in the same form as the Financial Statements delivered pursuant to Section 8.3, together with a capital expenditure budget and cash flow projection for the next succeeding Fiscal Year, all containing such information and detail as the Agent and the Lenders may reasonably request;
 - (ix) a certificate of status in respect of the Borrower issued under the laws of Alberta, British Columbia and Saskatchewan;
 - (x) a certified copy of the Constatting Documents of the Borrower and each Material Subsidiary now in existence;
 - (xi) a certified copy of a directors' resolution of the Borrower and each Material Subsidiary now in existence with respect to its authorization, execution and delivery of the Credit Documents to which it is a party being delivered in connection herewith;
 - (xii) a favourable opinion of Borrower's Counsel, addressed to the Agent and each Lender, relating to (among other things) existence and capacity of the Borrower and the Material Subsidiaries now in existence, and the due authorization, execution, delivery and enforceability of the Credit Documents to which each such entity is a party being delivered in connection herewith;
 - (xiii) a favourable opinion from Lenders' Counsel addressed to the Agent and each Lender as to such matters as may be reasonably required to be addressed by such parties; and
 - (xiv) such other documents, certificates, opinions and agreements which the Agent and the Lenders may reasonably request.
- (b) **Payout of Canadian Western Bank; TCM Spectrum Fund LP, SOF Investments LP:** the Borrower's existing credit facility with Canadian Western Bank shall be terminated and paid out in full and all prior Security Interests granted to each of the following shall be discharged to the satisfaction of the Agent:
- (i) Canadian Western Bank;
 - (ii) TCM Spectrum Fund LP; and
 - (iii) SOF Investments LP.
- (c) **Security Interests:** all Security Interests pursuant to the Security shall have been duly perfected and registered in each applicable Relevant Jurisdiction as required by the Agent and Lender's Counsel.
- (d) **Fees:** the Borrower shall have paid all fees and expenses then due in respect of this, or other additional, agreements.
- (e) **No Default:** no Default or Event of Default has occurred and is continuing on the Drawdown Date, the Rollover Date or the Conversion Date, as applicable, or would result from the making of any such Advance;

- (f) **Representations and Warranties:** the representations and warranties contained in Article 7 and in any other Credit Document shall be true and correct as if made on and as of the Drawdown Date and the date of any Compliance Certificate;
- (g) **Delivery of Notice:** the Borrower shall have delivered to the Agent a duly completed Drawdown Notice, Rollover Notice or Conversion Notice (as applicable);
- (h) **No Material Adverse Effect:** since the date of the delivery by the Borrower to the Agent of the most recent Compliance Certificate required pursuant to Section 8.3(c), there shall not have occurred any change, development or event relating to the Borrower or any Material Subsidiary which would have a Material Adverse Effect; and
- (i) **Other:** all other terms and conditions of this Agreement upon which the Borrower may obtain an Advance are fulfilled, including without limitation, the aggregate amount of any proposed Advance when added to the then outstanding Indebtedness under each Facility, as applicable, shall not exceed the respective Facility Commitment.

6.2 Continuing Conditions Precedent to All Advances (including Facility B)

The obligation of each Lender to make any Advance hereunder is subject to the satisfaction of the following conditions precedent:

- (a) **No Default:** no Default or Event of Default has occurred and is continuing on the Drawdown Date, the Rollover Date or the Conversion Date, as applicable, or would result from the making of any such Advance;
- (b) **Representations and Warranties:** the representations and warranties contained in Article 7 and in any other Credit Document shall be true and correct as if made on and as of the Drawdown Date and the date of any Compliance Certificate;
- (c) **Delivery of Notice:** the Borrower shall have delivered to the Agent a duly completed Drawdown Notice, Rollover Notice or Conversion Notice (as applicable);
- (d) **No Material Adverse Effect:** since the date of the delivery by the Borrower to the Agent of the most recent Compliance Certificate required pursuant to Section 8.3(c), there shall not have occurred any change, development or event relating to the Borrower, any Material Subsidiary or the Borrower which would have a Material Adverse Effect; and
- (e) **Other:** all other terms and conditions of this Agreement upon which the Borrower may obtain an Advance are fulfilled, including without limitation, the aggregate amount of any proposed Advance when added to the then outstanding Indebtedness under each Facility, as applicable, shall not exceed the respective Commitment applicable to such Facility.

6.3 Specific Conditions Precedent – Facility B

The obligation of the Lenders under this Agreement to make any Advance under the Facility B is subject to and conditional upon the following (unless otherwise waived by the Majority Lenders):

- (a) **Section 8.7 Compliance:** the Borrower shall have complied with all general conditions set out in Section 8.7 applicable to an Advance in respect of a Capital Expenditure or an Acquisition;
- (b) **No Default:** no Event of Default or Default has occurred and is continuing on the date of the Advance, or would result from making the Advance;
- (c) **Delivery of Notice:** the Agent has received timely notice as required under Section 2.8; and
- (d) **Other:** all other terms and conditions of this Agreement upon which the Borrower may obtain an Advance are fulfilled, including without limitation, the aggregate amount of any proposed Advance when added to the then outstanding Indebtedness under Facility B shall not exceed the Facility B Lending Value.

6.4 Conditions Precedent to use of EFT Facility and MasterCard Facility

The obligation of the Lenders to make the EFT Facility and the MasterCard Facility available to the Borrower shall be subject to the satisfaction of the conditions precedent that the Lenders shall have received, in form and substance satisfactory to the Lenders, the following:

- (a) the EFT Documents; and
- (b) the MasterCard Documents.

6.5 Waiver

The conditions in Sections 6.1, 6.3 and 6.4 are inserted for the sole benefit of the Lenders, and may be waived by the Agent upon the instructions of all of the Lenders in whole or in part (with or without terms or conditions) in respect of any particular Advance.

ARTICLE VII REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties

Each of the Loan Parties represents and warrants to the Agent and the Lenders (all of which representations and warranties the Borrower hereby acknowledges are being relied upon by the Agent and the Lenders in entering into this Agreement) that:

- (a) **Existence:** the Borrower and each corporate Material Subsidiary is duly incorporated, amalgamated or continued, and each Material Subsidiary which is a partnership is duly formed and recognized, and each is duly organized, validly subsisting and in good standing under the laws of its jurisdiction of incorporation, amalgamation, continuance or formation, as the case may be, and is duly registered and qualified as an extra-provincial corporation or partnership under the laws of each other jurisdiction in Canada in which the nature of any business transacted by it or the character of any properties and assets owned or leased by it requires such registration and qualification, except to the extent that failure to maintain such registration or qualification does not have a Material Adverse Effect;

- (b) **Power and Capacity:** the Borrower and each Material Subsidiary has full corporate or partnership power and capacity, as the case may be, to own its properties and assets and conduct its business as presently conducted, and to grant security over its Property and, in the case of the Borrower, to borrow money and perform its obligations hereunder;
- (c) **Authorization:** the execution, delivery and performance by the Borrower and each Material Subsidiary of each of the Credit Documents to which it is a party has been duly authorized by all necessary corporate, partnership or trust action, as applicable, and are within its corporate, partnership or trust power and capacity, as applicable;
- (d) **Execution:** each Credit Document to which the Borrower, any Material Subsidiary is a party has been duly executed and delivered by the Borrower and such Material Subsidiary, as applicable;
- (e) **Binding Obligations:** each Credit Document to which the Borrower or any Material Subsidiary is a party is a legal, valid and binding obligation enforceable against the Borrower and each Material Subsidiary, as the case may be, in accordance with its respective terms, except as enforceability may be limited by general principles of equity and by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;
- (f) **No Legal Bar or Resultant Lien:** the execution, delivery and performance by the Borrower and each Material Subsidiary of each of the Credit Documents to which it is a party will not violate any provision of Applicable Law or of its respective Constating Documents, and will not result in a breach of or constitute a default or require any consent under, or result in the creation of any Security Interest (other than Permitted Encumbrances) upon any of its property or assets pursuant to any indenture or other agreement or instrument to which it is a party or by which it or its property may be bound or affected; and the execution, delivery and performance by the Borrower or each Material Subsidiary of each of the Credit Documents to which it is a party does not require any governmental action, license, consent or approval of or notice to or filing with any Governmental/Judicial Body which has not been obtained and do not and will not contravene any provision of Applicable Law or any governmental action applicable to the Borrower or any Material Subsidiary or any of their respective assets, except to the extent any failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (g) **Title to Assets:** the Borrower or each Material Subsidiary has good and marketable title to all of its assets and properties free and clear of all claims and Security Interests, other than Permitted Encumbrances, except to the extent any failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (h) **Default of Other Contracts:** neither the Borrower or any Material Subsidiary is in material breach or material default of, nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a breach or default under any material agreement or instrument by which the Borrower or any Material Subsidiary or any of their respective properties, assets or undertakings are bound, except to the extent any failure to do so would not reasonably be expected to have a Material Adverse Effect;

- (i) **Borrower as a "reporting issuer":** IEnergy Services is a "reporting issuer" whose voting shares are listed for trading on the Toronto Stock Exchange;
- (j) **Ownership of Shares of CTC, IDrilling and ITechnology:** as of the date hereof, IEnergy Services is, directly or indirectly, the legal and beneficial owner of all of the voting shares in the capital of CTC, IDrilling and ITechnology;
- (k) **Ownership of Interests in the Partnership:** as of the date hereof, IEnergy Services, IDrilling and ITechnology are directly or indirectly, the legal and beneficial owner of all interests in the Partnership;
- (l) **Litigation:** Except as disclosed in the Financial Statements, there are no material actions, suits or proceedings (whether or not purportedly on behalf of the Borrower or any Material Subsidiary) pending or, to the knowledge of the Loan Parties, having made due inquiry, threatened against the Borrower or any Material Subsidiary at law or in equity by or before any court, tribunal, governmental department, commission, board, bureau, agent or instrumentality, domestic or foreign, or before any arbitrator of any kind and none of the Borrower or any Material Subsidiary is in default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, tribunal, governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign or any arbitrator of any kind, except in each case to the extent it would not reasonably be expected to have a Material Adverse Effect;
- (m) **Property Information:** all cash flow projections and other data provided to the Agent by the Borrower in respect of the Property of the Borrower or each Material Subsidiary fairly and properly reflects in all material respects the interests of the Borrower or each Material Subsidiary therein and thereto as of the date thereof;
- (n) **Financial Condition:** all Financial Statements of IEnergy Services submitted to the Agent fairly reflect, as of the dates thereof, the consolidated financial condition of IEnergy Services, as the case may be, and the results of operations for the periods covered thereby, have been prepared in accordance with GAAP and, from the date of the latest such Financial Statements submitted to the Agent, there has been no material adverse change in the consolidated financial condition of IEnergy Services or its respective Property or condition which has not been disclosed in writing to the Agent;
- (o) **Swaps:** on the date hereof the Borrower is not a party to any Swaps other than Eligible Swaps or Permitted Swaps;
- (p) **Subsidiaries:** on the date hereof IEnergy Services has no Material Subsidiaries other than the Borrower, CTC, IDrilling and ITechnology;
- (q) **Taxes:** the Borrower and its Material Subsidiaries have filed all tax returns which were required to be filed, have paid or made provision for payment (in accordance with GAAP) of all Taxes which are due and payable, and have provided adequate reserves (in accordance with GAAP) for the payment of any Taxes, the payment of which is being contested, except to the extent that any failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (r) **Insurance:** the Borrower and each Material Subsidiary has in full force and effect such policies of insurance in such amounts issued by insurers of recognized standing insuring

its Properties and operations, including business interruption insurance and replacement cost insurance, and providing such coverage as would be maintained by a prudent operator engaged in the same or similar business in the Relevant Jurisdictions where its Property and operations are located, except to the extent that any failure to do so would not reasonably be expected to have a Material Adverse Effect;

- (s) **Compliance with Laws:** the Borrower and each Material Subsidiary is in material compliance with all Applicable Law, except to the extent that any failure to comply would not reasonably be expected to have a Material Adverse Effect;
- (t) **Environmental Laws:** the Borrower and each Material Subsidiary has obtained all material permits, licenses and other authorizations which are required under Environmental Law, except to the extent any failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (u) **Environmental Condition of Property:** the Property of the Borrower and Material Subsidiary:
 - (i) is not the subject of any material outstanding orders from a government agency or otherwise alleging violation of any Environmental Law; and
 - (ii) complies, with respect to its use and condition and in all material respects, with Environmental Law and all terms and conditions of all permits, licenses and other authorizations which are required under Environmental Law, except to the extent that any failure to comply would not reasonably be expected to have a Material Adverse Effect;
- (v) **Events of Default:** no event or circumstance has occurred which constitutes, or which with the giving of notice, lapse of time or both would constitute, an Event of Default; and
- (w) **Disclosure:** the Loan Parties have given to the Lenders or the Agent all material information in the possession of or available to them and relevant to the assessment of the credit facilities of the type herein contemplated and, in addition, all information necessary to make any statements contained herein not misleading in the light of the circumstances in which they were given, and the Borrower is not aware of any fact or event, the occurrence of which could reasonably be expected to have a Material Adverse Effect.

7.2 Survival of Representations and Warranties

Unless expressly stated to be made as of a specific date, the representations and warranties made in this Agreement shall survive the execution of this Agreement and all other Credit Documents, and shall be deemed to be repeated as of the date of each Advance (but not including any deemed Advance) and as of the date of delivery of each Compliance Certificate, subject to modifications made by the Borrower to the Lenders in writing and accepted by the Lenders. Each Lender shall be deemed to have relied upon such representations and warranties at each such time as a condition of making an Advance hereunder or continuing to extend the Facilities hereunder.

- (j) **Co-Operate:** co-operate with the Agent so as to permit the Agent to:
- (i) forthwith register, file and record the Security (or notices, financing statements or other registrations, including amending registrations, in respect thereof) in accordance with the terms hereof in all proper offices where such registration, filing or recording may be necessary or advantageous to perfect or protect the Security Interests constituted by the Security; and
 - (ii) maintain all such registrations in full force and effect;
- (k) **Maintain Intercorporate Relations:** subject to Section 8.5(a), for so long as there remains any Obligations of the Borrower owing to the Agent or any Lender under the Facilities, ensure that:
- (i) each of CTC, IDrilling and ITechnology remains a wholly-owned Subsidiary of IEnergy Services (except to the extent a Material Subsidiary is disposed of as a Permitted Disposition); and
 - (ii) each Material Subsidiary remains a wholly-owned Subsidiary, directly or indirectly, of the Borrower (except to the extent a Material Subsidiary is disposed of as a Permitted Disposition);
- (l) **Give Notice:** promptly give written notice to the Agent of:
- (i) any Default or Event of Default of which it becomes aware, using reasonable diligence,
 - (ii) any material amendment to its method of financial reporting, together with full particulars thereof, the reasons therefore and effect thereof,
 - (iii) any damage to or destruction of any Property which might give rise to a claim for insurance monies in excess of \$500,000,
 - (iv) any proposed change in its name, at least 20 days prior to any action being taken to effect such name change, and thereafter within 10 days provide certified copies of the certificate and supporting documents effecting such name change;
 - (v) any proposed change in the location of its chief executive office from the province in which it is currently located, at least 20 days prior to any action being taken to effect such location change together with particulars of the new address;
 - (vi) any proposed change in any Responsible Officer of the Borrower, at least 20 days prior to the anticipated occurrence of such change (or forthwith in the case where such change will occur in less than 20 days of the Borrower having knowledge thereof);
 - (vii) any Environmental Liability occurring on or in relation to its Properties which could reasonably be expected to have a Material Adverse Effect, including without limitation the existence of any Hazardous Materials located on, above or below the surface of any land which it controls or contained in the soil or water constituting such land, and any Release of Hazardous Materials that has occurred

ARTICLE VIII COVENANTS

8.1 General Covenants

Each of the Loan Parties covenants and agrees with the Agent and the Lenders that, during the term of this Agreement, unless the Agent acting on the instructions of the Majority Lenders (each to be acting reasonably) otherwise provides its prior written consent, it shall:

- (a) **Maintain Existence:** maintain and preserve its existence, organization and status in each jurisdiction of organization and in each other Relevant Jurisdiction, and make all corporate and other filings and registrations necessary or advisable in connection therewith except to the extent failure to make such filings would not have a Material Adverse Effect;
- (b) **Conduct Business:** carry on and continuously conduct its business in an efficient, diligent and businesslike manner and in accordance with good oilfield industry practice except to the extent failure to so act would not have Material Adverse Effect;
- (c) **Comply With Laws:** obtain, as and when required, and maintain in good standing all permits and approvals necessary to the ownership of its Property and to the conduct of its business in each Relevant Jurisdiction, and operate its business in substantial compliance with and comply with all Applicable Law, permits, approvals and material contracts which, if not obtained, maintained, operated in compliance with or complied with could reasonably be expected to have a Material Adverse Effect;
- (d) **Pay Taxes:** duly file on a timely basis all Tax returns required to be filed by it, and duly and punctually pay all Taxes levied or assessed against it or its Property (except for those Taxes which are due but are being contested diligently in good faith by appropriate proceedings), except to the extent failure to do so would not have a Material Adverse Effect;
- (e) **Provide Access:** upon reasonable notice, permit any representative of the Agent and the Lenders to discuss with its senior management its business, material Property, financial condition and prospects;
- (f) **Pay Indebtedness:** duly and punctually pay all Indebtedness owing by it to the Agent and the Lenders hereunder on the dates, times and places, and in the manner specified herein;
- (g) **Use Advances:** use the proceeds of any Advance hereunder only for the purposes set out in Sections 2.2 and 2.3;
- (h) **Deliver Security:** execute and deliver to the Agent the Security required by Section 5.1, and upon any new or current Subsidiary becoming a Material Subsidiary, as and when required by Section 5.2;
- (i) **Maintain Effectiveness of Security:** ensure that the Security granted by it to the Agent remains legal, valid, binding and enforceable, in accordance with its respective terms (subject to Applicable Law affecting the rights of creditors generally and rules of equity of general application);

on or from such land (except those Hazardous Materials being stored, used or otherwise handled in the ordinary course of business in substantial compliance with Applicable Law),

- (viii) any litigation, arbitration or other proceeding commenced or threatened against or affecting it which could reasonably be expected to have a Material Adverse Effect, and
- (ix) any other change (financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Borrower or any of its Material Subsidiaries that has or could reasonably be expected to have a Material Adverse Effect,

and from time to time provide the Agent with all reasonable information requested by the Agent concerning the status of any of the foregoing;

- (m) **Provide Documents:** use commercially reasonable efforts to provide the Agent from time to time with such other documents, security, opinions, consents, acknowledgments and agreements as are reasonably requested by the Agent or the Lenders and are reasonably necessary to implement this Agreement and the Security; and
- (n) **Environmental Audit:** provide the Agent, at its request, acting reasonably, with an environmental audit of the real property of the Loan Parties conducted by an environmental engineering firm acceptable to the Agent.

8.2 Financial Covenants

The Borrower covenants and agrees with the Agent and the Lenders that, during the term of this Agreement, it shall:

- (a) ensure that the Current Ratio shall not be less than 1.00;
- (b) ensure that the Funded Debt to Capitalization Ratio shall not exceed 1.00 from the date hereof decreasing to 1.00 on March 31, 2008 to December 30, 2008, decreasing to 1.00 on December 31, 2008, and 1.00 thereafter;
- (c) ensure that the Fixed Charge Coverage Ratio shall not be less than 1.00;
- (d) ensure that the Funded Debt to EBITDA Ratio shall not exceed 1.00 from the date hereof decreasing to 1 on March 31, 2008 and decreasing to 1 on September 30, 2008 and decreasing to 1 on December 31, 2008 and 1 thereafter;
- (e) ensure that the outstanding principal amount of all Advances, in aggregate, under Facility A (including the Swingline Facility) does not exceed, at any time, the Facility A Lending Limit; and
- (f) ensure that the outstanding principal amount of all Advances, in aggregate, under Facility B does not exceed, at any time, the Facility B Lending Value.

The Borrower shall furnish to the Agent a Compliance Certificate in accordance with Section 8.3(c) to evidence the foregoing ratios and the requisite Monthly Certificate in accordance with Section 8.3(f) hereof.

The Agent and the Lenders acknowledge that it shall only be an Event of Default under Section 9.1 if any of the ratios set forth in Sections 8.2(a) - (d) are not met as at the end of any Fiscal Quarter or upon completion of any Material Funded Acquisition.

8.3 Reporting Requirements

During the term of this Agreement, unless the Agent acting on the instructions of the Majority Lenders (each to be acting reasonably) otherwise provides its prior written consent, the Borrower shall:

- (a) as soon as practicable and in any event within forty-five (45) days of the end of each of the first three Fiscal Quarters of a year, cause to be prepared and delivered to the Agent, the interim unaudited consolidated Financial Statements of the Borrower as at the end of such Fiscal Quarter;
- (b) as soon as practicable and in any event within ninety (90) days after the end of each Fiscal Year, cause to be prepared and delivered to the Agent the annual consolidated Financial Statements of the Borrower which shall be audited by an internationally recognized accounting firm and shall be prepared in accordance with GAAP;
- (c) concurrently with the delivery of its Financial Statements referred to in (a) and (b) above, provide the Lender with a Compliance Certificate, signed by a Responsible Officer of the Borrower;
- (d) within ninety (90) days subsequent to the end of each Fiscal Year, provide the Agent with pro forma financial statements of the Borrower for the next succeeding Fiscal Year, in substantially the same form as the Financial Statements referred to in (a) above, together with a Capital Expenditure budget to include all planned Capital Expenditures or Acquisitions including any single Capital Expenditure which exceeds 20% of the then Consolidated Net Tangible Total Assets and Cash Flow projection for the next succeeding Fiscal Year, all containing such information and detail as the Agent may reasonably request (but broken down on a quarterly basis in the minimum);
- (e) deliver to the Agent historical financial statements and pro forma financial statements (including balance sheet, income statements and cash flow statements), each containing such information and detail as the Agent may reasonably request, for any Acquisition referred to in Section 8.7;
- (f) within forty-five (45) days after the end of each calendar month, provide the Agent with a Monthly Certificate with an attached listing of all aged Accounts Receivable (including an allocation of the Blue Chip A/R, the EDC A/R and any Export Development Corporation insurance coverage for such Accounts Receivable), the Borrower's calculation of the Facility A Lending Limit as at the end of such calendar month and a listing of the new Subsidiaries, if any, with such other information regarding the Subsidiaries as the Agent may reasonably request;
- (g) within forty-five (45) days after the end of each calendar month, provide the Agent with a listing of all aged accounts payable of the Borrower on a consolidated basis, allocating

trade payables and accruals for the Borrower on a consolidated basis as at the end of such calendar month;

- (h) within forty-five (45) days after the end of each calendar month, provide the Agent with a list of the Inventory of the Borrower on a consolidated basis as at the end of such calendar month;
- (i) within forty-five (45) days after the end of each calendar month, provide the Agent with a consolidated listing of all operating leases (determined in accordance with GAAP) and the repayments schedules regarding such operating leases as at the end of such calendar month;
- (j) as soon as practicable and in any event within forty-five (45) days after the end of each Fiscal Quarter, cause to be prepared and delivered to the Agent a consolidated schedule of quarterly EBITDA of the Borrower, for all such Fiscal Quarter(s) with adjustments for acquisitions as at the end of each of such Fiscal Quarter(s);
- (k) as soon as practicable and in any event within forty-five (45) days of the end of each Fiscal Quarter, cause to be prepared and delivered to the Agent a quarterly list of changes to the Consolidated Net Tangible Capital Assets, including a list of dispositions with sale amounts, purchases indicating cost, depreciation and net Book Value as at the end of each such Fiscal Quarter;
- (l) as soon as practicable and in any event within sixty (60) days of end of each Fiscal Quarter, cause to be prepared and delivered to the Agent the Borrower quarterly report to the Shareholders;
- (m) promptly provide the Agent with such other information as it may reasonably request respecting the Borrower or a Guarantor;
- (n) promptly provide the Agent with notice of any change (financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Borrower that has or could reasonably be expected to have a Material Adverse Effect; and
- (o) within ninety (90) days subsequent to the end of each Fiscal Year, provide the Agent with an updated organizational chart for all Loan Parties and Subsidiaries.

8.4 Property

Each Loan Party covenants and agrees with the Agent and the Lenders that, during the term of this Agreement, unless the Agent acting on the instructions of the Majority Lenders (each to be acting reasonably) otherwise provides its prior written consent, it shall:

- (a) defend its Property against any Person claiming or attempting to claim the same, or asserting any interest adverse to its interests therein, and keep at an appropriate office accurate and complete records of its Property;
- (b) subject to normal safety precautions of the operators of same, and upon reasonable notice, permit any representatives of the Agent to visit and inspect its Property during

ordinary business hours, and furnish the Agent with any information thereon reasonably requested by the Agent from time to time as may be available to it;

- (c) maintain, protect and preserve its Property which it operates in accordance with good oilfield practice and take reasonable steps to cause the operator(s) of its Property which it does not operate to do likewise, except to the extent that any failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (d) comply in all material respects with Applicable Law, except to the extent that any failure to comply would not reasonably be expected to have a Material Adverse Effect;
- (e) where the Agent reasonably believes that the Borrower or any Material Subsidiary is in material breach of any Environmental Law and that the result of such breach would have a Material Adverse Effect, permit, or if it is not the operator seek the permission of the operator to permit, properly qualified representatives of the Borrower or such Material Subsidiary or the Agent (at the option of the Agent) to conduct tests, inspections and appraisals of or on the subject Property, provided that the results of any such tests shall also be delivered to the Borrower, and the Borrower shall be responsible for the costs thereof;
- (f) pay or cause to be paid all material rents, royalties and other obligations to pay money validly imposed upon it, or upon its Property or any part thereof, as and when the same become due and payable or provide adequate reserves (in accordance with GAAP) for payment of any such obligations, the payment of which is being contested in good faith by appropriate proceedings, except in each case to the extent that any failure to do so would not reasonably be expected to have a Material Adverse Effect; and
- (g) maintain insurance on all its Property with financially sound and reputable insurance companies or associations including all-risk property insurance, comprehensive general liability insurance and business interruption insurance, in amounts and against risks that are determined to be appropriate by the Borrower acting prudently, except to the extent that any failure to do so would not reasonably be expected to have a Material Adverse Effect, and furnish to the Agent, upon written request but in any event annually, satisfactory evidence of the insurance carried.

8.5 Negative Covenants

So long as any Obligations remain outstanding or any Commitment remains in effect, without the prior written consent of the Majority Lenders (each to be acting reasonably), the Loan Parties shall not:

- (a) merge, amalgamate or consolidate with any other Person or Persons other than the Borrower or a Material Subsidiary, or enter into any corporate reorganization or other transaction intended to effect a consolidation, amalgamation or merger, or become party to any transaction whereby directly or indirectly all or any substantial part of its Property would become the property of any other Person other than the Borrower or a Material Subsidiary, whether by way of reorganization, dissolution, winding-up, liquidation, amalgamation, arrangement, transfer, lease or otherwise if there would be an adverse impact on the perfection or priority of the Security;
- (b) engage in any activities or business or enter into ventures other than the Business;

- (c) cease to carry on the Business or operate the Business in a manner that could reasonably be expected to have a Material Adverse Effect;
- (d) do or permit anything to adversely affect the ranking or validity of the Security except by incurring a Permitted Encumbrance;
- (e) change its name, without providing the Agent with prior written notice thereof and promptly taking other steps, if any, as the Agent may, in its discretion reasonably request to permit the Agent to maintain the perfection of the Security with respect to the change in name;
- (f) permit its chief executive office to be located in any province except the province of Alberta, without providing the Agent with prior written notice thereof and promptly taking other steps, if any, as the Agent may, in its discretion, reasonably request to permit the Agent to perfect the Security with respect to the change in location;
- (g) create, incur, assume or permit to exist any Security Interest upon any of the Property of the Borrower or any Guarantor, except Permitted Encumbrances;
- (h) create, acquire or suffer to exist any Subsidiary that is not a Material Subsidiary if it would result in a violation of Section 5.2 hereof;
- (i) make any Distributions (i) after a Default or Event of Default, or (ii) if such Distribution would create a Default or Event of Default or cause a Material Adverse Effect; and
- (j) if such entity is a partnership or limited liability company, amend its constating documents or documents which create interests in such entity so as to designate such interests as a "security" for the purposes of the *Securities Transfer Act* (Alberta) or equivalent statute.

8.6 Restrictions on Additional Debt, Guarantees and Swaps

So long as any Obligations remain outstanding or any Commitment remains in effect, without the prior written consent of the Agent upon the instructions of the Majority Lenders (each to be acting reasonably), the Loan Parties shall not:

- (a) create, incur, assume or permit to exist any Debt, other than Permitted Indebtedness or Debt secured by Permitted Encumbrances;
- (b) provide any Guarantee, loans or other financial assistance to any Person other than to the Agent and the Lenders or a Loan Party; or
- (c) enter into or otherwise become a party to or obligated under any Swap or other similar agreement ordinarily used for the purpose of hedging currency risk, interest rate risk or commodity risk, unless such Swap or other agreement is entered into by the Borrower or a Material Subsidiary in the ordinary course of business and for the purpose of managing any such risk and not for speculative purposes (determined, where relevant, by reference to GAAP); provided, for greater certainty, that no consent of the Agent will be required for any such Swap which is an Eligible Swap or a Permitted Swap.

8.7 Restrictions on Acquisitions and Capital Expenditures

- (a) Subject to the other provisions of this Section 8.7, the Borrower and the other Loan Parties shall not incur any expenditures for an Acquisition or a Capital Expenditure unless (i) the entire cost of the Acquisition or Capital Expenditure is funded solely with Cash Flow, or the proceeds of Available Designated New Equity and (ii) such Acquisition or Capital Expenditure does not breach the provisions of Section 8.5(b).
- (b) The Borrower and the other Loan Parties shall not incur any Funded Capital Expenditure unless, after completion of such Funded Capital Expenditure, the Borrower is in compliance with Section 8.2(e), and such Funded Capital Expenditures do not exceed 20% of the Consolidated Net Tangible Total Assets (determined immediately prior to the completion of such Funded Capital Expenditure), and

provided that:

- (i) each such Funded Capital Expenditure is for equipment or other Property in the same or similar lines of business of the Borrower located in Canada so as not to breach Section 8.5(b) without the prior written consent of the Agent acting upon the instructions of the Majority Lenders (each to be acting reasonably);
 - (ii) total Environmental Liabilities and outstanding litigation related to such Funded Capital Expenditure does not, or is not reasonably expected to exceed \$1,000,000; and
 - (iii) the completion of such Funded Capital Expenditure will not result in a Default or an Event of Default.
- (c) The Borrower and the other Loan Parties shall not complete any Funded Acquisition unless, after completion of such Funded Acquisition, the Borrower is in compliance with Sections 8.2(f) above and 8.7(d)(iv)-(viii) below, and

provided that:

- (i) each such Funded Acquisition is in the same or similar lines of business of the Borrower located in Canada so as not to breach Section 8.5(b) without the prior written consent of the Agent acting upon the instructions of the Majority Lenders (each to be acting reasonably);
 - (ii) total Environmental Liabilities and outstanding litigation related to such Funded Acquisition does not, or is not reasonably expected to exceed \$1,000,000; and
 - (iii) the completion of such Funded Acquisition will not result in a Default or an Event of Default.
- (d) Without the prior written consent of the Agent, on behalf of the Majority Lenders (each to be acting reasonably), the Loan Parties shall not complete a Material Funded Acquisition,

unless:

- (i) each such Material Funded Acquisition is in the same or similar lines of business of the Borrower located in Canada so as not to breach Section 8.5(b);
- (ii) total Environmental Liabilities and outstanding litigation related to such Material Funded Acquisition does not, or is not reasonably expected to exceed \$1,000,000; and
- (iii) the completion of such Material Funded Acquisition will not result in a Default or an Event of Default,

and provided further that, in respect of each such Funded Acquisition or Material Funded Acquisition, as the case may be, the Borrower shall concurrently provide the Agent with:

- (iv) a calculation of EBITDA by quarter for the last four Fiscal Quarters, as applicable;
- (v) a pro forma calculation of all Financial Covenants as at the end of the last Fiscal Quarter, incorporating the financial results as if consolidated for the last four Fiscal Quarters and the effect of any acquisition financing in the calculation thereof;
- (vi) a revised financial forecast for the current Fiscal Year incorporating the Acquisition target, with pro forma financial statements incorporating the Acquisition target, in substantially the same form as the Financial Statements referred to in Section 8.3(a);
- (vii) to the extent available, historical financial statements for the Acquisition target, in substantially the same form as the Financial Statements referred to in Section 8.3(a) for the three years prior to the date of the Acquisition; and
- (viii) evidence of completion of environmental due diligence and information regarding Environmental Liabilities and outstanding litigation, to be satisfactory to the Lenders, acting reasonably, and the Borrower acknowledges that the Lenders reserve the right to request that the Borrower provide third party reports to confirm the amount of any Environmental Liabilities.

8.8 Restrictions on Property Dispositions

All net proceeds of dispositions in excess of \$2,000,000 per annum (other than Permitted Dispositions) shall be used to repay outstanding Advances under Facility B within two (2) Business Days after closing each such disposition. Notwithstanding Section 10.7(c)(i), but without conferring any rights on the Borrower, the Agent is hereby authorized by the Lenders to amend the Security and to provide third party no interest letters, as applicable, to the extent necessary to release from such Security property disposed of by the Loan Parties to the extent permitted by this Agreement.

The particulars of all dispositions, including the nature of the Property disposed of, the value attributed thereto, and the running aggregate fair market value of all dispositions made in the current Fiscal Year, and the particulars of all reinvestments by the Borrower for the past Fiscal Quarter, shall be certified by the Borrower in each Compliance Certificate.

8.9 Mandatory Capital Expenditures

Notwithstanding any other provisions of this Agreement, the Borrower shall ensure that, on an annual basis and after having met all Debt Service, it shall retain sufficient funds to cover maintenance Capital Expenditure requirements in an amount not less than \$2,000,000.

ARTICLE IX DEFAULT

9.1 Events of Default

Each of the following events shall constitute an "Event of Default" under this Agreement:

- (a) the Borrower fails to pay any amount of principal when the same becomes due and payable hereunder, whether at maturity or otherwise, or the Borrower fails to pay any amount of interest, fees or other Obligations within two (2) Business Days after the same becomes due and payable hereunder; or
- (b) the Borrower or any Material Subsidiary fails to observe or perform any covenant or obligation contained herein or in any other Credit Document in any material respect (not otherwise specifically dealt with in this Section 9.1) and such breach or omission shall continue unremedied for more than fifteen (15) Business Days after the earlier of a Responsible Officer of the Borrower first having knowledge of such breach or omission, or the Borrower receiving notice from the Agent of such breach or omission; or
- (c) the Borrower makes any representation or warranty under any of the Credit Documents which is incorrect or incomplete in any material respect when made or deemed to be made and (i) the incorrect or incomplete representation or warranty is not capable of being remedied by the Borrower, or (ii) if the matter is capable of being remedied by the Borrower, the same shall continue unremedied for more than fifteen (15) Business Days after the earlier of a Responsible Officer of the Borrower first having knowledge of such incorrect or misleading representation or warranty, or the Borrower receiving written notice from the Agent of such incorrect or misleading representation or warranty; or
- (d) any event or circumstance (including non-payment) shall occur under any agreement or instrument relating to Indebtedness of the Borrower or any Material Subsidiary (other than Debt owing to the Borrower or Material Subsidiary), including without limitation, any Swap Demand for Repayment by a Swap Lender, which would permit a person to declare (whether immediately or with lapse of time or both) an amount in excess of \$1,000,000 or the Equivalent Amount in other currencies to become due prior to the stipulated date for repayment thereof, or maturity (or in the case of Debt payable on demand or a Guarantee, if any demand is made at all), and such circumstance shall continue unremedied for more than ten (10) Business Days (provided that such grace period shall cease to apply if a demand has been made and any applicable grace period has expired or if the default is not being contested in good faith by the Borrower in appropriate proceedings); or
- (e) the Borrower or any Material Subsidiary shall:
 - (i) become insolvent, or generally not pay its debts or meet its liabilities as the same become due, or suspends or threatens to suspend the conduct of its business, or

admit in writing its inability to pay its debts generally, or declare any general moratorium on payment of its indebtedness or interest thereon, or propose a compromise or arrangement between it and any of its creditors;

- (ii) make an assignment of its Property for the general benefit of its creditors whether or not under the *Bankruptcy and Insolvency Act* (Canada), or make a proposal (or file a notice of its intention to do so) whether or not under such Act;
 - (iii) institute any proceeding seeking to adjudicate it an insolvent, or seeking compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts under any other statute, rule or regulation relating to bankruptcy, winding-up, insolvency, administration, plans of arrangement, relief or protection of debtors (including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and any applicable *Business Corporations Act* or *Company Act*);
 - (iv) apply for the appointment of, or the taking of possession by, a receiver, interim receiver, administrative receiver, receiver/manager, custodian, administrator, trustee, liquidator or other similar official for it or any material part of its Property; or
 - (v) take any overt action to approve, consent to or authorize any of the actions described in this paragraph (e) or in paragraph (f) below; or
- (f) if any petition shall be filed, application be made or other proceeding be instituted by a third party against or in respect of the Borrower or any Material Subsidiary:
- (i) seeking to adjudicate it an insolvent, or a declaration that an act of bankruptcy has occurred;
 - (ii) seeking a receiving order against it including under the *Bankruptcy and Insolvency Act* (Canada);
 - (iii) seeking liquidation, dissolution, winding-up, reorganization, administration, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts under any statute, rule or regulation relating to bankruptcy, winding-up, insolvency, administration, plans of arrangement, relief or protection of debtors (including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and any applicable *Business Corporations Act* or *Company Act*); or
 - (iv) seeking the entry of an order for relief or the appointment of a receiver, interim receiver, administrative receiver, receiver/manager, custodian, administrator, trustee, liquidator or other similar official for it or any material part of its Property,

and such petition, application or proceeding shall continue undismissed, or unstayed and in effect, for a period of ten (10) Business Days after the institution thereof, provided that if an order, decree or judgment which is not stayed has been granted (whether or not

entered or subject to appeal) against the Borrower or such Material Subsidiary thereunder in the interim, such grace period shall cease to apply; or

- (g) if Property of the Borrower or any Material Subsidiary having a fair market value in excess of \$1,000,000 shall be seized (including by way of execution, attachment, garnishment or distraint) or any Security Interest thereon shall be enforced, or such Property shall become subject to any receivership, or 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 \$1,000,000 shall exist in respect of the Borrower or any Material Subsidiary or such Property, or any receiver, 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 Law whereunder similar remedies are provided, and in any case such seizure, execution, attachment, garnishment, distraint, receivership, charging order or equitable execution, or other seizure or right, shall continue in effect and not released or discharged for more than ten (10) Business Days; or
- (h) if one or more judgments for the payment of money in the aggregate in excess of \$1,000,000 (or the Equivalent Amount in other currencies) from time to time, and not substantially covered by insurance, shall be rendered by a court of competent jurisdiction against the Borrower or any Material Subsidiary and such party shall not have (i) provided for its discharge in accordance with its terms within ten (10) Business Days from the date of entry thereof, or (ii) procured a stay of execution thereof within ten (10) Business Days from the date of entry thereof and within such period, or such longer period during which execution of such judgment shall have been stayed, appealed such judgment and caused the execution thereof to be stayed during such appeal; or
- (i) the Borrower or any Material Subsidiary denies, to any material extent, its obligations under the Credit Documents or claims any of the Credit Documents to be invalid or withdrawn in whole or in part; or any of the Credit Documents or any material provision becomes unlawful or is changed by virtue of legislation or by a court, statutory board or commission; or
- (j) the Borrower or any Material Subsidiary is in material breach of any Applicable Law, except to the extent that any failure to comply would not reasonably be expected to have a Material Adverse Effect; or
- (k) there is, in the opinion of the Agent or the Lenders, acting reasonably, any other event which has not been approved by the Lenders in writing and which could reasonably be expected to have a Material Adverse Effect; or
- (l) if there occurs a Change of Control in respect of the Borrower and the Lenders have not consented to such Change of Control. In this Section 9.1, "Change of Control" means the occurrence of any of the following events:
 - (i) a Person or group of Persons, acting jointly or in concert, acquires, directly or indirectly (other than by way of security for a *bona fide* debt), Shares of IEnergy Services to which are attached more than 35% of the votes that may be cast to elect the directors of IEnergy Services;

- (ii) a Person or group of Persons, acting jointly or in concert, acquires, directly or indirectly (other than by way of security for a *bona fide* debt), a sufficient number of Shares of IEnergy Services that the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of IEnergy Services; or
- (iii) IEnergy Services amalgamates or otherwise merges its business and properties with or into any other Person if that amalgamation or merger is not otherwise permitted by the other provisions of this Agreement.

9.2 Acceleration, Demand and Termination of Rights

If any Default or Event of Default occurs or which is continuing and has not been waived in writing in accordance with the terms hereof, no Lender shall be under any further obligation to make Advances or to accept drafts or bills of exchange as Bankers' Acceptances, and upon the occurrence of any Event of Default, the Agent may give notice to the Borrower declaring all or any of the Obligations to be forthwith due and payable, (the "**Acceleration Notice**") whereupon they shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

9.3 Payment of Bankers' Acceptances and Letters of Credit

Immediately upon the making of a declaration by the Agent referred to in Section 9.2, the Borrower shall, without necessity of further act or evidence, be and become thereby unconditionally obligated to provide forthwith to the Agent, for the Lenders' benefit cash collateral equal to the full principal amount at maturity of all Bankers' Acceptances, Notional Bankers' Acceptances and Letters of Credit then outstanding and issued by each Lender, and the Borrower hereby unconditionally promises and agrees to deposit with the Agent, immediately upon such demand cash collateral in the amount so demanded. The Borrower authorizes the Agent, as the case may be, to debit its account with the amount required to pay such Bankers' Acceptances, and the amount required to pay any drawings under Letters of Credit, notwithstanding that such Bankers' Acceptances and Notional Bankers' Acceptances may be held by a Lender in its own right at maturity. Amounts paid to the Agent pursuant to such a demand in respect of Bankers' Acceptances or Notional Bankers' Acceptances shall be applied against, and in respect of a demand by the Agent shall reduce, *pro rata* among the BA Lenders and the Non BA Lenders, the obligation of the Borrower to pay amounts then or thereafter payable under such Bankers' Acceptances or Notional Bankers' Acceptances accepted or issued under Facility A or Facility B at the times amounts become payable under or in respect thereof, as the case may be.

9.4 Remedies

Upon the making of a declaration contemplated by Section 9.2 the Security shall become immediately enforceable and the Lenders may direct the Agent to take such action or proceedings as the Lenders in their sole discretion deem expedient to enforce the same (such direction is herein referred to as an "**Enforcement Notice**"), all without any additional notice, presentment, demand, protest or other formality, all of which are hereby expressly waived by the Borrower. Provided, however, if a declaration contemplated by Section 9.2 is made by the Swingline Lender only, the Swingline Lender may take such actions or proceedings or instruct the Agent to take such actions or proceedings on behalf of the Swingline Lender as the Swingline Lender in its sole discretion deems expedient to enforce the rights and remedies available to it under or in respect of the Credit Documents, all without any additional notice, presentment, demand, protest or other formality, all of which are hereby expressly waived by the Borrower.

9.5 Waivers

Subject to Section 10.7(c), the Majority Lenders may from time to time waive an Event of Default, absolutely or for a limited time and subject to such terms and conditions as such Majority Lenders may specify. No such waiver shall be construed to extend to the occurrence of any other Event of Default. Any such waiver may be given prospectively or retrospectively. No failure of the Agent or the Lenders to exercise, or delay by the Agent or the Lenders in exercising, any of its rights or remedies shall be construed as a waiver of any Event of Default.

9.6 Saving

None of the Lenders or the Agent shall be under any obligation to the Borrower or any other person to realize any collateral or enforce the Security or any part thereof or to allow any of the collateral to be sold, dealt with or otherwise disposed of. None of the Lenders or the Agent shall be responsible or liable to the Borrower or any other person for any loss or damage upon the realization or enforcement of, the failure to realize or enforce the collateral or any part thereof or the failure to allow any of the collateral to be sold, dealt with or otherwise disposed of or for any act or omission on their respective parts or on the part of any director, officer, agent, servant or adviser in connection with any of the foregoing, except that the Lenders or the Agent will be responsible or liable for any loss or damage arising from the wilful misconduct or gross negligence of the Lenders or the Agent.

9.7 Perform Obligations

If an Event of Default has occurred and is continuing and if the Borrower has failed to perform any of its covenants or agreements in the Credit Documents, the Lenders and/or the Agent may, on notice to the Borrower, but shall be under no obligation to perform, any such covenants or agreements in any manner deemed fit by the Lenders without thereby waiving any rights to enforce the Credit Documents. The reasonable expenses (including any legal costs) paid by the Lenders and/or the Agent in respect of the foregoing shall be added to and become part of the Obligations and shall be secured by the Security.

9.8 Third Parties

No person dealing with a Lender, the Agent or any agent of a Lender shall be concerned to inquire whether the Security has become enforceable, or whether the powers which such Lender or the Agent is purporting to exercise have been exercisable, or whether any Obligations remain outstanding upon the security thereof, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or other disposition or any other dealing with the collateral charged by such Security or any part thereof.

9.9 Remedies Cumulative

The rights and remedies of the Lenders under the Credit Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by the Lenders of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, affect, or prejudice any other right or remedy or other rights or remedies to which the Lenders may be lawfully entitled for the same default or breach. Any waiver by the Lenders of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained, and any indulgence granted by the Lenders shall be deemed not to be a waiver of any subsequent default.

9.10 Notices of Events of Default

Each Lender agrees to promptly notify the Agent and the other Lenders of the occurrence of any Event of Default that it from time to time has actual notice of.

ARTICLE X THE AGENT

10.1 Authority of Agent and Relationship with Lenders

Each Lender hereby appoints NBC as administration agent and NBC hereby accepts such appointment. The appointment may only be terminated as expressly provided in this Agreement. Each Lender hereby authorizes the Agent to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Agreement and the other Credit Documents, together with all powers reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agent in such capacity shall have no duties or obligations except those expressly set forth herein and no other duties or obligations of the Agent shall be implied in this Agreement or in any other Credit Document. The Agent may perform such duties or obligations by or through its agents or employees. The Agent shall not by reason of this Agreement or any of the other Credit Documents have a fiduciary duty in respect of any Lender. As to any matters not expressly provided for by this Agreement, the Agent is not required to exercise any discretion or to take any action, but is required to act or to refrain from acting (and is fully protected in so acting or refraining from acting) upon the instructions of the Lenders or the Majority Lenders, as the case may be. Those instructions shall be binding upon all Lenders, but the Agent is not required to take any action which exposes the Agent to personal liability or which is contrary to this Agreement or Applicable Law.

10.2 Disclaimer of Agent

The Agent makes no representation or warranty, and assumes no responsibility with respect to the due execution, legality, validity, sufficiency, enforceability or collectibility of this Agreement or any other Credit Document. The Agent assumes no responsibility for the financial condition of the Borrower, any Subsidiary or the Borrower, or for the performance of the obligations of the Borrower, any Material Subsidiary or the Borrower under this Agreement or any other Credit Document. The Agent assumes no responsibility with respect to the accuracy, authenticity, legality, validity, sufficiency or enforceability of any documents, papers, materials or other information furnished by the Borrower, any Subsidiary or the Borrower to the Agent. The Agent shall not be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or as to the use of the proceeds of the Facilities or of the existence or possible existence of any Default or Event of Default. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Agent under or in connection with the Agreement except for its or their own gross negligence or wilful misconduct. With respect to its Commitments, the Lender acting as Agent shall have the same rights and powers hereunder as any other Lender, and may exercise the same as though it were not performing the duties and functions delegated to it as Agent hereunder.

10.3 Failure of a Lender to Fund

- (a) Unless the Agent has actual knowledge that a Lender has not made or will not make available to the Agent for value on a Drawdown Date the applicable amount required from such Lender pursuant to Sections 2.9 or 2.13, the Agent shall be entitled to assume

that such amount has been or will be received from such Lender when so due and the Agent may (but shall not be obliged to), in reliance upon such assumption, make available to the Borrower a corresponding amount (except that no such amount shall be made available to the Borrower in the case of a deemed Advance). If such amount is not in fact received by the Agent from such Lender on such Drawdown Date and the Agent has made available a corresponding amount to the Borrower on such Drawdown Date as aforesaid (or is deemed to have made an Advance to the Borrower in such amount), such Lender shall pay to the Agent on demand an amount equal to the aggregate of the applicable amount required from such Lender pursuant to Sections 2.9 or 2.13 plus an amount equal to the product of (i) the rate per annum applicable to overnight deposits made with the Agent for amounts approximately equal to the amount required from such Lender multiplied by (ii) the amount that should have been paid to the Agent by such Lender on such Drawdown Date and was not, multiplied by (iii) a fraction, the numerator of which is the number of days that have elapsed from and including such Drawdown Date to but excluding the date on which the amount is received by the Agent from such Lender and the denominator of which is 365 in the case of all Advances. A certificate of the Agent containing details of the amount owing by a Lender under this Section shall be binding and conclusive in the absence of manifest error. If any such amount is not in fact received by the Agent from such Lender on such Drawdown Date, the Agent shall be entitled to recover from the Borrower, on demand, the related amount made available by the Agent to the Borrower as aforesaid together with interest thereon at the applicable rate per annum payable by the Borrower hereunder.

- (b) Notwithstanding the provisions of Section 10.3(a), if any Lender fails to make available to the Agent its Proportionate Share of any Advance, which for greater certainty includes a deemed Advance (such Lender being herein called the "Defaulting Lender"), the Agent shall forthwith give notice of such failure by the Defaulting Lender to the Borrower (except where such failure relates to a deemed Advance) and to the other Lenders. The Agent shall then forthwith give notice to the other Lenders that any Lender may make available to the Agent all or any portion of the Defaulting Lender's Proportionate Share of such Advance (but in no way shall any other Lender or the Agent be obliged to do so) in the place of the Defaulting Lender. If more than one Lender gives notice that it is prepared to make funds available in the place of a Defaulting Lender in such circumstances and the aggregate of the funds which such Lenders (herein collectively called the "Contributing Lenders" and individually called the "Contributing Lender") are prepared to make available exceeds the amount of the Advance which the Defaulting Lender failed to make, then each Contributing Lender shall be deemed to have given notice that it is prepared to make available its Proportionate Share of such Advance based on the Contributing Lenders' relative commitments to advance in such circumstances. If any Contributing Lender makes funds available in the place of a Defaulting Lender in such circumstances, then the Defaulting Lender shall pay to the Agent on behalf of any Contributing Lender making the funds available in its place, forthwith on demand, any amount advanced on its behalf together with interest thereon at the rate applicable to such Advance from the date of advance to the date of payment, against payment by the Contributing Lender making the funds available of all interest received in respect of the Advance from the Borrower. The failure of any Lender to make available to the Agent its Proportionate Share of any Advance as required herein shall not relieve any other Lender of its obligations to make available to the Agent its Proportionate Share of any Advance as required herein.

10.4 Payments by the Borrower or Material Subsidiaries

All payments made by or on behalf of the Borrower or any Material Subsidiaries pursuant to this Agreement or the other Credit Documents shall be made to and received by the Agent on behalf of the Lenders and shall be distributed by the Agent to the Lenders as soon as possible upon receipt by the Agent. Subject to the provisions of Section 10.5 hereof, the Agent shall distribute in the following order:

- (a) unpaid fees, costs and expenses of the Agent;
- (b) payments of interest and fees in accordance with each Lender's Proportionate Share of the Facilities;
- (c) repayments of principal in accordance with each Lender's Proportionate Share of the Facilities;
- (d) amounts received (net of all relevant costs and expenses of the Agent) by the Agent as a result of the exercise of any right of set-off, combination or consolidation of accounts, or by counterclaim or cross-action, in accordance with each Lender's Proportionate Share of the then outstanding Obligations owing to all of the Lenders and any Affiliate of a Lender at the time of such set-off, combination or consolidation of accounts or if applicable, at the time of the receipt of such amounts from any counterclaim or cross-action; and
- (e) all other payments received by the Agent under this Agreement, in accordance with what would otherwise be each Lender's Proportionate Share of the Facilities.

Notwithstanding the foregoing, any such distribution that would otherwise be made pursuant to Section 10.4(d) on account of any outstanding Bankers' Acceptances, Notional Bankers' Acceptances or Letters of Credit shall be set aside in a separate collateral account for the primary benefit of the Lenders who have issued such Bankers' Acceptances, Notional Bankers' Acceptances or Letters of Credit (and for the secondary benefit of the Lenders in respect of other Obligations owing by the Borrower to the Lenders) until and to the extent that such Obligations become matured and not contingent, at which time such distributions shall be made to the Lenders for whose primary benefit such amounts are held.

Subject to Section 10.5, if the Agent does not distribute a Lender's Proportionate Share of a payment made by the Borrower to or for the benefit of that Lender for value on the day that payment is made or deemed to have been made to the Agent, the Agent shall pay to the Lender on demand an amount equal to the product of (i) the Agent's rate per annum applicable to overnight deposits for amounts approximately equal to the amount of the payment multiplied by (ii) the Lender's Proportionate Share of the amount received by the Agent from the Borrower and not so distributed, multiplied by (iii) a fraction, the numerator of which is the number of days that have elapsed from and including the date of receipt of the payment by the Agent to but excluding the date on which the payment is made by the Agent to such Lender and the denominator of which is 365.

10.5 Payments by Agent

- (a) For greater certainty, the following provisions shall apply to any and all payments made by the Agent to the Lenders hereunder:

- (i) the Agent shall be under no obligation to make any payment (whether in respect of principal, interest, fees or otherwise) to any Lender until an amount in respect of such payment has been received by the Agent from the Borrower;
 - (ii) if the Agent receives less than the full amount of any payment of principal, interest, fees or other amount owing by the Borrower under this Agreement, the Agent shall have no obligation to remit to each Lender any amount other than such Lender's Proportionate Share (based on the then outstanding Obligations of the Borrower hereunder) of that amount which is the amount actually received by the Agent;
 - (iii) if any Lender advances more or less than its Proportionate Share of the Facilities, such Lender's entitlement to such payment shall be increased or reduced, as the case may be, in proportion to the amount actually advanced by such Lender;
 - (iv) if a Lender's Proportionate Share of an Advance has been advanced for less than the full period to which any payment by the Borrower relates, such Lender's entitlement to such payment shall be reduced in proportion to the length of time such Lender's Proportionate Share of the applicable Advance has actually been outstanding;
 - (v) the Agent acting reasonably and in good faith shall, after consultation with the Lenders in the case of any dispute, determine in all cases the amount of all payments to which each Lender is entitled and such determination shall, in the absence of manifest error, be binding and conclusive;
 - (vi) upon request, the Agent shall deliver a statement detailing any of the payments to the Lenders referred to herein; and
 - (vii) all payments by the Agent to a Lender hereunder shall be made to such Lender at its address set out opposite its signature block to this Agreement unless notice to the contrary is received by the Agent from such Lender.
- (b) Unless the Agent has actual knowledge that the Borrower has not made or will not make a payment to the Agent for value on the date in respect of which the Borrower has notified the Agent that the payment will be made, the Agent shall be entitled to assume that such payment has been or will be received from the Borrower when due and the Agent may (but shall not be obliged to), in reliance upon such assumption, pay the Lenders' corresponding amounts. If the payment by the Borrower is in fact not received by the Agent on the required date and the Agent has made available corresponding amounts to the Lenders, the Borrower shall, without limiting its other obligations under this Agreement, indemnify the Agent against any and all liabilities, obligations, losses (other than loss of profit), damages, penalties, and all reasonable costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on or incurred by the Agent as a result of such non-payment. A certificate of the Agent with respect to any amount owing under this Section shall be *prima facie* evidence of the amount owing in the absence of manifest error. If a payment is not in fact received by the Agent from the Borrower and the Agent has paid to a Lender a corresponding amount, such Lender shall pay to the Agent on demand an amount equal to the aggregate of the amount of such payment made to the Lender plus the product of (i) the Lender's rate per annum applicable to overnight deposits for amounts approximately equal to the amount paid by

the Agent to such Lender and not so received from the Borrower multiplied by (ii) the amount paid by the Agent to such Lender and not so received from the Borrower, multiplied by (iii) a fraction, the numerator of which is the number of days that have elapsed from and including the date of payment by the Agent to the Lender to but excluding the date on which payment is made by such Lender to the Agent and the denominator of which is 365.

10.6 Direct Payments

The Lenders agree among themselves that, except as otherwise provided for in this Agreement and except as necessary to adjust for Advances that are not in each Lender's Proportionate Share under the Facilities, all sums received by a Lender (including amounts received by an Affiliate of a Lender with respect to Eligible Swaps) relating to this Agreement, or by virtue of the other Credit Documents or by virtue of any Eligible Swaps, whether received by voluntary payment, by the enforcement of the Security, the exercise of the right of set-off, combination or consolidation of accounts, or compensation or by counterclaim, cross-action or otherwise, shall be shared by each Lender in its Proportionate Share of the Facilities or the Obligations then outstanding, as applicable, in accordance with Section 10.4 and each Lender undertakes and agrees to do all such things as may be reasonably required to give full effect to this Section 10.6, including without limitation, the purchase from other Lenders of a portion of any Advances by the Lender who has received an amount including amounts received by an Affiliate of the Lender in excess of its Proportionate Share as shall be necessary to cause such purchasing Lender to share the excess amount ratably in its Proportionate Share with the other Lenders. If any sum which is so shared is later recovered from the Lenders who originally received it, the Lender shall restore its Proportionate Share of such sum to such Lenders, without interest. If any Lender (a "Receiving Lender") or its Affiliate shall obtain any payment of Obligations as referred to above, the Receiving Lender shall forthwith remit such payment to the Agent and, upon receipt, the Agent shall distribute such payment in accordance with the provisions of Section 10.4.

10.7 Administration of the Facilities

- (a) Unless otherwise specified herein, the Agent shall perform the following duties under this Agreement:
 - (i) take delivery of each Lender's Proportionate Share of an Advance and make all Advances hereunder in accordance with the procedures set forth in Sections 2.9 and 2.13;
 - (ii) use reasonable efforts to promptly collect all sums due and payable by the Borrower pursuant to this Agreement;
 - (iii) make all payments to the Lenders in accordance with the provisions hereof;
 - (iv) hold all legal documents relating to the Facilities, maintain complete and accurate records showing all Advances made by the Lenders, all remittances and payments made by the Borrower to the Agent, all remittances and payments made by the Agent to the Lenders and allow each Lender and their respective advisors to examine such accounts, records and documents at their own expense, and provide any Lender, upon reasonable notice, with such copies thereof as such Lender may reasonably require from time to time at its expense;

- (v) except as otherwise specifically provided for in this Agreement, promptly advise each Lender upon receipt of each notice and deliver to each Lender, promptly upon receipt, all other written communications furnished by the Borrower to the Agent pursuant to this Agreement, including without limitation copies of financial reports and certificates which are to be furnished to the Agent;
 - (vi) forward to each of the Lenders one copy each of this Agreement and the other Credit Documents;
 - (vii) promptly forward to each Lender, upon request, an up-to-date loan status report and any other information respecting the Borrower reasonably requested by such Lender;
 - (viii) upon learning of same, promptly advise each Lender in writing of the occurrence of an Event of Default or the occurrence of any event, condition or circumstance which could be expected to have a Material Adverse Effect or of the occurrence of any material adverse change in the financial condition or property of the Borrower; provided that, except as aforesaid, the Agent shall be under no duty or obligation whatsoever to provide any notice to the Lenders, and further provided that each Lender hereby agrees to notify the Agent of any Default or Event of Default of which it may reasonably become aware; and
 - (ix) advise each Lender in writing of any change in the Swingline Lender, promptly upon learning of same.
- (b) The Agent may take the following actions only with the prior consent of the Majority Lenders, unless otherwise specified in this Agreement:
- (i) subject to Section 10.7(c), exercise any and all rights of approval and consent specifically conferred upon the Lenders (and not the Agent) by this Agreement;
 - (ii) amend, modify or waive any of the terms of this Agreement (including waiver of an Event of Default) if such action is not otherwise provided for in Section 10.7(c);
 - (iii) declare an Event of Default or take action to enforce performance of the Obligations of the Borrower, its Material Subsidiaries and the Borrower under and in respect of the Credit Documents, enforce the Security and/or pursue any other legal remedy necessary;
 - (iv) declare the amounts outstanding under the Facilities to be due and payable in accordance with Section 9.2; and
 - (v) pay insurance premiums, taxes and any other sums as may be reasonably required to protect the interests of the Lenders.
- (c) The Agent may take the following actions only if the prior unanimous consent of the Lenders is obtained, unless otherwise contemplated or provided for in this Agreement:
- (i) amend, modify, discharge, terminate or waive any of the material terms of the Subsidiary Guarantees or the Security;

- (ii) amend, modify, discharge, terminate or waive any of the terms of this Agreement if such amendment, modification, discharge, termination or waiver would increase the amount of the Facilities, reduce the interest rate applicable to the Facilities, reduce the fees payable with respect to the Facilities, extend any date fixed for payment of principal or interest relating to the Facilities (including a waiver of an Event of Default described in Section 9.1(a)), extend the Maturity Date or affect the priority of the Security; and
 - (iii) amend the definition of "Majority Lenders" or this Section 10.7(c) and any other provision which has the effect of amending the level of consents or approvals required by or from the Lenders hereunder.
- (d) As between the Borrower, on the one hand, and the Agent and the Lenders, on the other hand:
 - (i) all statements, certificates, consents and other documents which the Agent purports to deliver on behalf of the Lenders or the Majority Lenders shall be binding on each of the Lenders, and the Borrower shall not be required to ascertain or confirm the authority of the Agent in delivering such documents;
 - (ii) all certificates, statements, notices and other documents which are delivered by the Borrower to the Agent in accordance with this Agreement shall be deemed to have been delivered to each of the Lenders;
 - (iii) all payments which are delivered by the Borrower to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each of the Lenders; and
 - (iv) unless a Default or an Event of Default has occurred and is continuing, the consent of the Borrower to the appointment of any Successor Agent must be obtained, but such consent shall not be unreasonably withheld.

10.8 Rights of Agent

- (a) In administering the Facilities or in realizing on the rights available under this Agreement or the other Credit Documents, the Agent may retain, at the expense of the Lenders if such expenses are not recoverable from the Borrower, such solicitors, counsel, auditors and other experts and agents as the Agent may select, in its sole discretion, acting reasonably and in good faith after consultation with the Lenders.
- (b) The Agent shall be entitled to rely on any communication, instrument or document believed by it to be genuine and correct and to have been signed by the proper individual or individuals, and shall be entitled to rely and shall be protected in relying as to legal matters upon opinions of independent legal advisors selected by it. The Agent may also assume that any representation made by the Borrower is true and that no Default or Event of Default has occurred unless the officers or employees of the Lender acting as Agent, active in their capacity as officers or employees responsible for the Borrower's accounts have actual knowledge to the contrary or have received notice to the contrary from any other party to this Agreement.

- (c) The Agent may, without any liability to account, but subject to the terms of this Agreement, enter into Swaps with the Borrower, accept deposits from and lend money to and generally engage in any kind of banking, or other business with the Borrower, as if it were not the Agent.
- (d) The Agent shall not be required to advance its own funds for any purpose, and in particular, shall not be required to pay with its own funds insurance premiums, taxes or public utility charges or the cost of repairs or maintenance with respect to any of the Property of the Borrower, any Material Subsidiary or the Borrower, nor shall it be required to pay with its own funds the fees of solicitors, counsel, auditors, experts or agents engaged by it as permitted hereby.

10.9 Acknowledgements, Representations and Covenants of Lenders

- (a) It is acknowledged 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, property, affairs, status and nature of the Borrower, each Subsidiary or the Borrower. Accordingly, each Lender confirms to the Agent that it has not relied, and will not hereafter rely, on the Agent (i) to check or inquire on its behalf into the adequacy or completeness of any information provided by the Borrower, a Subsidiary or the Borrower under or in connection with this Agreement, the other Credit Documents or the transactions herein contemplated (whether or not such information has been or is hereafter distributed to such Lender by the Agent) or (ii) to assess or keep under review on its behalf the financial condition, creditworthiness, property, affairs, status or nature of the Borrower, a Subsidiary or the Borrower.
- (b) Each Lender represents and warrants that it has the legal capacity to enter into this Agreement pursuant to its charter and any Applicable Law and has not violated its charter, constituting documents or any Applicable Law by so doing.
- (c) Each Lender agrees to indemnify the Agent (to the extent not reimbursed by the Borrower), rateably according to its Proportionate Share of the Commitments from and against any and all liabilities and obligations (whether direct or indirect, contingent or otherwise), 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 in any way relating to or arising out of the Credit Documents or the transactions therein contemplated, provided that no Lender shall 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 rateably according to its Proportionate Share of the Commitments for any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preservation of any rights of the Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under this Agreement or under the other Credit Documents, to the extent that the Agent is not promptly reimbursed for such expenses by the Borrower. The obligation of the Lenders to indemnify the Agent shall survive the termination of this Agreement.
- (d) Each of the Lenders acknowledges and confirms that in the event that the Agent does not receive payment in accordance with this Agreement, it shall not be the obligation of the

Agent to maintain the Facilities in good standing nor shall any Lender have recourse to the Agent in respect of any amounts owing to such Lender under this Agreement.

- (e) Each Lender acknowledges and agrees that its obligation to advance its Proportionate Share of Commitments in accordance with the terms of this Agreement is independent and in no way related to the obligation of any other Lender hereunder.
- (f) Each Lender acknowledges and agrees that its obligations to acquire participations in the Swingline Facility is absolute and unconditional, shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a potential default, Event of Default, or reduction or termination of the Swingline Commitment, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligations by wire transfer of same day funds.
- (g) Each Lender hereby acknowledges receipt of a copy of this Agreement and the other Credit Documents (to the extent that such Credit Documents have been delivered) and acknowledges that it is satisfied with the form and content of such documents.
- (h) Except to the extent recovered by the Agent from the Borrower, promptly following demand therefor, each Lender shall pay to the Agent an amount equal to such Lender's Proportionate Share of the Commitments of any and all reasonable costs, expenses, claims, losses and liabilities incurred by the Agent in connection with this Agreement and the other Credit Documents (including, without limitation, the collection or enforcement thereof, which shall be based on each Lender's Proportionate Share of the Obligations hereunder), hereunder except for those incurred by reason of the Agent's gross negligence or wilful misconduct.
- (i) Each Lender shall respond promptly to each request by the Agent for the consent of such Lender required hereunder.
- (j) If any Loan Party has provided security in favour of any Lender directly (such as but not limited to security under the *Bank Act* (Canada)), such Lender agrees to pay to the Agent all amounts received by it in connection with the enforcement of such security, and all such amounts shall be deemed to be secured by the Credit Documents.

10.10 Action of the Lenders

Each of the Lenders hereby acknowledges that to the extent permitted by Applicable Law, the remedies available to the Lenders under the Credit Agreement and the other Credit Documents are for the benefit of the Lenders collectively and that its rights hereunder and under the Subsidiary Guarantees and the Security are to be exercised by the Agent as required by this Agreement. Accordingly, except as otherwise expressly provided herein, each of the Lenders hereby covenants and agrees that it shall not take any action hereunder or under the Subsidiary Guarantees or the Security but that any such action shall be taken only by the Agent with the prior written agreement of the Majority Lenders or all of the Lenders, as required. Each of the Lenders hereby further covenants and agrees that upon any written agreement being given by the Majority Lenders or all of the Lenders, as required, it shall co-operate fully with the Agent to the extent requested by the Agent. Notwithstanding the foregoing, in the absence of the instructions from the Lenders and where in the sole opinion of the Agent, acting reasonably and in good faith, 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 interest of the Lenders.

10.11 Successor Agent

Subject to the appointment and acceptance of a Successor Agent as provided in this Section, and subject to Section 10.7(a)(iv), the Agent may resign at any time by giving 30 days' written notice thereof to the Lenders and the Borrower, and may be removed at any time by the Majority Lenders upon 60 days' written notice if the Agent has been grossly negligent hereunder. Upon receipt of notice by the Lenders of the resignation of the Agent, or upon giving notice of termination to the Agent, the Majority Lenders may 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, within 21 days, appoint a successor from among the Lenders or, if no Lender is willing to accept such an appointment, from among other banks to which the *Bank Act* (Canada) applies, which each have combined capital and reserves in excess of \$250,000,000, and which have offices in Calgary and Toronto (the "Successor Agent"). If no Successor Agent has been so appointed and has accepted such appointment within 21 days after the retiring Agent's giving of notice of resignation or receiving of notice of termination, then the retiring Agent may, on behalf of the Lenders, appoint a Successor Agent. If neither the Majority Lenders nor the Agent appoint a Successor Agent within such 21 days, then the Majority Lenders or the Agent may apply to a Justice of the Court of Queen's Bench of the Province of Alberta, on such notice as the Justice may direct, for the appointment of a Successor Agent, but any Successor Agent so appointed by the Court shall be subject to removal as aforesaid by the Majority Lenders. Upon the acceptance of any appointment as Agent hereunder by a Successor Agent, the Successor Agent shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its further duties and obligations as Agent under this Agreement and the other Credit Documents. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article shall continue to enure to its benefit and be binding upon it as to any actions taken or omitted to be taken by it while it was Agent hereunder.

10.12 Provisions Operative Between Lenders and Agent Only

Except for the provisions of Sections 10.7(b), 10.7(c), 10.9(b) and 10.9(e), the provisions of this Article relating to the rights and obligations of the Lenders and the Agent *inter se* shall be operative as between the Lenders and the Agent only, and the Borrower shall not have any rights or obligations under or be entitled to rely for any purpose upon such provisions.

ARTICLE XI ADDITIONAL LENDERS, SUCCESSORS AND ASSIGNS

11.1 Successors and Assigns

- (a) The Credit Documents shall be binding upon and enure to the benefit of the Agent, each Lender, the Borrower and their respective successors and assigns (including without limitation, any successor resulting from the amalgamation of the Borrower with one or more corporations or resulting from the winding-up of one or more corporations into the Borrower), except that, other than as provided herein, the Borrower shall not assign any rights or obligations with respect to this Agreement or any of the other Credit Documents without the prior written consent of the Agent acting on the instructions of all of the Lenders.

The collective rights and obligations of the Lenders under this Agreement are assignable in whole or in part and any Lender shall be entitled to assign in whole or in part its individual rights and obligations hereunder or to permit other financial institutions to participate in the Facilities, all in accordance with the provisions of Section 11.2 and the other terms of this Agreement. The Borrower hereby consents to the disclosure of any information and opinions relating to it to any potential Lender or participant provided that the potential Lender or participant agrees in writing to keep the information confidential and to return such information if it does not become a Lender or a participant.

Each assignment shall be of a uniform, and not a varying, percentage of all rights and obligations of the assignor(s) under or in respect of the Facilities. No assignment may be in an amount less than Cdn \$5,000,000 unless such assignment is of the entire Commitment of a Lender, or result in the Commitment of any Lender, determined as of the effective date of the Assignment Agreement with respect to such assignment, being less than Cdn \$5,000,000.

Notwithstanding any other provisions of this Agreement, each Lender agrees that:

- (i) it will provide the Agent and the Borrower with notice of the assignment by it of any of its rights and obligations hereunder;
 - (ii) any assignee or transferee of any of its rights and obligations hereunder will agree with the Borrower to be bound by the provisions of this Agreement;
 - (iii) it shall not assign or transfer any of its rights and obligations hereunder to any Person who is a non-resident within the meaning of the *Income Tax Act* (Canada); and
 - (iv) it shall, prior to a Default or Event of Default, obtain the prior written consent of the Borrower to such assignment, such consent of the Borrower not to be unreasonably withheld.
- (b) A Participation by a Lender of its interest (or a part thereof) hereunder or a payment by a Participant to a Lender as a result of the Participation will not constitute a payment hereunder to the Lender or an Advance to the Borrower.

11.2 Assignments

- (a) Subject to Section 11.1 and the other terms of this Agreement, the Lenders collectively or individually may assign to one or more assignees that is a bank or other financial institution resident in Canada all or a portion of their respective rights and obligations under this Agreement (including, without limitation, all or a portion of their respective Commitments); provided however, after the Agent makes a declaration pursuant to Section 9.2, a Lender may assign any of its rights and obligations under this Agreement to any Person. Each of the parties to each such assignment shall execute and deliver an Assignment Agreement to the Agent and, unless a Default or an Event of Default has occurred and is continuing, to the Borrower, for its acknowledgement, as the case may be, and recording by the Agent in the Register and, except in the case of an assignment by a Lender to an Affiliate of that Lender, shall pay a processing and recording fee of \$3,500 to the Agent. After such execution, delivery, acknowledgement and recording (i) the assignee thereunder shall be a party to this Agreement and, to the extent that rights

and obligations hereunder have been assigned to it, have the rights and obligations of a Lender hereunder and (ii) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, relinquish its rights and be released from its obligations under this Agreement, other than obligations in respect of which it is then in default or which arose prior to its assignment, and, in the case of an Assignment Agreement covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto.

- (b) The agreements of an assignee contained in an Assignment Agreement shall benefit the assigning Lender thereunder, the other Lenders, the Agent and the Borrower in accordance with the terms of the Assignment Agreement.
- (c) The Agent shall maintain at its address referred to herein a copy of each Assignment Agreement delivered to and acknowledged by it and a register for recording the names and addresses of the Lenders and their respective Commitments from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error. The Borrower, the Agent and each of the Lenders may treat each person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement, and need not recognize any person as a Lender unless it is recorded in the Register as a Lender. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.
- (d) Upon its receipt of an Assignment Agreement executed by an assigning Lender and an assignee and approved by the Borrower (if applicable) and the Agent, the Agent shall, if the Assignment Agreement has been completed and is in the required form with such immaterial changes as are acceptable to the Agent:
 - (i) acknowledge the Assignment Agreement; and
 - (ii) record the information contained therein in the Register.

11.3 Participation

Each Lender may sell an interest (other than by way of assignment pursuant to Section 11.2) to one or more banks, financial institutions or other Persons (a "Participant") in or to all or a portion of its rights and obligations (including, without limitation, all or a portion of its Commitment) under this Agreement, (such interest is referred to herein as a "Participation") but the Participant shall not become a Lender and:

- (a) the Lender's obligations under this Agreement (including, without limitation, its Commitment) shall remain unchanged;
- (b) the Lender shall remain solely responsible to the other parties hereto for the performance of such obligations;
- (c) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement; and

- (d) no Participant shall have any right to approve any amendment or waiver of any provision of this Agreement, or any consent to any departure by any person therefrom.

11.4 Dissenting Lenders

If a Lender (in this Section 11.4 called a "**Dissenting Lender**") withholds its consent or its approval following a request of the Borrower as provided in this Agreement (including without limitation any consent to use any Facility for a Takeover) and, as a result, the consent of the required Lenders cannot be obtained in connection with such request, the Borrower may, by giving notice to each Dissenting Lender and to the Agent within 10 days of being advised by the Agent of whether the Lenders have consented to such request, designate an alternate lender (which need not be an existing Lender) to purchase an assignment in accordance with Section 11.2 of such Dissenting Lender's Commitment and outstanding Advances (which alternative lender shall purchase such assignment prior to the expiry of such 10-day period) provided that no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section 11.4 unless such assignment is done on a without warranty basis and unless and until such Dissenting Lender shall have received one or more payments from either the Borrower or one or more assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Dissenting Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Dissenting Lender under this Agreement (including without limitation all losses, costs and expenses suffered or incurred by the Dissenting Lender as a result of complying with this Section 11.4.

Nothing contained herein shall be deemed to obligate any Lender or the Agent to agree to any such request made by the Borrower.

ARTICLE XII MISCELLANEOUS PROVISIONS

12.1 Capitalized Terms

All capitalized terms used in any of the Credit Documents (other than this Agreement) which are defined in this Agreement shall have the meaning defined herein unless otherwise defined in the other document.

12.2 Severability

Any provision of this Agreement which is or becomes prohibited or unenforceable in any relevant jurisdiction shall not invalidate or impair the remaining provisions hereof which shall be deemed severable from such prohibited or unenforceable provision and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Should this Agreement fail to provide for any relevant matter, the validity, legality or enforceability of this Agreement shall not hereby be affected.

12.3 Amendment, Supplement or Waiver

No amendment, supplement or waiver of any provision of the Credit Documents, nor any consent to any departure by the Borrower therefrom, shall in any event be effective unless it is in writing, makes express reference to the provision affected thereby and is signed by the Lenders and the Borrower and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No waiver or act or omission of the Lenders shall extend to or be taken in any manner

whatsoever to affect any subsequent Event of Default or breach by the Borrower of any provision of the Credit Documents or the rights resulting therefrom.

12.4 Governing Law; This Agreement to Govern

This Agreement shall be construed in accordance with and governed by the laws of the Province of Alberta and the laws of Canada applicable therein. In the event of any conflict between the terms of this Agreement and the terms of any other Credit Document, the provisions of this Agreement shall govern to the extent necessary to remove the conflict.

12.5 Permitted Encumbrances

The designation of a Security Interest as a Permitted Encumbrance is not, and shall not be deemed to be, an acknowledgment by the Lenders that the Security Interest shall have priority over the Security.

12.6 Currency

All payments made hereunder shall be made in Canadian Dollars. Unless otherwise noted, all amounts expressed in this Agreement in terms of money refer to Canadian Dollars.

12.7 Expenses and Indemnity

All statements, reports, certificates, opinions, appraisals and other documents or information required to be furnished to the Agent and the Lenders by the Borrower under this Agreement shall be supplied without cost to the Agent and the Lenders. The Borrower shall pay on demand all reasonable out of pocket costs and expenses of the Agent and the Lenders (including, without limitation, long distance telephone and courier charges and the reasonable fees and expenses of counsel for the Agent and the Lenders on a solicitor and his own client basis), incurred in connection with (i) the preparation, execution, delivery, administration, periodic review, modification or amendment of the Credit Documents (but not the costs and expenses incurred in connection with any transfer, assignment or participation of the Facilities, or either of them); (ii) any enforcement of the Credit Documents; (iii) obtaining advice as to their rights and responsibilities in connection with the Facilities and the Credit Documents; (iv) reviewing, inspecting and appraising the collateral that is the subject of the Security at reasonable intervals; and (v) other matters relating to the Facilities, or either of them. Such costs and expenses shall be payable whether or not an Advance is made under this Agreement.

The Borrower shall indemnify the Agent and each Lender against any liability, obligation, loss or expense which it may sustain or incur as a consequence of (i) any representation or warranty made herein by the Borrower which was incorrect at the time it was made or deemed to have been made, (ii) a default by the Borrower in the payment of any sum due from it (irrespective of whether an Advance is deemed to be made to the Borrower to pay the amount that the Borrower has failed to pay), including, but not limited to, all sums (whether in respect of principal, interest or any other amount) paid or payable to lenders of funds borrowed by a Lender in order to fund the amount of any such unpaid amount to the extent such Lender is not reimbursed pursuant to any other provisions of this Agreement, (iii) the failure of the Borrower to complete any Advance or make any payment after notice therefor has been given under this Agreement, (iv) the repayment, prepayment or Conversion (whether by acceleration or otherwise) a BA Advance by the Borrower on a date other than the maturity date thereof, and (v) any other default by the Borrower hereunder. A certificate of the Agent or any Lender as to the amount of any such loss or expense shall be *prima facie* evidence as to the amount thereof, in the absence of manifest error.

In addition, the Borrower shall indemnify the Agent and each Lender, and its respective directors, officers, employees and representatives (the "**Indemnified Parties**"), from and against any and all actions, proceedings, claims, losses, damages, liabilities, expenses and obligations of any kind that may be incurred by or asserted against any of them as a result of or in connection with the making of any Advance hereunder, other than arising from the gross negligence or wilful misconduct of the Agent or such Lender or any other Indemnified Party. Whenever any such claim shall arise, the Indemnified Party shall promptly notify the Borrower of the claim and, when known, the facts constituting the basis for such claim, and if known, the amount or an estimate of the amount of the claim. The failure of an Indemnified Party to give notice of a claim promptly shall not adversely affect the Indemnified Party's rights to indemnity hereunder, except to the extent such failure adversely affects the right of the Borrower to assert any reasonable defence to such claim. The Indemnified Party shall not settle or compromise any claim by a third party for which it is entitled to indemnification under this Section 12.7, without the prior written consent of the Borrower. The Borrower at its sole cost and expense may, upon written notice to the Indemnified Party, assume the defence of any such claim or any legal proceeding resulting therefrom. The Indemnified Party shall be entitled to participate in (but not control) the defence of any such action, with its own counsel and at its own expense. If the Borrower does not assume the defence of any such claim or litigation resulting therefrom, the Indemnified Party may defend against such claim or litigation, in such manner as it may deem appropriate and at the expense of the Borrower, including, but not limited to, settling such claim or litigation, after giving notice of the same to and receiving the consent of the Borrower (which consent shall not be unreasonably withheld). In such case the Borrower shall be entitled to participate in (but not control) the defence of such action, with its own counsel and at its own expense.

The provisions of this Section 12.7 shall survive the termination of this Agreement and repayment of the Obligations.

12.8 Manner of Payment and Taxes

All payments to be made by the Borrower pursuant to the Credit Documents are to be made without set-off, compensation or counterclaim, free and clear of and without deduction for or on account of any Tax, including but not limited to withholding taxes, except for Taxes on the overall net income or gain of a Lender (such taxes applicable to the overall net income of a Lender are herein referred to as "**Excluded Taxes**"). If any Tax, other than Excluded Taxes, is deducted or withheld from any payments under the Credit Documents the Borrower shall promptly remit to the Lender or Lenders in the currency in which such payment was made, the equivalent of the amount of Tax so deducted or withheld together with the relevant receipt addressed to the Lender or Lenders. If the Borrower is prevented by operation of law or otherwise from paying, causing to be paid or remitting such Tax, the interest or other amount payable under the Credit Documents will be increased to such rates as are necessary to yield and remit to each Lender the principal sum advanced or made available together with interest at the rates specified in the Credit Documents after provision for payment of such Tax.

If the Borrower makes any payment under this Section for the account of a Lender, such Lender shall take reasonable steps to minimize the net amount payable by the Borrower under this Section, but no Lender shall be obliged to disclose any information to the Borrower concerning its income or taxes that is not otherwise publicly available.

In the event the Borrower has made a payment pursuant to this Section 12.8 and any Lender is thereafter granted or receives a credit, refund or remission in respect of the Tax for which the deduction or withholding was made, then such Lender shall, subject to the Borrower having paid the relevant amount payable under this Section 12.8 and to the extent it is satisfied that it can do so without prejudice to the retention of the amount of such credit or refund, refund to the Borrower such amount (if any) as such Lender determines in good faith will leave such Lender in no worse position than would have been

the case if there had been no obligation to make such deduction or withholding in the first place. No Lender shall be obligated to provide to the Borrower copies of all or any part of its tax returns, financial statements or other corporate financial data by reason of any such matter.

12.9 Increased Costs

- (a) If, after the date hereof, the introduction of or any change in any Applicable Laws or in the interpretation or application thereof by any court or by any judicial or governmental authority charged with the interpretation or administration thereof, or if compliance by any Lender with any request or directive from any central bank or other fiscal, monetary or other authority issued after the date hereof (whether or not having the force of law):
 - (i) subjects the Lenders (or any of them) to, or causes the withdrawal or termination of a previously granted exemption with respect to, any taxes (other than taxes on the Lenders' income), or changes the basis of taxation of payments due to the Lenders (or any of them), or increases any existing taxes (other than taxes on the Lenders' income) on payments of principal, interest or other amounts payable by the Borrower to the Lenders (or any of them) 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 the Lenders (or any of them), 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 BA Lender;
 - (iii) imposes on the Lenders (or any of them) or requires there to be maintained by the Lenders (or any of them) any capital adequacy or additional capital requirements (including, without limitation, a requirement which affects a Lenders' allocation of capital resources to its obligations) in respect of any Advance or obligation of a Lender hereunder, or any other condition with respect to this Agreement;
 - (iv) otherwise imposes on the Lenders (or any of them), any other condition or requirement affecting this Agreement or any Advance or any obligation of the Lenders (or any of them) hereunder which directly or indirectly affects the cost to the Lenders (or any of them) of making available, funding or maintaining any Advance or the Obligations owing by the Borrower hereunder;

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

- (v) to increase the cost to such Lender of performing its obligations hereunder with respect to any Advance;
- (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 Advance;
- (vii) to reduce the interest, Commitment Fees or other fees payable to the Lenders hereunder; 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 Advance;

such Lender shall determine such additional cost, reduction in income or payment, without duplication, (the "Additional Compensation") and shall promptly notify the Borrower. Such affected Lender shall provide to the Borrower a photocopy 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 in a manner consistent with comparable Borrower and transactions. The Borrower shall pay to such affected Lender forthwith following the giving of such notice such Additional Compensation calculated from the effective date of the relevant adoption or change; provided that the affected Lender shall not be entitled to Additional Compensation for any period more than 180 days prior to the date of such notice, and shall not be entitled to Additional Compensation to the extent that such increase in costs or reduction in amounts received or to be received or reduction in return is reflected in or recovered by an increase in the interest or other amounts payable hereunder other than pursuant to this Section 12.9. Such affected Lender shall endeavour to minimize the incidence of any Additional Compensation.

- (b) If a Lender notifies the Borrower that Additional Compensation is owed to such Lender, the Borrower shall have the right, upon at least two Business Days' irrevocable written notice to such affected Lender:
 - (i) to (subject to limitations on repayments contained in Section 3.9) 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 the Lender hereunder in respect of such Advance (including any amounts payable under Section 12.7);
 - (ii) to effect a Conversion of the relevant portion of any Advance (subject always to the provisions of this Agreement); or
 - (iii) provided no Default shall have occurred and is continuing, require such Lender to sell and assign to a bank or other financial institution acceptable to the Agent, acting reasonably, all of such Lender's rights and obligations hereunder in the same manner described in Section 11.2, upon receipt by such Lender from such bank or financial institution of all amounts owing to such Lender under the Credit Documents, including without limitation, all unpaid interest accrued thereon to the date of payment and all other amounts, if any, payable for the account of such Lender hereunder in respect of all Advances made by it and in respect of all losses, costs and expenses suffered or incurred by such Lender hereunder as a result of such Lender complying with this Section 12.9(b)(iii); and
- (c) Each Lender shall use its reasonable efforts to reduce the amount of Additional Compensation payable pursuant to this Section 12.9; provided that no Lender shall have an obligation to expend its own funds, suffer any economic hardship or take any action detrimental to its interests in connection therewith.

12.10 Interest on Miscellaneous Amounts

If the Borrower fails to pay any amount payable hereunder (other than principal, interest thereon or interest upon interest which is payable as otherwise provided in this Agreement) on the due date, the Borrower shall, on demand, pay interest on such overdue amount to each Lender from and including such due date up to but excluding the date of actual payment, both before and after demand, default or judgment, at a rate of interest per annum equal to the Prime Rate plus 2.0% compounded monthly.

12.11 Environmental Indemnity

Without limiting the generality of the provisions of Section 12.7, the Borrower hereby agrees to indemnify, defend and hold harmless the Lenders, the Agent and each of them from and against any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, inspections, inquiries, proceedings, losses, costs, expenses, damages, claims and liabilities (collectively, "**Environmental Claims**") incurred by the Lenders, the Agent and any of them relating in any way to any Environmental Laws or to any permit issued under such Environmental Laws in respect of the Borrower, any Guarantor or any of its or their Property, including without limitation, as a result of:

- (i) any breach of Environmental Laws which relates to the property or operations of the Borrower or any Guarantor;
- (ii) any Release, presence, use, creation, transportation, storage or disposal of Hazardous Materials which relate to the property or operations of the Borrower or any Guarantor; or
- (iii) any claim or order for any clean-up, restoration, detoxification, reclamation, repair or other securing or remedial action which relates to the property or operations of the Borrower or any Guarantor.

This indemnity shall extend to the officers, directors, employees, agents and assignees of the Lenders, the Agent, and each of them as well as to the Lenders, the Agent and each of them itself, and the Lenders, the Agent and each of them will hold the benefit of this indemnity in trust for such other indemnified Persons to the extent necessary to give effect thereto.

The agreements in this Section shall survive the termination of this Agreement and repayment of the Obligations.

12.12 Judgment Currency

If a judgment is rendered against the Borrower for an amount owed hereunder and if the judgment is rendered in a currency ("**other currency**") other than that in which such amount is owed under this Agreement ("**currency of the Agreement**"), the Borrower will pay, if applicable, at the date of payment of the judgment, an additional amount equal to the excess of (i) the said amount owed under this Agreement, expressed into the other currency as at the date of payment of the judgment, over (ii) the amount of the judgment. For the purposes of obtaining the judgment and making the calculation referred to in (i), the exchange rate will be the spot rate at which the Agent, on the relevant date, may in Toronto, sell the currency of the Agreement to obtain the other currency. Any additional amount owed under this Section will constitute a cause of action distinct from the cause of action which gave rise to the judgment, and said judgment shall not constitute *res judicata* in that respect.

12.13 Address for Notice

Notice to be given under the Credit Documents to any of the Borrower, the Swingline Lender or the Agent shall, except as otherwise specifically provided, be in writing addressed to the party for whom it is intended and, unless the law deems a particular notice to be received earlier, a notice shall not be deemed received until actual receipt by the other party of an original of such notice or a facsimile thereof if sent by facsimile transmission. The addresses of the parties hereto for the purposes hereof shall be the addresses specified beside their respective signatures to this Agreement, or such other mailing or facsimile addresses as each party from time to time may notify the other as aforesaid.

12.14 Time of the Essence

Time shall be of the essence in this Agreement.

12.15 Further Assurances

The Borrower shall, at the request of a Lender do all such further acts and execute and deliver all such further documents as may, in the reasonable opinion of such Lender, be necessary or desirable in order to fully perform and carry out the purpose and intent of the Credit Documents.

12.16 Term of Agreement

Except as otherwise provided herein, this Agreement shall remain in full force and effect until the payment and performance in full of all of the Obligations and the termination of this Agreement.

12.17 Payments on Business Day

Whenever any payment or performance under the Credit Documents would otherwise be due on a day other than a Business Day, such payment shall be made on the following Business Day.

12.18 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto concerning the matters addressed in this Agreement, and cancel and supersede any prior agreements, undertakings, declarations or representations, written or verbal, in respect thereof.

12.19 Tombstone Marketing

For the purposes of "tombstone marketing", the Loan Parties authorize and consent to the reproduction, disclosure and use by the Lenders and the Agent of their respective names, identifying logos and the Facilities (other than the amount of the Total Commitment) to enable the Lenders to publish promotional "tombstones". The Loan Parties acknowledge and agree that the Lenders shall be entitled to determine, in their sole discretion, whether to use such information, that no compensation will be payable by the Lenders or the Agent in connection therewith, and that the Lenders and the Agent shall have no liability whatsoever to the Loan Parties or any of their respective employees, officers, directors, Affiliates or Shareholders in obtaining and lawfully using such information as contemplated herein.

12.20 Counterparts and Facsimile

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement. For the purposes of this Section, the delivery of a facsimile copy or other electronic

transmission of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement, but the party delivering a facsimile copy shall deliver an original copy or other electronic transmission of this Agreement as soon as possible after delivering the facsimile copy or other electronic transmission.

12.21 Sharing of Information; Confidentiality

The Loan Parties authorize the Agent, each Lender, each Swap Lender and the Loan Parties to share among each other and with any successor, assignee or any potential assignee, any information possessed by it regarding the Loan Parties or the Credit Documents. The Agent, each Lender, each Swap Lender and the Loan Parties agree to keep all information provided by the Loan Parties confidential and shall not disclose such information regarding this Agreement other than as provided for herein and other than to employees and professional advisors.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Address for Notice

IROC Energy Services Partnership
1910, 715 - 5th Ave SW
Calgary, Alberta
T2P 2X6
Attention: President
Facsimile: (403) 263-1182

Canada Tech Corp.
1910, 715 - 5th Ave SW
Calgary, AB
T2P 2X6
Attention: President
Facsimile: (403) 263-1182

IROC Drilling and Production Services
Corp.
1910, 715 - 5th Ave SW
Calgary, Alberta
T2P 2X6
Attention: President
Facsimile: (403) 263-1182

IROC ENERGY SERVICES PARTNERSHIP, by
its partners, IROC ENERGY SERVICES CORP.,
IROC DRILLING AND PRODUCTION
SERVICES CORP. and IROC TECHNOLOGY
SERVICES CORP., as Borrower

Per: Tom Alford
Name: Tom Alford
Title: President / CEO

Per: Tim Sebastian
Name: Tim Sebastian
Title: Corporate Secretary

CANADA TECH CORP., as Guarantor

Per: Tom Alford
Name: Tom Alford
Title: President / CEO

Per: Tim Sebastian
Name: Tim Sebastian
Title: Corporate Secretary

IROC DRILLING AND PRODUCTION
SERVICES CORP., as Guarantor

Per: Tom Alford
Name: Tom Alford
Title: President / CEO

Per: Tim Sebastian
Name: Tim Sebastian
Title: Corporate President

IROC Technology Services Corp.
1910 715 - 5th Ave SW
Calgary, AB
T2P 2X6
Attention: President
Facsimile: (403) 263-1182

Address for Notice

Iroc Energy Services Corp.
1910 715 - 5th Ave SW
Calgary, AB
T2P 2X6
Attention: President
Facsimile: (403) 263-1182

National Bank of Canada, as Agent
Suite 2700, 530 - 8th Avenue S.W.
Calgary, Alberta T2P 3S8

Attention: Account Manager
Facsimile: _____

IROC TECHNOLOGY SERVICES CORP., as
Guarantor

Per: Tom Alford
Name: Tom Alford
Title: President/CEO

Per: Tim Sebastian
Name: Tim Sebastian
Title: Corporate Secretary

IROC ENERGY SERVICES CORP., as
Guarantor

Per: Tom Alford
Name: Tom Alford
Title: President/CEO

Per: Tim Sebastian
Name: Tim Sebastian
Title: Corporate Secretary

NATIONAL BANK OF CANADA,
as Agent

By: _____
Name: Darrell Stelmack
Title: Authorized Signing Officer

By: _____
Name: Robert Chorley
Title: Authorized Signing Officer

IROC Technology Services Corp.

Attention: _____

Facsimile: _____

**IROC TECHNOLOGY SERVICES CORP., as
Guarantor**

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

Address for Notice

Iroc Energy Services Corp.

Attention: _____

Facsimile: _____

**IROC ENERGY SERVICES CORP., as
Guarantor**

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

National Bank of Canada, as Agent
Suite 2700, 530 - 8th Avenue S.W.
Calgary, Alberta T2P 3S8

Attention: Account Manager

Facsimile: (403) 294 - 4993

**NATIONAL BANK OF CANADA,
as Agent**

By: _____

Name: Darrell Stelmack

Title: Authorized Signing Officer

By: _____

Name: Robert Chorley

Title: Authorized Signing Officer

Address for Notice

National Bank of Canada, as Lender
Suite 2700, 530 - 8th Avenue S.W.
Calgary, Alberta T2P 3S8

Attention: Account Manager
Facsimile: (403) 294-4993

Canadian Western Bank

Attention: _____
Facsimile: _____

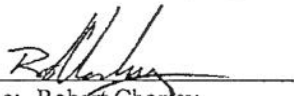
Address for Notice

Alberta Treasury Branches

Attention: _____
Facsimile: _____

**NATIONAL BANK OF CANADA,
as Lender**

By: 
Name: Darrell Stelmack
Title: Authorized Signing Officer

By: 
Name: Robert Chorley
Title: Authorized Signing Officer

**CANADIAN WESTERN BANK,
as Lender**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ALBERTA TREASURY BRANCHES,
as Lender**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Address for Notice

National Bank of Canada, as Lender
Suite 2700, 530 - 8th Avenue S.W.
Calgary, Alberta T2P 3S8

Attention: Account Manager
Facsimile: _____

Canadian Western Bank
2300, 10303 Jasper Avenue
Edmonton, Alberta T5J 3K6

Attention: Richard Hallson
Facsimile: 780-423-8897

Address for Notice

Alberta Treasury Branches

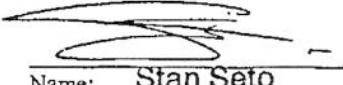
Attention: _____
Facsimile: _____

**NATIONAL BANK OF CANADA,
as Lender**

By: _____
Name: Darrell Stelmack
Title: Authorized Signing Officer

By: _____
Name: Robert Chorley
Title: Authorized Signing Officer

**CANADIAN WESTERN BANK,
as Lender**

By: 
Name: Stan Seto
Title: Manager, Corporate Lending

By: _____
Name: _____
Title: _____

**ALBERTA TREASURY BRANCHES,
as Lender**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Address for Notice

National Bank of Canada, as Lender
Suite 2700, 530 - 8th Avenue S.W.
Calgary, Alberta T2P 3S8

Attention: Account Manager
Facsimile: _____

Canadian Western Bank

Attention: _____
Facsimile: _____

Address for Notice

Alberta Treasury Branches

Attention: _____
Facsimile: _____

NATIONAL BANK OF CANADA,
as Lender

By: _____
Name: Darrell Stelmack
Title: Authorized Signing Officer

By: _____
Name: Robert Chorley
Title: Authorized Signing Officer

CANADIAN WESTERN BANK,
as Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ALBERTA TREASURY BRANCHES,
as Lender

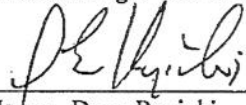
By: _____
Name: D.A. (DWAYNE) HOOPER
Title: DIRECTOR
ENERGY GROUP

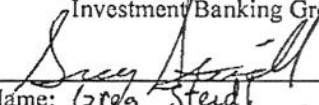
By: _____
Name: _____
Title: GERALD BUHLER
ASSOCIATE DIRECTOR
ENERGY GROUP

National Bank Financial Inc.
National Bank of Canada/c/o Team
Manager-Syndication
5650 D'Iberville Street, Suite 603
Montreal, Quebec H2G 2B3

Attention: _____
Facsimile: _____

NATIONAL BANK FINANCIAL INC.
as Sole Lead Arranger and Bookrunner

By: 
Name: Doug Ruzicki
Title: Managing Director -
Credit Capital Markets, Corporate &
Investment Banking Group

By: 
Name: Greg Steidl
Title: Vice - President

SCHEDULE "A" attached to and forming part of the Credit Agreement made as of December 19, 2007, among IROC Energy Services Partnership, as borrower, Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp. as guarantors, National Bank of Canada, Canadian Western Bank, Alberta Treasury Branches and those other banks and financial institutions from time to time party thereto, as Lenders, the National Bank of Canada, as Agent for the Lenders and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner.

COMMITMENTS OF LENDERS
(expressed in Cdn. Dollars)

<u>Name of Lender</u>	<u>Swingline Commitment</u>	<u>Facility A Commitment</u>	<u>Facility B Commitment</u>	<u>Foreign Exchange Facility</u>	<u>Eligible Swaps</u>	<u>EFT Facility</u>	<u>MasterCard Facility</u>
National Bank of Canada	Nil	\$4,500,000	\$21,000,000	\$500,000	Nil	\$1,000,000	\$500,000
Canadian Western Bank	\$4,000,000	\$4,000,000	\$21,000,000	Nil	Nil	\$1,000,000	Nil
Alberta Treasury Branches	Nil	\$4,000,000	\$21,000,000	Nil	Nil	Nil	Nil
National Bank of Canada and/or its Affiliates as Swap Lender	N/A						
Canadian Western Bank and/or its Affiliates as Swap Lender	N/A						
Alberta Treasury Branches and/or its Affiliates as Swap Lender	N/A						
	\$4,000,000	\$12,500,000	\$63,000,000	\$500,000	Nil	\$1,000,000*	\$500,000

* Aggregate

SCHEDULE "B" attached to and forming part of the Credit Agreement made as of December 19, 2007, among IROC Energy Services Partnership, as borrower, Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp. as guarantors, National Bank of Canada, Canadian Western Bank, Alberta Treasury Branches and those other banks and financial institutions from time to time party thereto, as Lenders, the National Bank of Canada, as Agent for the Lenders and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner.

COMPLIANCE CERTIFICATE

TO: NATIONAL BANK OF CANADA, as Agent

Ladies and Gentlemen:

1. Reference is made to the credit agreement made as of December 19, 2007 among IROC Energy Services Partnership, as borrower (the "**Borrower**"), Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp. as Guarantors, National Bank of Canada, Canadian Western Bank and Alberta Treasury Branches, as Lenders, National Bank of Canada, as Agent (the "**Agent**"), and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner, as 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 are ascribed thereto in the Credit Agreement.
2. I, [name], in my capacity as [title] of the Borrower and not in any personal capacity, hereby certify that as of the date hereof:
 - (a) the representations and warranties set forth in the Credit Agreement are in all material respects true and correct on the date hereof;
 - (b) the Borrower has performed or observed or caused to be performed or observed the covenants set forth in the Credit Agreement to be performed or observed by it to the date hereof; and
 - (c) there has not occurred any unremedied Default or Event of Default.
3. As at [insert March 31, June 30, September 30 or December 31, as applicable], 20____ pursuant to Section 8.2 of the Credit Agreement:
 - (a) the Current Ratio is ●:● and is (compliant / NOT compliant to the required covenant of ●:●,
 - (b) The Total Debt to Capitalization Ratio is ●:● and is (compliant / NOT compliant to the required covenant of ●:●,,
 - (c) The Funded Debt to EBITDA Ratio is ●:● and is (compliant / NOT compliant to the required covenant of ●:●,,
 - (d) Fixed Charge Coverage Ratio is ●:● and is (compliant / NOT compliant to the required covenant of ●:●,,

- (e) the principal amount of Advances in aggregate, under Facility A does not exceed, and has not at any time exceeded, the Facility A Lending Limit, as evidenced by the attached schedule confirming such compliance,
- (f) the principal amount of Advances in aggregate, under Facility B does not exceed, and has not at any time exceeded, the Facility B Lending Value, as evidenced by the attached schedule confirming such compliance;
- (g) the net proceeds of property dispositions (other than Permitted Dispositions) during the Fiscal Year totals \$• and proceeds in excess of \$2,000,000 have been used to repay outstanding advances under Facility B.

Particulars of the calculation of each of the above ratios are as set out on Schedule "A" attached hereto.

- 4. Based on the Funded Debt to EBITDA Ratio, the Applicable Margin [remains unchanged] [changes to Level •] effective _ (1st day of following quarter) _.
- 5. Attached hereto is detailed list and description of all Eligible Swaps to which any Loan Party is a party.
- 6. Attached hereto is a consolidated schedule of quarterly EBITDA for the Trailing Fiscal Quarters with adjustments for acquisitions as of the end of each such Fiscal Quarter.
- 7. The particulars of all dispositions, Acquisitions, Capital Expenditures and Investments made by any Loan Party during the Fiscal Quarter, and the aggregate of all net proceeds of such dispositions in the current Fiscal Year, are attached hereto as Exhibit "1".
- 8. The amount of Available Designated New Equity as the date hereof is \$•, and the details of the Borrower's calculation of Available Designated New Equity are attached as Exhibit "2"
- 9. The calculation of each of 3(a), (b), (c), (d), (e), (f) and (g) above are as set out on Exhibit "3" attached hereto.

DATED this _____ day of _____, 20__.

IROC ENERGY SERVICES PARTNERSHIP

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

SCHEDULE "C" attached to and forming part of the Credit Agreement made as of December 19, 2007, among IROC Energy Services Partnership, as borrower, Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp., as guarantors, National Bank of Canada, Canadian Western Bank, Alberta Treasury Branches and those other banks and financial institutions from time to time party thereto, as Lenders, the National Bank of Canada, as Agent for the Lenders and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner.

DRAWDOWN, CONVERSION OR ROLLOVER NOTICE

TO: ☐ NATIONAL BANK OF CANADA, as Agent

Ladies and Gentlemen:

1. Reference is made to the credit agreement made as of December 19, 2007 among IROC Energy Services Partnership, as borrower (the "**Borrower**"), Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp., as Guarantors, National Bank of Canada, Canadian Western Bank and Alberta Treasury Branches, as Lenders, National Bank of Canada, as Agent (the "**Agent**"), and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner, as 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 are ascribed thereto in the Credit Agreement.

2. The Borrower hereby requests the following in accordance with Section 2.8 of the Credit Agreement:

☐ Drawdown
☐ Rollover
☐ Conversion

(a) Date: _____

(b) Applicable Facility(s): _____

(c) Total Amount: _____

(d) Type of Advance: _____

(e) Maturity Date (if applicable): _____

(f) Borrower's account(s) to be credited if applicable: _____

(g) Special Instructions (if any): _____

3. [For Drawdowns only] The representations and warranties set forth in the Credit Agreement are true and correct in all material respects on the date hereof.

4. The Borrower has performed or observed or caused to be performed or observed the covenants set forth in the Credit Agreement to be performed or observed by it to the date hereof, and shall

use the proceeds of any Advance only for the purposes set out in Sections 2.1, and 2.2 of the Credit Agreement.

5. There has not occurred any unremedied Default or Event of Default.

DATED this _____ day of _____ 20__.

IROC ENERGY SERVICES PARTNERSHIP

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE "D" attached to and forming part of the Credit Agreement made as of December 19, 2007, among IROC Energy Services Partnership, as borrower, Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp. as guarantors, National Bank of Canada, Canadian Western Bank, Alberta Treasury Branches and those other banks and financial institutions from time to time party thereto, as Lenders, the National Bank of Canada, as Agent for the Lenders and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner.

REPAYMENT NOTICE

TO: National Bank of Canada, as Agent

Dear Sirs:

1. Reference is made to the credit agreement made as of December 19, 2007 among IROC Energy Services Partnership, as borrower (the "**Borrower**"), Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp., as Guarantors, National Bank of Canada, Canadian Western Bank and Alberta Treasury Branches, as Lenders, National Bank of Canada, as Agent (the "**Agent**"), and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner, as 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 are ascribed thereto in the Credit Agreement. Pursuant to Article 4 of the Credit Agreement, the Borrower hereby requests the following repayment:

- (a) Date of repayment: _____
- (b) Applicable Facility(s): _____
- (c) Type of Advance: _____
- (d) Amount of repayment: _____
- (f) Borrower's account(s) to be debited (if applicable): _____
- (g) Special Instructions (if any): _____

DATED this _____ day of _____, •.

SCHEDULE "E" attached to and forming part of the Credit Agreement made as of December 19, 2007, among IROC Energy Services Partnership, as borrower, Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp. as guarantors, National Bank of Canada, Canadian Western Bank, Alberta Treasury Branches and those other banks and financial institutions from time to time party thereto, as Lenders, the National Bank of Canada, as Agent for the Lenders and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner.

REQUEST FOR AN OFFER OF EXTENSION

TO: NATIONAL BANK OF CANADA, as Agent

Ladies and Gentlemen:

We refer you to the Credit Agreement made as of December 19, 2007 among IROC Energy Services Partnership, as borrower (the "**Borrower**"), Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp., as Guarantors, National Bank of Canada, Canadian Western Bank, Alberta Treasury Branches, as Lenders, and National Bank of Canada, as Agent (the "**Agent**") and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner, as 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 are ascribed thereto in the Credit Agreement.

We hereby give notice of our request for an offer of extension of the Revolving Period for a further period of up to 364 days to [date] and consequent extension of the Term-Out Date pursuant to Section 3.6 of the Credit Agreement.

Affixed to this are the required reports as specified in Section 8.3(b), (c), (d) and (o).

As of the date hereof, there has not occurred any unremedied Default or Event of Default.

Yours very truly,

IROC ENERGY SERVICES PARTNERSHIP

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

SCHEDULE "F" attached to and forming part of the Credit Agreement made as of December 19, 2007, among IROC Energy Services Partnership, as borrower, Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp., as guarantors, National Bank of Canada, Canadian Western Bank, Alberta Treasury Branches and those other banks and financial institutions from time to time party thereto, as Lenders, the National Bank of Canada, as Agent for the Lenders and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner.

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT made this • day of •.

B E T W E E N:

• (the "Lender")

OF THE FIRST PART

- and -

• (the "Assignee")

OF THE SECOND PART

WHEREAS the Lender is a party to a credit agreement made as of December 19, 2007, among IROC Energy Services Partnership, as borrower (the "**Borrower**"), Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp., as Guarantors, National Bank of Canada, Canadian Western Bank and Alberta Treasury Branches, as Lenders, (the "**Lender**"), National Bank of Canada, as Agent (the "**Agent**") and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner, as amended, supplemented, restated or replaced from time to time (the "**Credit Agreement**");

AND WHEREAS the Lender desires to assign to the Assignee a portion of its rights and obligations under the Credit Agreement (including, without limitation, that same portion of the Commitments) and the other Credit Documents;

AND WHEREAS pursuant to the terms of the Credit Agreement, the Lender has paid to the Agent a processing and recording fee, receipt of which shall be evidenced by the Agent's acknowledgement and approval hereof and the Lender has otherwise complied with the provisions set out in Article 11 of the Credit Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that the parties hereto agree as follows:

1. All capitalized terms used herein and not defined shall have the meaning ascribed thereto in the Credit Agreement.
2. Pursuant to and in accordance with Article 11 of the Credit Agreement, the Lender hereby irrevocably assigns and transfers to the Assignee and the Assignee hereby purchases from the Lender and assumes, all rights and obligations of the Lender under the Credit Agreement with respect to that portion of its Commitment(s) set forth in Appendix I hereto.

3. The Assignee agrees to be bound by the terms and conditions of the Credit Agreement and to perform all of the obligations of a Lender thereunder from and after the effective date of this assignment.
4. The Assignee hereby confirms and agrees to the appointment of National Bank of Canada as Agent.
5. All of the acknowledgements and representations of a Lender contained in Section 10.9 of the Credit Agreement are true and correct with respect to the Assignee and the Assignee hereby agrees to be bound by the covenants of a Lender under the Credit Agreement.
6. The representations, warranties, covenants and agreements contained herein shall survive the execution and delivery of this Assignment Agreement.
7. The parties hereto acknowledge and agree that the provisions of this Assignment Agreement shall enure to the benefit of the Borrower, the Lender, the Agent and such other Lenders as may from time to time become parties to the Credit Agreement.
8. This Assignment Agreement shall be construed in accordance with, and all the rights of the parties hereto, shall be governed by, the laws of the Province of Alberta and the laws of Canada applicable therein.
9. This Assignment Agreement and any acknowledgements and approvals thereof may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement.

• [Lender]

By: _____

By: _____

• [Assignee]

By: _____

By: _____

Acknowledged and Consented to this • day of •

NATIONAL BANK OF CANADA,
as Agent

By: _____

F-3

If no Default has occurred:

Consented to this • day of •

IROC ENERGY SERVICES PARTNERSHIP

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Appendix I

NAME AND ADDRESS OF LENDER

•

Attention: •

NAME AND ADDRESS OF ASSIGNEE

•

Attention: •

Payments

LENDER'S COMMITMENT TO BE ASSIGNED

\$• of Swingline Commitment

\$• of Facility A Commitment

\$• of Facility B Commitment

All interest payments or other payments to be made to the Assignee by [bank wire transfer] to:

Notices

All notices and communications, except notice with respect to payment, and written confirmation of each such payment, to be addressed to the Assignee at:

•

Attention: •

Notices with respect to payment, and written confirmation of each such payment, to be addressed to the Assignee at:

•

Attention: •

SCHEDULE "G" attached to and forming part of the Credit Agreement made as of December 19, 2007, among IROC Energy Services Partnership, as borrower, Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp., as guarantors, National Bank of Canada, Canadian Western Bank, Alberta Treasury Branches and those other banks and financial institutions from time to time party thereto, as Lenders, the National Bank of Canada, as Agent for the Lenders and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner.

MONTHLY CERTIFICATE

TO: National Bank of Canada, as Agent
Suite 2700, 530 – 8th Avenue S.W.
Calgary, Alberta T2P 3S8
Attention: Account Manager

Ladies and Gentlemen:

1. Reference is made to the credit agreement made as of December 19, 2007 among IROC Energy Services Partnership, as borrower (the "**Borrower**"), Canada Tech Corp., IROC Drilling and Production Services Corp., IROC Technology Services Corp., IROC Energy Services Corp., as Guarantors, National Bank of Canada, Canadian Western Bank and Alberta Treasury Branches, as Lenders, National Bank of Canada, as Agent (the "**Agent**"), and National Bank Financial Inc., as Sole Lead Arranger and Bookrunner, as 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 are ascribed thereto in the Credit Agreement.
2. Attached hereto is a listing of all Accounts Receivable (including an allocation of the Blue Chip A/R, the EDC A/R and any Export Development Corporation insurance coverage for such Accounts Receivable) as at the end of [month/year], as required by Section 8.3(f) of the Credit Agreement.
3. Attached hereto is a listing of all aged accounts payable of the Borrower, allocating trade payables and accruals for the Borrower as at the end of [month/year], as required by Section 8.3(g) of the Credit Agreement.
4. Attached hereto is a listing of all Inventory of the Borrower at the end of [month/year], as required by Section 8.3(h) of the Credit Agreement.
5. Attached hereto is a consolidated listing of all operating leases (determined in accordance with GAAP) and the repayment schedules regarding such operating leases as at the end of [month/year], as required by Section 8.3(i) of the Credit Agreement.
6. The Borrower hereby confirms that the principal amount of all Advances, in aggregate, under Facility A does not exceed, and has not at any time exceeded, the Facility A Lending Limit (as evidenced by a schedule attached hereto by the Borrower confirming its calculations).
7. Attached hereto is a list of all Subsidiaries.
8. The total amount of the Borrowing Base for the current month of _____ is: _____

DATED this _____ day of _____, •.

IROC ENERGY SERVICES PARTNERSHIP

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____