Writer's Direct Line
[*Contact information redacted*]

January 16, 2023

BY E-MAIL

Lycos Energy Inc.
1900, 215-2 Street SW
Calgary, Alberta T2P 1M4

ATTENTION: David J, Burton, President and CEO
Lindsay Goos, VP Finance and CFO

Dear Sir/Madam:

RE: CREDIT FACILITIES – NATIONAL BANK OF CANADA / LYCOS ENERGY INC.

National Bank of Canada is pleased to advise that we have approved and offer Lycos Energy Inc. the following uncommitted demand Credit Facilities, on and subject to the terms and conditions described in this offering letter (as amended, amended and restated, supplemented, modified or replaced from time to time, the "**Offering Letter**").

National Bank of Canada appreciates the opportunity of providing this Offering Letter to Lycos Energy Inc. We look forward to a continuing and mutually beneficial relationship.

Yours truly,

NATIONAL BANK OF CANADA

(signed)	*(signed)*
Name: [*Redacted*]	Name: [*Redacted*]
Title: [*Redacted*]	Title: [*Redacted*]

AGREED AND ACCEPTED this 16th day of January, 2023.

LYCOS ENERGY INC., as Borrower

Per: *(signed) "Dave Burton"*
Name: Dave Burton
Title: President & CEO

Per: *(signed) "Lindsay Goos"*
Name: Lindsay Goos
Title: VP Finance & CFO

CHRONOS DUVERNAY LTD., as Guarantor

Per: *(signed) "Dave Burton"*
Name: Dave Burton
Title: President & CEO

Per: *(signed) "Lindsay Goos"*
Name: Lindsay Goos
Title: VP Finance & CFO

CHRONOS DUVERNAY SUBCO LTD., as Guarantor

Per: *(signed) "Dave Burton"*
Name: Dave Burton
Title: President & CEO

Per: *(signed) "Lindsay Goos"*
Name: Lindsay Goos
Title: VP Finance & CFO

CHRONOS DUVERNAY MIS LTD., as Guarantor

Per: *(signed) "Dave Burton"*
Name: Dave Burton
Title: President & CEO

Per: *(signed) "Lindsay Goos"*
Name: Lindsay Goos
Title: VP Finance & CFO

BORROWER: LYCOS ENERGY INC. (the "**Borrower**").

GUARANTORS: All Subsidiaries of the Borrower (collectively, the "**Guarantors**").

The Borrower and the Guarantors are collectively referred to herein as "Loan Parties", and each individually, a "**Loan Party**".

LENDER: National Bank of Canada (the "**Bank**").

CREDIT FACILITY A: The Bank hereby establishes in favour of the Borrower an uncommitted demand revolving credit facility ("**Credit Facility A**") for up to $20,000,000 in Canadian Dollars or the Equivalent Amount in U.S. Dollars (the "**Credit Facility A Maximum Amount**").

Provided that notwithstanding anything to the contrary in this Offering Letter, until such time as the Bank confirms to the Borrower in writing, the Credit Facility A Maximum Amount shall be limited to $10,000,000 or the Equivalent Amount in U.S. Dollars (such increase, the "**Credit Facility A Increase**").

Purpose: Credit Facility A shall only be used for the Borrower's general corporate purposes.

Accommodations and Notice: Subject to the other provisions hereof, Credit Facility A is available at the Borrower's option by way of any one or more of the following:

(a) Advances in Canadian Dollars with interest thereon calculated with reference to the Prime Rate ("**Prime Rate Loans**") plus the Applicable Margin. Prime Rate Loans shall revolve in whole multiples of Cdn.$50,000. Advances by way of Prime Rate Loans shall not require any notice to the Bank, and for certainty, any cheque, payment instructions or other debit authorization resulting in any Canadian Dollar account of the Borrower with the Bank will be deemed to be a request for an Advance by way of Prime Rate Loan under Credit Facility A, in each case, in accordance with the terms hereof;

(b) the issuance of Canadian Dollar bankers' acceptances ("**BAs**") accepted by the Bank. The minimum draw by way of BAs is Cdn.$1,000,000 and in multiples of Cdn.$100,000 thereafter. Upon acceptance by the Bank of a BA, the Bank will purchase, or arrange for purchase of, such BA at the BA Discount Rate applicable for such BA and provide to the Borrower the Discount Proceeds for the account of the Borrower; the Stamping Fee payable by the Borrower to the Bank in respect of each BA will be set off against the Discount Proceeds payable by the Bank to the Borrower in respect of such BA. Advances by way of BAs shall require at least two(2) Business Days' prior written notice by the Borrower to the Bank in the form of an Advance Request, or by way of email, telephone or facsimile request; and

(c) letters of credit and/or letters of guarantee in Canadian Dollars, U.S. Dollars or any other currency acceptable to the Bank ("**L/C/Gs**") having a maximum term of one year. The aggregate Face Amount of all issued and outstanding L/C/Gs shall at no time exceed Cdn.$5,000,000 or the Equivalent Amount thereof. Advances by way of L/C/Gs shall require at least three (3) Business Days' prior written notice from the Borrower to the Bank in the form of an Advance Request.

Availability: Credit Facility A may revolve in multiples as permitted under this Offering Letter, and the Borrower may borrow, repay, re-borrow and convert between different types of accommodations, up to the amounts and subject to the terms and conditions of this Offering Letter. Notwithstanding any other provision hereof to the contrary, Credit Facility A is uncommitted in nature and is not automatically available upon satisfaction of the terms and conditions set out herein. The Bank may cancel the availability of Credit Facility A at any time without notice or demand, acting in its sole discretion.

Notwithstanding any such cancellation, all fees paid to the Bank hereunder with respect to Credit Facility A shall be considered earned by the Bank and payable by the Borrower.

Interest Rates and Fees:

Prime Rate Loans

The Borrower shall pay interest calculated daily and payable monthly, not in advance, on the outstanding principal amount of Prime Rate Loans drawn under Credit Facility A at a rate per annum equal to the Prime Rate as designated from time to time by the Bank, plus the Applicable Margin. Interest at the aforesaid rate shall be due and payable on the 26th day of each and every month (or, if such day is not a Business Day, on the next Business Day) until all amounts owing to the Bank are paid in full. Interest shall be paid via automatic debit to the Borrower's account at the Calgary Branch of the Bank. As of this date, the Bank's Prime Rate is 6.45% per annum.

Canadian Dollar BAs

The Stamping Fee for the issuance of a BA under Credit Facility A is calculated at the Applicable Margin for the term of the BA in question on the basis of the number of days elapsed in a 365 day year, payable at the time of acceptance by the Bank. BAs shall have terms of 30, 60 or 90 days (or any other term, if the market for such BAs exists, at the sole discretion of the Bank) and shall not include any days of grace. BAs shall remain in effect until the maturity of the term selected.

L/C/Gs

The issuance fee for each L/C/G issued under Credit Facility A shall be the Applicable Margin and shall be determined based on the Face Amount of the L/C/G issued and the number of months that the L/C/G is outstanding in a year of 365 or 366 days, as the case may be, with any portion of 31 days to be considered a complete month (the "**L/C/G Fee**"). The foregoing L/C/G Fee shall be payable in its entirety upon issuance and shall be non-refundable. In addition, with respect to all L/C/Gs, the Borrower shall from time to time pay to the Bank its usual and customary fees and charges (at the then prevailing rates) for the amendment, delivery and administration of L/C/Gs and shall pay and reimburse the Bank for any out-of-pocket costs and expenses incurred in connection with any L/C/G, including in connection with any payment thereunder.

Availability Fee

The Borrower shall pay to the Bank a non-refundable fee equal to the Applicable Margin, based on a 365 or 366 day year, as the case may be, on the undrawn portion of Credit Facility A (the "**CFA Availability Fee**"), calculated daily and payable monthly in arrears on the first (1st) Business Day of each month. Notwithstanding that the Credit Facility A Increase may not yet have occurred, the CFA Availability Fee shall be calculated based on the Credit Facility A Maximum Amount, after giving effect to the Credit Facility A Increase, as such Credit Facility A Maximum Amount may be amended further from time to time.

Repayment on Demand:

Notwithstanding any provision to the contrary in this Offering Letter, Credit Facility A is uncommitted and payable by the Borrower in full on demand by the Bank and the Bank may terminate the availability thereof (including any undrawn portion) at any time without notice; for certainty, upon demand by the Bank:

(a) the entire principal amount of all Advances then outstanding from the Borrower and all accrued and unpaid interest thereon;

(b) an amount equal to the Face Amount at maturity of all BAs issued by the Borrower which are unmatured;

(c) an amount equal to the maximum amount then available to be drawn under all unexpired L/C/Gs; and

(d) all other obligations outstanding hereunder,

shall become immediately due and payable by the Borrower to the Bank, all without any other notice and without presentment, protest, demand, notice of dishonour or any other demand whatsoever (all of which are hereby expressly waived by the Borrower). In such event and if the Borrower does not immediately pay all such amounts upon receipt of such demand, the Bank may, in its discretion, exercise any right or recourse and/or proceed by any action, suit, application, remedy or proceeding against the Borrower authorized or permitted by law for the recovery of all the indebtedness and liabilities of the Borrower to the Bank and proceed to exercise any and all rights hereunder and under the Security and no such remedy for the enforcement of the rights of the Bank shall be exclusive of or dependent on any other remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

CREDIT FACILITY B:	The Bank hereby establishes in favour of the Borrower a MasterCard facility ("**Credit Facility B**") for up to $[*MasterCard limit redacted*] in Canadian Dollars.
Purpose:	Credit Facility B shall only be used by the Borrower to facilitate general business expenses for company officers and employees.
Repayment:	Payment in full, monthly.
Interest Rate:	Standard rates as established from time to time by MasterCard.
Evidence of Debt:	MasterCard monthly statements and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

<u>CREDIT FACILITY C:</u>	The Bank hereby establishes in favour of the Borrower a risk management facility(“**Credit Facility C**”).
<u>Purpose:</u>	Credit Facility C shall be used by the Borrower for the provision by the Bank and its Affiliates of Financial Instruments.
<u>Availability:</u>	At the Borrower’s request, the Bank or its Affiliates may enter in one or more Financial Instruments with the Borrower, subject to the provisions hereof and to Bank availability.
<u>Settlement:</u>	Settlement as per contract maturities.
<u>Evidence of Usage:</u>	Executed treasury contracts, executed ISDA Master Agreement with appropriate annexes and schedules, other documentation acceptable to the Bank, and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter. Absent any other agreement to the contrary, all settlements under Credit Facility C shall be made by automatic debit and credit to the Borrower’s account at the Calgary Branch of the Bank.

GENERAL TERMS AND CONDITIONS

DEFINITIONS:

In this Offering Letter, including the Appendices hereto and in all notices given pursuant to this Offering Letter, capitalized words and phrases shall have the meanings given to them in this Offering Letter in their proper context, and words and phrases not otherwise defined in this Offering Letter but defined in Appendix C to this Offering Letter shall have the meanings given to them in Appendix C to this Offering Letter.

INTERPRETATION:

In this Offering Letter, unless otherwise specifically provided, words importing the singular will include the plural and vice versa, words importing gender shall include the masculine, the feminine and the neuter, 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.

INTEREST AND FEE CALCULATION AND PAYMENT:

Interest is payable both before and after demand and judgment. Notwithstanding any other provision hereof, in the event that any amount due hereunder (including, without limitation, any interest payment) is not paid when due (whether by demand or otherwise), the Borrower shall pay interest on such unpaid amounts (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 received for value at the required place of payment on the date of such payment), and such interest shall accrue daily, be calculated and compounded monthly and be payable on demand, after as well as before demand and judgment, at a rate per annum that is equal to: (a) the Prime Rate plus the Applicable Margin plus [*Interest premium redacted*]% per annum for amounts due in Cdn.$, and (b) the U.S. Base Rate plus the Applicable Margin plus [*Interest premium redacted*]% per annum for amounts due in U.S.$.

Changes in the Prime Rate or U.S. Base Rate shall cause an immediate adjustment of the interest rate applicable to Prime Rate Loans and Base Rate Loans, respectively, and all overdue obligations, liabilities and indebtedness (in each case) without the necessity of any notice to the Borrower.

Whenever a rate of interest or other rate per annum hereunder is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or other rate per annum shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Offering Letter; all interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, before and after demand and judgment. The rates of interest specified in this Offering Letter are intended to be nominal rates and not effective rates. Interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.

FEES:

The Borrower shall pay to the Bank a non-refundable upfront fee in the amount of Cdn.$[*fees redacted*], due and payable upon execution of this Offering Letter.

This fee is in addition to and not in substitution for any other fees due and payable under this Offering Letter.

CHANGE IN APPLICABLE MARGIN:

Whenever this Offering Letter calls for a change in the Applicable Margin or fees by reason of a change in the Net Debt to Cash Flow Ratio, each such change shall be effective on the first day of the fourth month following the end of the fiscal quarter for which the Compliance Certificate was provided.

In respect of Prime Rate Loans and CFA Availability Fees, the Borrower shall pay the interest or fee, as applicable, at the new Applicable Margin effective on the first day of the fourth month following the end of the fiscal quarter for which the Compliance Certificate was provided, notwithstanding that any Advance was made prior to such date and notwithstanding that interest and CFA Availability Fees prior to delivery of the Compliance Certificate were calculated and paid based upon the Applicable Margins previously in effect.

In the case of any outstanding BAs, the Borrower and the Bank agree that the Stamping Fee shall be adjusted between them to reflect the change in the Stamping Fee to the end of the remaining term of each outstanding BA. The Bank is hereby authorized to make such adjustments in such manner and at such time as the Bank determines is practicable.

In the event that the Borrower should fail to provide a Compliance Certificate as and when required hereunder, then, at the discretion of the Bank, the Applicable Margin in all cases shall automatically be increased to the highest Net Debt to Cash Flow Ratio level in the pricing grid set out in the definition of "Applicable Margin" until such time as the Compliance Certificate is delivered.

INDEMNITY; L/C/G LIABILITIES:

In consideration of the Bank issuing L/C/Gs under Credit Facility A from time to time, the Borrower hereby undertakes and agrees to indemnify the Bank to the extent of any payment the Bank makes under any L/C/Gs issued hereunder. Furthermore, the Borrower agrees to indemnify and save the Bank, its successors and assigns, harmless from and against any and all losses, costs, damages, or expenses which the Bank may suffer or incur in any manner whatsoever by reason of the Bank issuing the said L/C/Gs from time to time. The Borrower's obligation to reimburse the Bank for payments and disbursements made by the Bank under any L/C/G is absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defence to payment which the Borrower may have or have had against the Bank or the beneficiary of the L/C/G.

The Bank shall not have any responsibility or liability for, or any duty to inquire into the authorization, execution, signature, endorsement, correctness, genuineness, or legal effect of any certificate or other document presented to the Bank pursuant to any L/C/G and which, on its face, complies with the drawing requirements of the L/C/G and the Borrower fully and unconditionally assumes all risks with respect to same. Without limiting the generality of the foregoing, it is agreed that any payment made by the Bank in good faith under and in accordance with the terms of any L/C/G shall be binding upon the Borrower and shall not result in any liability of the Bank to the Borrower and shall not lessen the obligations of the Borrower hereunder.

It is understood and agreed that any demand or request made upon the Bank for payment under any L/C/Gs issued hereunder by any beneficiary in material compliance with the terms of any such L/C/G will be the Bank's sufficient authority to pay thereunder and the Bank shall not be required to determine the validity or sufficiency of such demand or request.

It is further understood and agreed that until otherwise instructed by the Borrower, the Bank may extend or renew any L/C/Gs issued hereunder in accordance with its terms, without requiring a further authorization or request from the Borrower and that this indemnity and the other provisions of this Offering Letter shall apply to any such extension or renewal.

L/C/G AND BA REIMBURSEMENT:

The Borrower shall forthwith reimburse the Bank for all drawings made on L/C/Gs on the date such drawings are made, failing which, such drawings shall be converted to: (a) a Prime Rate Loan for Canadian Dollar drawings or (b) a Base Rate Loan for U.S. Dollar drawings. If any L/C/G is issued in a currency other than Canadian Dollars or U.S. Dollars, and the Borrower has not reimbursed the Bank for all drawings made on such L/C/G on the date such drawings were made, such drawings shall be converted to a Prime Rate Loan in Canadian Dollars at the rate of exchange that the Bank could normally purchase Canadian Dollars on such date. If the Bank does not receive instructions (whether in writing or by way of email, facsimile or telephone) from the Borrower concerning the renewal of a BA at its maturity, the Face Amount thereof shall be converted to a Prime Rate Loan.

SECURITY:

The following security shall be completed, duly executed, delivered, and registered, where necessary, to the entire satisfaction of the Bank and its counsel. All present and future security (the "**Security**") and the terms thereof shall be held by the Bank as continuing security for all Obligations including, without limitation, for the repayment of all loans and Advances made hereunder and for other loans and Advances that may be made from time to time in the future whether hereunder or otherwise. For greater certainty, Obligations under any Financial Instruments entered into at any time with the Bank (or any of its subsidiaries or Affiliates from time to time) are deemed to be Obligations hereunder and are secured by the Security on a pari passu basis and shall rank pari passu with all other Obligations. Where applicable, the Security will be in the Bank's standard form.

Borrower Security to be Obtained:

The Borrower shall execute and deliver to the Bank the following security documents:

(a) Demand Debenture in the principal amount of $100,000,000 with a floating charge over all assets of the Borrower and a negative pledge and undertaking to provide fixed charges on the Borrower's producing petroleum and natural gas properties at the request of the Bank.

Guarantor Security to be Obtained:

Each Guarantor shall execute and deliver to the Bank the following security documents:

(a) Unlimited guarantee, guaranteeing all of the Obligations of the Borrower to the Bank; and

(b) Demand Debenture in the principal amount of $100,000,000 with a floating charge over all assets of the applicable Guarantor and a negative pledge and undertaking to provide fixed charges on the applicable Guarantor's producing petroleum and natural gas properties at the request of the Bank.

RELEASE:

The Borrower and each Guarantor shall not be discharged from the Security or any part thereof except by a written release and discharge signed by the Bank.

FORM/REGISTRATION:

The Security will be in such form or forms as will be required by the Bank, acting reasonably, and will be registered by the Bank or its counsel in such public registry offices in Canada or any province thereof as the Bank, acting reasonably, may from time to time require to protect and perfect the liens created thereby. Should the Bank determine at any time and from time to time, acting reasonably, that the form and nature of the then existing Security is deficient in any way or does not fully provide the Bank with the liens and priority to which each is entitled hereunder, the Borrower will forthwith execute and deliver or cause to be executed and delivered to the Bank, at the Borrower's expense, such amendments to the Security or provide such new security as the Bank may reasonably request.

AFTER-ACQUIRED PROPERTY: All property acquired by or on behalf of the Borrower or any other Loan Party which forms part of the property of the Borrower or any other Loan Party (hereafter collectively referred to as "**After-Acquired Property**"), will be subject to the Security without any further conveyance, mortgage, pledge, charge, assignment or other act. Without limiting the effect of the preceding sentence, the Borrower will, or will cause the applicable Loan Party to, from time to time execute and deliver and the Bank will register, all at the Borrower's expense, such instruments supplemental to the Security, in form and substance satisfactory to the Bank, acting reasonably, as may be necessary or desirable to ensure that the Security as amended and supplemented constitutes in favour of the Bank an effective lien to the extent created by the Security over such After-Acquired Property as required hereunder, subject only to Permitted Encumbrances which under applicable law rank in priority thereto.

FIXED CHARGES: The Borrower, at the request of the Bank, will forthwith grant or cause to be granted to the Bank, a fixed charge in all or any of the Borrower's and the other Loan Parties' property (including any After-Acquired Property) which is intended by the terms of the Loan Documents to be subject to a fixed charge pursuant to the section above titled "SECURITY".

CONTINUING SECURITY: Each item or part of the Security shall for all purposes be treated as a separate and continuing collateral security and shall be deemed to have been given in addition to and not in place of any other item or part of the Security or any other security now held or hereafter acquired by the Bank. No item or part of the Security shall be merged or be deemed to have been merged in or by this Offering Letter or any documents, instruments or acknowledgements delivered hereunder, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any security, instrument or agreement shall be independent of and not create a merger with any other right available to the Bank under any security, instruments or agreements held by it or at law or in equity.

DEALING WITH SECURITY: The Bank may grant extensions of time or other indulgences, take and give up securities (including the Security or any part or parts thereof), accept compositions, grant releases and discharges and otherwise deal with the Loan Parties and other parties and with security (including the Security and each part thereof) as the Bank may see fit, without prejudice to or in any way limiting the liability of the Borrower or any other Loan Party under this Offering Letter or under any of the Security or any other collateral security (as applicable).

EFFECTIVENESS: The Security and the security interests created by any other document constituted or required to be created shall be effective, and the undertakings as to the Security herein or in any other document required to be delivered hereunder shall be continuing, whether any Advances are then outstanding or any amounts thereby secured or any part thereof shall be owing before or after, or at the same time as, the creation of such security interests or before or after or upon the date of execution of any amendments to this Offering Letter.

FURTHER ASSURANCES: The Borrower will and will cause each other Loan Party, in connection with the provision of any Security (including any amended, new or replacement Security) to do, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, agreements, financing statements, assignments, opinions, acts, matters and things which may be reasonably required by the Bank to give effect to the Security or the foregoing.

REPRESENTATIONS AND WARRANTIES:

Each Loan Party represents and warrants to the Bank (all of which representations and warranties each Loan Party hereby acknowledges are being relied upon by the Bank in entering into this Offering Letter) that:

(a) each Loan Party is a corporation or partnership validly existing and in good standing under the laws of its governing jurisdiction and has the power and authority to carry on its business, own property, borrow or incur, as the case may be, monies and other obligations from and to the Bank and its Affiliates, and enter into agreements in respect thereof, execute and deliver the documents required hereunder, and observe and perform the terms and provisions of this Offering Letter and the Security to which it is a party;

(b) this Offering Letter and the Security has been duly authorized, executed and delivered by the Borrower and each Guarantor party hereto, and is valid and binding on and enforceable against each, as applicable, except as enforceability may be limited by general principles of equity and laws affecting creditors' rights generally;

(c) the execution and delivery of this Offering Letter and the Security and the performance by the Loan Parties of their respective obligations thereunder do not violate the provisions of any Loan Party's constating documents, by-laws, shareholder agreements or similar agreements or any law, order, rule or regulation applicable to it, or any agreement by which it is bound;

(d) each Loan Party has the right to pledge, charge, mortgage, encumber, assign or lien its assets in accordance with the Security to which it is a party contemplated by this Offering Letter, subject to the existence of Permitted Encumbrances;

(e) no default hereunder or under the Security or other documents or agreements required to be delivered hereunder or any Insolvency Event has occurred nor has any event occurred which, in time, would constitute a default under this Offering Letter, the Security such other documents and agreements, or which would constitute a default under any other material agreement to which the Borrower or any Guarantor is a party;

(f) there are no laws, statutes or regulations applicable to or binding on the Borrower or any Guarantor and no provisions in the Borrower's or any Guarantor's articles or by-laws, shareholder agreements or similar agreements, resolutions, material licenses, material permits, contracts, material agreements, or arrangements that would be contravened, breached or violated by the execution, delivery, performance or observance of any terms of this Offering Letter or the Security nor result in or require the creation or imposition of any security interest upon any of the Borrower or Guarantor's assets (other than Permitted Encumbrances);

(g) the most recent financial statements of the Borrower delivered to the Bank fairly and accurately present the present consolidated financial position of the Borrower, and have been prepared by the Borrower and, as applicable, its auditors in accordance with GAAP, and since the date of such financial statements, no Material Adverse Effect has occurred and is continuing;

(h) there are no actions, suits, applications or proceedings, including appeals or applications for review, or, to the best of its knowledge, information and belief, any pending actions, suits, applications or proceedings, against the Borrower or any Subsidiary thereof before any court or administrative agency which would or would reasonably be expected to have a Material Adverse Effect on the validly or enforceability of this Offering Letter, the Security or the other documents and agreements required to be delivered hereunder, or result in any Material Adverse Effect, nor are there any orders, judgments, writs, injunctions, decrees or determinations of any court, Governmental Authority or private dispute resolving body which could have any of the foregoing effects;

(i) all information, materials and documents respecting the Borrower and any Guarantor provided to the Bank by the Borrower or any Guarantor are (and, to the extent prepared by persons other than the Borrower, to the knowledge of the Borrower are) true, complete and correct in all material respects as of the respective dates thereof;

(j) all of the material remittances required to be made by the Borrower and any Guarantor to the federal, provincial and municipal governments have been made, are up to date and there are no outstanding arrears. Without limiting the foregoing, all employee source deductions (including income taxes, unemployment insurance and Canada Pension Plan), sales taxes (both provincial and federal), corporate income taxes, payroll taxes and worker's compensation dues and pension fund obligations are currently paid and up to date;

(k) the Borrower and each Guarantor is in material compliance with the requirements of all applicable laws, including, for certainty, all Environmental Laws, and it has not received notice of any non-compliance in respect thereof;

(l) it is in compliance in all material respects with all other applicable laws relating to any abandonment and reclamation obligations, liabilities or activities including, without limitation, any outstanding Abandonment/Reclamation Orders;

(m) the Borrower and each Guarantor has good and valid title to all of its properties and assets subject only to minor defects of title which do not, in the aggregate, materially affect the value thereof;

(n) as of the date hereof, the Borrower has no Subsidiaries except for the following: Chronos Duvernay Ltd., Chronos Duvernay SubCo Ltd. and Chronos Duvernay MIS Ltd.; and

(o) the chief executive office (for the purposes of the *Personal Property Security Act* (Alberta) (the "**PPSA**")) of the Borrower is located in Alberta. The chief executive office (for the purposes of the PPSA) of each Guarantor is located in Alberta.

Unless expressly stated to be made as of a specific date, the representations and warranties made in this Offering Letter shall survive the execution of this Offering Letter and all Security, and shall be deemed to be repeated as of the date of each Advance and as of the date of delivery of each Compliance Certificate, subject to modifications requested by the Borrower to the Bank in writing and accepted by the Bank. The Bank 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 Credit Facilities hereunder.

CONDITIONS PRECEDENT:

Conditions Precedent to Each Advance

Each Advance hereunder will be subject to the satisfaction of the following conditions precedent:

(a) other than in respect of Prime Rate Loans, the Bank shall have received an executed Advance Request in the form attached hereto as Appendix D (or, in the case of BAs, a request by way of email, telephone or facsimile) from the Borrower in accordance with the provisions hereof;

(b) no default hereunder or under the Security or any Insolvency Event shall have occurred and be continuing and no demand for payment shall have been made hereunder or under the Security;

(c) each of the representations and warranties described in this Offering Letter are true and correct as of the date of the Advance; and

(d) no event, development or circumstance has occurred or could occur that, in the opinion of the Bank, acting reasonably, has or will have a Material Adverse Effect.

Conditions Precedent to Effectiveness of Offering Letter

This Offering Letter shall not be effective until the Borrower has provided, executed or satisfied the following, to the Bank's satisfaction:

(a) an accepted and executed copy of this Offering Letter;

(b) Power of Attorney Form and Acknowledgement for BAs duly executed and delivered to the Bank by the Borrower;

(c) Alberta Land Titles Office Name Search Consent from each Loan Party;

(d) all Security shall be duly completed, authorized, executed and delivered by each Loan Party which is a party thereto, and registered, all to the satisfaction of the Bank and its counsel;

(e) the Bank shall have completed such due diligence in respect of the Loan Parties and their respective businesses and Affiliates as it deems appropriate or necessary;

(f) a legal opinion from the Borrower's counsel, in form and substance satisfactory to the Bank and its counsel, that, inter alia, each Loan Party has been duly incorporated, is validly subsisting, and is in good standing, that this Offering Letter and the Security has been duly authorized, executed and delivered and is enforceable against the applicable Loan Parties, and that each Loan Party has the corporate power and capacity to enter into and perform the obligations contemplated by this Offering Letter and the Security;

(g) a legal opinion from the Bank's counsel;

(h) satisfactory evidence to the Bank and its counsel that the Borrower has proper title to its major petroleum and natural gas interests and that no prior charges, liens, encumbrances or claims exist against such interests, other than Permitted Encumbrances;

(i) evidence of insurance coverage in accordance with industry standards designating the Bank as first loss payee or first mortgagee, as applicable, under all property damage policies and additional insured, as its interest may appear, in respect of all liability policies, in respect of the proceeds of the insurance;

(j) appropriate title representation (an officer's certificate of an officer of the Borrower as to Title) including a schedule of major petroleum and natural gas reserves described by lease (type, date, term, parties), legal description (wells and spacing units), interest (Working Interest or other APO/BPO interests), overrides (APO/BPO), gross overrides, and other liens, encumbrances, and overrides;

(k) certified copies of (i) the constating documents of each Loan Party, including all amendments thereto, and (ii) the resolutions of the board of directors of each Loan Party authorizing the execution and delivery of this Offering Letter and the Security, as applicable;

(l) all fees due and payable to the Bank shall have been paid;

(m) satisfactory evidence of closing of the (i) Combination Transactions in accordance with the Business Combination Agreement, without any material amendment or waiver thereunder, including an organizational chart in respect of the Loan Parties after giving effect to the Combination Transactions and (ii) private placement for gross proceeds of no less than $65,000,000; and

(n) any other documentation and information that may be reasonably requested by the Bank.

The above Conditions Precedent are inserted for the sole benefit of the Bank, and may be waived by the Bank in whole or in part (with or without terms or conditions) in respect of any particular Advance, provided that any waiver shall not be binding unless given in writing and shall not derogate from the right of the Bank to insist on the satisfaction of any condition not expressly waived in writing or to insist on the satisfaction of any condition waived in writing which may be requested in the future. Notwithstanding any other provision hereof to the contrary, the Credit Facilities are uncommitted in nature and are not automatically available upon satisfaction of the Conditions Precedent set out above.

REPORTING REQUIREMENTS: The Borrower, and each Guarantor (as applicable), shall provide to the Bank:

(a) quarterly production and revenue reports in form and substance satisfactory to the Bank within (i) 65 calendar days of each fiscal quarter end for the first three fiscal quarters of each fiscal year; and (ii) 125 calendar days of the fourth quarter end of each fiscal year;

(b) quarterly unaudited consolidated financial statements (including balance sheet, income statement, cash flow statement and management discussion and analysis) and a Compliance Certificate within 65 calendar days of each fiscal quarter end for the first three fiscal quarters of each fiscal year;

(c) annual audited consolidated financial statements (including balance sheet, income statement, cash flow statement and management discussion and analysis) and a Compliance Certificate within 125 calendar days of each fiscal year end;

(d) annual independent engineering report in form and substance satisfactory to the Bank on the petroleum and natural gas reserves of the Borrower within 125 calendar days of each fiscal year end, prepared by an engineering firm acceptable to the Bank;

(e) annual consolidated budget for the following fiscal year, including production, cash flow and capital expenditure forecasts, within 125 days of each fiscal year end;

(f) together with each Compliance Certificate required to be delivered pursuant to subparagraphs (b) and (c) above:

(ii) an LMR and Decommissioning Expense Worksheet; and

(iii) an update as to the amount the Loan Parties have expended on decommissioning expenses during the applicable fiscal year and how they have performed against the budgeted amount in the applicable Decommissioning Budget, together with commentary from management explaining any material variations therefrom and any other matters related to any changes in the Borrower's abandonment and reclamation policies;

(g) within 125 days after the end of each fiscal year of the Borrower, (i) a decommissioning budget for the following fiscal year period (the "**Decommissioning Budget**"), which budget shall include a breakdown of each Loan Party's expected abandonment and reclamation costs for such period related to their current and expected active and inactive wells, pipelines and facilities, together with details of the calculation of the abandonment and reclamation obligations set out on the Borrower's balance sheet in its annual audited consolidated financial statements; and (ii) a decommissioning schedule for each of its active and inactive wells, pipelines and facilities, together with any supporting information that may be reasonably requested by the Bank related thereto;

(h) promptly upon receipt thereof, any Abandonment/Reclamation Orders or other material notices related to any directives, rules, regulations or other orders issued by any applicable Energy Regulator in respect of or otherwise affecting the producing petroleum and natural gas properties and interests of the Borrower or any other Loan Party or related facilities of the Borrower or any other Loan Party, in each case, together with a calculation of the estimate of expenditures required in order to comply with such Abandonment/Reclamation Orders;

(i) if the Borrower or any other Loan Party has engaged a consultant or other expert to evaluate, analyze or otherwise assist with the determination or impact of the Borrower's or any other Loan Party's abandonment and reclamation obligations in any Applicable LMR Jurisdiction, a copy of such report or any other material work product related thereto promptly following receipt thereof by the Borrower or such other Loan Party, as applicable; and

(j) any other information the Bank may reasonably require from time to time.

AFFIRMATIVE COVENANTS:

Each Loan Party shall (each of the below being an "**Affirmative Covenant**"):

(a) cause to be paid all amounts of principal, interest, fees and other amounts payable under this Offering Letter and the Security on the dates, times and at the place specified therein or under any other agreement entered into by it with the Bank, and shall perform and observe all of its obligations under this Offering Letter, the Security and the other documents and agreements required to be delivered hereunder;

(b) do or cause to be done all things necessary or required to have all its properties, assets and operations owned, operated and maintained in accordance in all material respects with diligent and prudent industry practice and applicable laws and at all times cause the same to be owned, operated, maintained and used in compliance with all terms of any applicable insurance policy;

(c) cause to be done all things necessary to maintain in good standing its corporate or partnership existence and preserve and keep all material agreements, rights, franchises, licences, operations, contracts or other arrangements required or advisable for its business or operations in full force and effect;

(d) cause to be paid or discharged all taxes, assessments and government charges or liens imposed on property, earnings, labour or materials, in each case where the failure to do so would have a Material Adverse Effect;

(e) comply in all material respects with all applicable laws, regulations and directives including, without limitation, Environmental Laws, whether for protection, preservation, clean-up or otherwise, and obtain and maintain all necessary permits, licenses and other authorizations in connection therewith;

(f) comply in all material respects with applicable law relating to abandonment and reclamation obligations, liabilities or activities including, without limitation, any outstanding Abandonment/Reclamation Orders;

(g) maintain an LMR not less than 1.25 in each Applicable LMR Jurisdiction;

(h) keep and maintain books of account and other accounting records in accordance with GAAP, and upon reasonable notice, allow the Bank access to its books and records, and take excerpts therefrom or make copies thereof, and to visit and inspect its assets and place(s) of business;

(i) maintain, with financially sound and reputable insurers, insurance with respect to its properties and business and against such casualties and contingencies and in such types and such amounts as shall be in accordance with prudent business practices for corporations or other entities of the size and type of business and operations as the Borrower and each Guarantor;

(j) promptly notify the Bank of any breach or default under this Offering Letter, the Security or any other Loan Document or the occurrence of any event, circumstance or condition that has had or is reasonably likely to have a Material Adverse Effect, including any Insolvency Event;

(k) observe the terms of and perform its obligations under this Offering Letter, the Security and all other Loan Documents;

(l) use all Advances and the proceeds thereof solely for the applicable purposes stipulated herein;

(m) promptly inform the Bank of any action, suit, application or proceeding pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any Subsidiary thereof which, if determined adversely to the interests of the Borrower or any Subsidiary thereof, could reasonably be expected to create an obligation or liability in excess of the Threshold Amount and furnish the Bank with details of any such action, suit, application or proceeding;

(n) obtain and maintain the licenses and permits reasonably required to operate its business;

(o) promptly notify the Bank of the acquisition, creation or existence of each new Subsidiary after the date hereof, and no less than ten (10) Business Days following such acquisition, creation or existence, cause each such new Subsidiary to (i) provide a guarantee and such other Security as required by the Bank, in its sole discretion, and (ii) become a party to this Offering Letter as a Guarantor and Loan Party;

(p) open and maintain its current accounts at the Calgary Branch of the Bank through which, by no later than the 91st day following the date of this Offering Letter, it shall conduct all of its banking activities;

(q) promptly notify the Bank if a Change of Control occurs;

(r) at all times comply in all material respects with all Environmental Laws and shall at all times maintain all material authorizations, permits and certificates required thereby;

(s) as soon as reasonably possible upon acquiring actual knowledge thereof, notify the Bank in the event a contaminant spill or emission occurs or is discovered with respect to its property or operations or those of any neighbouring property (except to the extent that any such contaminant spill or emission would not reasonably be expected to result in an impact in excess of the Threshold Amount) and report to the Bank forthwith any notice, order, decree, or fine that it receives or is ordered to pay with respect to the Environmental Laws relating to its business or property;

(t) at the request of the Bank and in accordance with the conditions set forth by the Bank, and at its own cost, provide any information or document which the Bank may require with respect to its environmental state or circumstances, including any study or report prepared by a firm acceptable to the Bank. In the event that such studies or reports reveal that any Environmental Laws are not being materially complied with, the applicable Loan Party shall effect the necessary work to ensure that its business and property comply with such Environmental Laws within a period acceptable to the Bank;

(u) ensure that the Borrower directly or indirectly owns all of the issued and outstanding Voting Shares of all Subsidiaries;

(v) by no later than the 91st day following the date of this Offering Letter, cause the discharge of each Stale Registration and provide evidence of such discharge to the Bank; and

(w) provide the Bank with any information or document that it may reasonably require from time to time.

NEGATIVE COVENANTS:

No Loan Party shall, without the prior written approval of the Bank (each of the below being a "**Negative Covenant**"):

(a) allow or effect a Change of Control;

(b) enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of a Person other than a Loan Party whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise;

(c) make any Distribution if (i) a default or demand for payment has occurred or has been made under any Loan Document, (ii) a Material Adverse Effect exists or has occurred at such time, or, in each case, would reasonably be expected to result therefrom, (iii) the forecasted pro forma Net Debt to Cash Flow Ratio for the 12 months following the proposed Distribution is greater than 1.25:1.00, or (iv) the Advances outstanding under Credit Facility A, both before and after giving effect to the proposed Distribution are greater than or equal to 70% of the Credit Facility A Maximum Amount;

(d) incur, assume or otherwise become liable for, or permit any Subsidiary to have, incur, assume or otherwise become liable for, any Debt, other than Permitted Debt;

(e) create, issue, incur, assume or permit to exist any security interests on any of its property, undertakings or assets, other than Permitted Encumbrances;

(f) make any contributions of capital or any other forms of equity investment in any Person or provide any Financial Assistance to any Person (in each case, other than another Loan Party, except if a default or demand for payment has occurred or has been made under any Loan Document, or a Material Adverse Effect exists or has occurred at such time, or, in each case, would reasonably be expected to result therefrom) in excess of the Threshold Amount in the aggregate between each Review (or, if a Review is not done within 12 months of the prior Review, in any 12-month period);

(g) subject to paragraph (b) above, liquidate, dissolve or wind-up or take any steps or proceedings in connection therewith except, in the case of Guarantors, where the successor thereto or transferee thereof is the Borrower or another Guarantor;

(h) sell, transfer or otherwise dispose of any of its property or assets (including any sale-leasebacks) other than (i) the sale, transfer or disposition in the ordinary course of business of a Loan Party's (1) inventory or production, or (B) other tangible personal property that is obsolete, no longer useful for its intended purpose or being replaced in the ordinary course of business, (ii) sales, transfers or dispositions of assets between any of the Loan Parties, (iii) sales, transfers or dispositions that, individually or in the aggregate at any time between each Review, do not exceed the greater of $1,000,000 or the Threshold Amount, and (iv) the Duvernay Conversion, provided that following completion of the Duvernay Conversion the resulting working interest of the applicable Loan Party in Chronos Duvernay LP is equal to the percentage of equity interest of such Loan Party in Chronos Duvernay LP prior to giving effect to the Duvernay Conversion; provided that, the pro forma LMR of the Borrower and each other Loan Party in each Applicable LMR Jurisdiction, as applicable, as a result of and after giving effect to such sale, transfer or other disposition, in each case, will be greater than or equal to 1.25;

(i) directly or indirectly, make any acquisition of petroleum or natural gas properties, rights, interests, facilities or other assets, or any shares, securities or any other ownership interest in any Person or asset, in each case, if the pro forma LMR of the Borrower and each other Loan Party in each Applicable LMR Jurisdiction, as applicable, as a result of and after giving effect to such acquisition, is less than 1.25;

(j) enter into any Financial Instrument, other than Permitted Hedging;

(k) perform, realize or otherwise effect any Hedge Monetizations;

(l) make any material change in the nature of its business as carried on at the date hereof, or change its name, trade name, locations of business, chief executive office or fiscal year from those which exist on the date hereof without giving the Bank no less than 15 days prior written notice thereof;

(m) use any Advance to finance a hostile takeover; or

(n) use the proceeds of any Advance to accumulate or maintain cash or cash equivalents in excess of the Threshold Amount in one or more accounts (including, for certainty, any depository, investment or securities account) maintained by the Borrower or any of its Subsidiaries, but excluding therefrom amounts accumulated or maintained therein in the ordinary course of business, and (for certainty) the Bank may refuse to make any requested Advance which the Bank, acting reasonably, determines would result in a contravention of this paragraph.

FINANCIAL COVENANTS:

As at the last day of each fiscal quarter of the Borrower:

The Adjusted Working Capital Ratio shall not be less than 1.00:1.00.

ENVIRONMENTAL INDEMNITY:

The Borrower shall indemnify and hold harmless the Bank and its shareholders, Affiliates, officers, directors, agents, legal and other advisers, auditors and employees forthwith (collectively, the "**Indemnified Parties**") on demand by the Bank from and against any and all claims, suits, actions, debts, damages, costs, losses, liabilities, penalties, obligations, judgments, charges, expenses and disbursements (including all reasonable legal fees and disbursements on a solicitor and his own client basis) of any nature whatsoever, suffered or incurred by the Indemnified Parties or any of them in connection with any Credit Facility, whether as beneficiaries under the Loan Documents, as successors in interest of the Borrower or any of its Subsidiaries, or voluntary transfer in lieu of foreclosure, or otherwise howsoever, with respect to any Environmental Claims relating to the property of the Borrower or any of its Subsidiaries arising under any Environmental Laws as a result of the past, present or future operations of the Borrower or any of its Subsidiaries (or any predecessor in interest to the Borrower or its Subsidiaries) relating to the property of the Borrower or its Subsidiaries, or the past, present or future condition of any part of the property of the Borrower or its Subsidiaries owned, operated or leased by the Borrower or its Subsidiaries (or any such predecessor in interest), including any liabilities arising as a result of any indemnity covering Environmental Claims given to any person by the Bank or a receiver, receiver manager, interim receiver, trustee or similar person appointed hereunder or under applicable law (collectively, the "**Indemnified Third Party**"); but excluding any Environmental Claims or liabilities relating thereto to the extent that such Environmental Claims or liabilities arise by reason of the gross negligence or wilful misconduct of the Indemnified Party or the Indemnified Third Party claiming indemnity hereunder as determined in a final, non-appealable judgment by a court of competent jurisdiction. The provisions, undertakings, and indemnification set out in this section shall survive the satisfaction and release of the Security and payment and satisfaction of the Obligations.

INTEREST ON OVERDUE AMOUNTS:

Notwithstanding any other provision of this Offering Letter, 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 Bank 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 that is equal to: (i) the rate of interest then being charged on Prime Rate Loans under the applicable Credit Facility plus [*Interest premium redacted*]% per annum, for overdue amounts in Canadian Dollars under such Credit Facility; and (ii) the rate of interest then being charged on Base Rate Loans under the applicable Credit Facility plus [*Interest premium redacted*]% per annum, for overdue amounts in U.S. Dollars under such Credit Facility. 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 Offering Letter.

PREPAYMENT: Prepayments of Advances under Credit Facility A are permitted on a Business Day at any time without penalty, subject to (a) the same notice as was required when the Advance to be prepaid was made, (b) for L/C/Gs, to the cash collateralization in full of the maximum undrawn amount of the L/C/Gs, and (c) for BAs, to the payment to the Bank of an amount equal to the Face Amount at maturity of such BAs, in each case.

BENCHMARK REPLACEMENT SETTING: Notwithstanding anything to the contrary herein or in any other Loan Document (and any Financial Instrument will be deemed not to be a "Loan Document" for purposes of this Section):

(a) Replacing CDOR. On May 16, 2022 Refinitiv Benchmark Services (UK) Limited ("**RBSL**"), the administrator of CDOR, announced in a public statement that the calculation and publication of all tenors of CDOR will permanently cease immediately following a final publication on Friday, June 28, 2024. On the date that all Available Tenors of CDOR have either permanently or indefinitely ceased to be provided by RBSL (the "**CDOR Cessation Date**"), if the then-current Benchmark is CDOR, the Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any setting of such Benchmark on such day and all subsequent settings without any amendment to, or further action or consent of any other party to this Offering Letter or any other Loan Document. If the Benchmark Replacement is Daily Compounded CORRA, all interest payments will be payable on a monthly basis.

(b) Replacing Future Benchmarks. Upon the occurrence of a Benchmark Transition Event, the Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (Toronto time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Borrower without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Bank has not received, by such time, written notice of objection to such Benchmark Replacement from the Borrower. At any time that the administrator of the then-current Benchmark has permanently or indefinitely ceased to provide such Benchmark or such Benchmark has been announced by the administrator or the regulatory supervisor for the administrator of such Benchmark pursuant to public statement or publication of information to be no longer representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored, the Borrower may revoke any request for a borrowing of, conversion to or continuation of Advances to be made, converted or continued that would bear interest by reference to such Benchmark until the Borrower's receipt of notice from the Bank that a Benchmark Replacement has replaced such Benchmark, and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Prime Rate Loans. During the period referenced in the foregoing sentence, the component of Prime Rate based upon the Benchmark will not be used in any determination of Prime Rate.

(c) Benchmark Replacement Conforming Changes. In connection with the implementation and administration of a Benchmark Replacement, the Bank will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Offering Letter. The Bank will promptly notify the Borrower of the effectiveness of any Benchmark Replacement Conforming Changes in connection with a Benchmark Replacement.

(d) Notices; Standards for Decisions and Determinations. The Bank will promptly notify the Borrower of (i) the implementation of any Benchmark Replacement, (ii) any occurrence of a Term CORRA Transition Event, and (iii) the effectiveness of any Benchmark Replacement Conforming Changes, and (iv) by delivering a BA Cessation Notice pursuant to clause (g) of this Section, its intention to terminate the obligation of the Bank to make or maintain BAs. Any determination, decision or election that may be made by the Bank pursuant to this Section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section.

(e) Unavailability of Tenor of Benchmark. At any time (including in connection with the implementation of a Benchmark Replacement), if the then-current Benchmark is a term rate (including Term CORRA or CDOR), then (i) the Bank may remove any tenor of such Benchmark that is unavailable or non- representative for Benchmark (including Benchmark Replacement) settings and (ii) the Bank may reinstate any such previously removed tenor for Benchmark (including Benchmark Replacement) settings.

(f) Secondary Term CORRA Conversion. Notwithstanding anything to the contrary herein or in any Loan Document and subject to the proviso below in this clause, if a Term CORRA Transition Event and its related Term CORRA Transition Date have occurred, then on and after such Term CORRA Transition Date (i) the Benchmark Replacement described in clause (1)(a) of such definition will replace the then-current Benchmark for all purposes hereunder or under any Loan Document in respect of any setting of such Benchmark on such day and all subsequent settings, without any amendment to, or further action or consent of any other party to, this Offering Letter or any other Loan Document; and (ii) each Advance outstanding on the Term CORRA Transition Date bearing interest based on the then current Benchmark shall convert, on the last day of the then-current interest payment period, into an Advance bearing interest at the Benchmark Replacement described in clause (1)(a) of such definition for the respective Available Tenor as selected by the Borrower as is available for the then-current Benchmark; provided that, this clause (f) shall not be effective unless the Bank has delivered to the Borrower a Term CORRA Notice, and so long as the Bank has not received, by 5:00 p.m. (Toronto time) on the fifth (5th) Business Day after the date of the Term CORRA Notice, written notice of objection to such conversion to Term CORRA from the Borrower.

(g) BAs. The Bank shall have the option to, effective as of the date set out in the BA Cessation Notice, which shall be a date on or after the CDOR Cessation Date (the "**BA Cessation Effective Date**"), terminate the obligation of the Bank to make or maintain BAs, provided that the Bank shall give notice to the Borrower at least thirty (30) Business Days prior to the BA Cessation Effective Date ("**BA Cessation Notice**"). If the BA Cessation Notice is provided, then as of the BA Cessation Effective Date, so long as the Bank has not received, by 5:00 p.m. (Toronto time) on the fifth (5th) Business Day after the date of the BA Cessation Notice, written notice of objection to the termination of the obligation to make or maintain BAs from the Borrower, (i) any Advance Request that requests the conversion of any Advance to, or rollover of any Advances as, a BA shall be ineffective, and (ii) if any Advance Request requests a BA such Advance shall be made as a CORRA Advance of the same tenor. For the avoidance of doubt, any outstanding BA shall remain in effect following the CDOR Cessation Date until such BA's stated maturity.

(h) Definitions. In this Section titled "Benchmark Replacement Setting", the following terms have the meanings set out below:

"**Available Tenor**" means, as of any date of determination and with respect to the then- current Benchmark, as applicable, (x) if the then-current Benchmark is a term rate, any tenor for such Benchmark that is or may be used for determining the length of an interest period or (y) otherwise, any payment period for interest calculated with reference to such Benchmark, as applicable, pursuant to this Offering Letter as of such date.

"**Benchmark**" means, initially, CDOR; provided that if a replacement of the Benchmark has occurred pursuant to this Section titled "Benchmark Replacement Setting", then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate. Any reference to "Benchmark" shall include, as applicable, the published component used in the calculation thereof.

"**Benchmark Replacement**" means, for any Available Tenor:

(1) For purposes of clause (a) of this Section, the first alternative set forth below that can be determined by the Bank:

(a) the sum of: (i) Term CORRA and (ii) 0.29547% (29.547 basis points) for an Available Tenor of one-month's duration, and 0.32138% (32.138 basis points) for an Available Tenor of three-months' duration, or

(b) the sum of: (i) Daily Compounded CORRA and (ii) 0.29547% (29.547 basis points) for an Available Tenor of one-month's duration, and 0.32138% (32.138 basis points) for an Available Tenor of three- months' duration; and

(2) For purposes of clause (b) of this Section, the sum of (a) the alternate benchmark rate and (b) an adjustment (which may be a positive or negative value or zero), in each case, that has been selected by the Bank and the Borrower as the replacement for such Available Tenor of such Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body, for Canadian dollar-denominated syndicated credit facilities at such time;

provided that, if the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Prime Rate", the definition of "Business Day", the definition of "BAs", the definition of "Stamping Fees", timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters, including with respect to the obligation of the Bank to create, maintain or issue BAs) that the Bank decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Bank in a manner substantially consistent with market practice (or, if the Bank decides that adoption of any portion of such market practice is not administratively feasible or if the Bank determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Bank decides is reasonably necessary in connection with the administration of this Offering Letter and the other Loan Documents). Without limiting the foregoing, Benchmark Replacement Conforming Changes made in connection with the replacement of CDOR with a Benchmark Replacement may include the implementation of mechanics for borrowing loans that bear interest by reference to the Benchmark Replacement, to replace the creation or purchase of drafts or BAs.

"**Benchmark Transition Event**" means, with respect to any then-current Benchmark other than CDOR, the occurrence of a public statement or publication of information by or on behalf of the administrator of the then-current Benchmark, the regulatory supervisor for the administrator of such Benchmark, the Bank of Canada, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that such administrator has ceased or will cease on a specified date to provide all Available Tenors of such Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark or (b) all Available Tenors of such Benchmark are or will no longer be representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored.

"**CDOR**" means the Canadian Dollar rate for bankers' acceptance borrowings, including the rate know as the Canadian Dollar Offered Rate provided by RBSL, as administrator of the benchmark (or a successor administrator).

"**CORRA**" means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

"**Daily Compounded CORRA**" means, for any Business Day in an interest payment period, CORRA with interest accruing on a compounded daily basis, with the methodology and conventions for this rate (which will include compounding in arrears with a lookback) being established by the Bank in accordance with the methodology and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded CORRA for business loans; provided that if the Bank decides that any such convention is not administratively feasible for the Bank, then the Bank may establish another convention in its reasonable discretion; and provided that if the administrator has not provided or published CORRA and a Benchmark Transition Event with respect to CORRA has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA.

"**Floor**" means a rate of interest equal to 0%.

"**Relevant Governmental Body**" means the Bank of Canada, or a committee officially endorsed or convened by the Bank of Canada, or any successor thereto.

"**Term CORRA**" means, for the applicable corresponding tenor, the forward-looking term rate based on CORRA that has been selected or recommended by the Relevant Governmental Body, and that is published by an authorized benchmark administrator and is displayed on a screen or other information service, as identified or selected by the Bank in its reasonable discretion at approximately a time and as of a date prior to the commencement of an interest period determined by the Bank in its reasonable discretion in a manner substantially consistent with market practice.

"**Term CORRA Notice**" means the notification by the Bank to the Borrower of the occurrence of a Term CORRA Transition Event.

"**Term CORRA Transition Date**" means, in the case of a Term CORRA Transition Event, the date that is set forth in the Term CORRA Notice provided to the Borrower, for the replacement of the then-current Benchmark with the Benchmark Replacement described in clause (1)(a) of such definition, which date shall be at least thirty (30) Business Days from the date of the Term CORRA Notice.

"**Term CORRA Transition Event**" means the determination by the Bank that (a) Term CORRA has been recommended for use by the Relevant Governmental Body, and is determinable for any Available Tenor, (b) the administration of Term CORRA is administratively feasible for the Bank and (c) a Benchmark Replacement, other than Term CORRA, has replaced CDOR in accordance with paragraph (a) of the Section titled "Benchmark Replacement Setting".

COSTS AND EXPENSES:

The Borrower will forthwith pay all costs, fees, charges and expenses of every kind (including, without limitation, all fees, charges, expenses and disbursements of the Bank's legal counsel, on a solicitor and his own client full indemnity basis) incurred by the Bank in connection with the Credit Facilities, documentation thereof, any amendments, waivers or consents in respect hereof, the Bank's due diligence and this financing (regardless of whether the transactions contemplated hereunder are completed), as well as the reasonable costs and expenses of the Bank in connection with the enforcement of its rights hereunder and under the other Loan Documents, in each case, whether any amounts are advanced hereunder or not (including but not limited to legal and documentation fees). This indemnity will survive the repayment, cancellation or termination of this Offering Letter.

CHANGE IN LAWS:

If the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof or compliance by the Bank with any request or direction (whether or not having the force of law) of any such court, Governmental Authority or other entity in each case after the date hereof:

(a) subjects the Bank to, or causes the withdrawal or termination of a previously granted exemption with respect to, any taxes (other than taxes imposed on or measured by the Bank's overall new income or overall capital), or changes the basis of taxation of payments due to the Bank, or increases any existing taxes (other than taxes imposed on or measured by the Bank's overall net income or overall capital) on payments of principal, interest or other amounts payable by the Borrower to the Bank under this Offering Letter;

(b) 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 Bank, 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 or guaranteed notes accepted by the Bank;

(c) imposes on the Bank or requires there to be maintained by the Bank any capital adequacy, liquidity or additional capital requirements (including a requirement which affects the Bank's allocation of capital resources to its obligations) in respect of any Advance or obligation of the Bank hereunder, or any other condition with respect to this Offering Letter; or

(d) directly or indirectly affects the cost to the Bank of making available, funding or maintaining any Advance (other than changes in taxes imposed on or measured by the Bank's overall net income or overall capital) or otherwise imposes on the Bank any other condition or requirement affecting this Offering Letter or any Advance or any obligation of the Bank hereunder,

and the result of (a), (b), (c) or (d) above, in the sole determination of the Bank acting in good faith, is:

(a) to increase the cost to the Bank of performing its obligations hereunder with respect to any Credit Facility or Advance;

(b) to reduce any amount received or receivable by the Bank hereunder or its effective return hereunder or on its capital in respect of any Credit Facility or Advance; or

(c) to cause the Bank to make any payment with respect to or to forego any return on or calculated by reference to, any amount received or receivable by the Bank hereunder with respect to any Credit Facility or Advance;

the Bank shall determine that amount of money which shall compensate the Bank for such increase in cost, payments to be made or reduction in income or return or interest foregone (herein referred to as "**Additional Compensation**"). Upon the Bank having determined that it is entitled to Additional Compensation in accordance with the provisions of this section, the Bank shall promptly so notify the Borrower. The Bank shall provide the Borrower with a photocopy of the relevant law, rule, guideline, regulation, treaty or official directive (or, if it is impracticable to provide a photocopy, a written summary of the same) and a certificate of a duly authorized officer of the Bank setting forth the Additional Compensation and the basis of calculation therefor, which shall be conclusive evidence of such Additional Compensation in the absence of manifest error. The Borrower shall pay to the Bank within thirty (30) Business Days of the giving of such notice the Bank's Additional Compensation. The Bank shall be entitled to be paid such Additional Compensation from time to time to the extent that the provisions of this section are then applicable notwithstanding that any Bank has previously been paid any Additional Compensation.

Notwithstanding anything herein to the contrary, (a) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States, Canadian or foreign regulatory authorities, in each case pursuant to Basel III and (b) the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (United States) and all regulations, requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof ((a) and (b), collectively, the "**New Rules**") shall, in each case, be deemed to be a change in applicable law for purposes of this section regardless of the date enacted, adopted, issued or implemented, in each case (i) to the extent such New Rules are materially different from the applicable laws in effect on the date hereof and (ii) to the extent that such New Rules have general application to substantially all banks or their Affiliates which are subject to the New Rules in question.

The Bank agrees that it will not claim Additional Compensation from the Borrower under this section if it is not generally claiming similar compensation from its other customers in similar circumstances or in respect of any period greater than 3 months prior to the delivery of notice in respect thereof by the Bank, unless, in the latter case, the adoption, change or other event or circumstance giving rise to the claim for Additional Compensation is retroactive or is retroactive in effect.

CHANGES TO LMR:

If (a) as a result of any change in any applicable law, rule, policy, regulation, order or directive, any applicable Energy Regulator ceases to use a liability management (or equivalent) rating as a means of determining whether a Person is in compliance with its abandonment and reclamation policies, regulations and directives in any Applicable LMR Jurisdiction, (b) the method of calculation of such liability management rating changes in any material manner in any Applicable LMR Jurisdiction, or (c) the threshold for which license transfers of regulated properties shall be permitted under an Energy Regulator's licensee liability regime in any Applicable LMR Jurisdiction changes, then, in any such case, the Borrower and the Bank shall enter into good faith discussions with a view to determining a comparable rating system or threshold, as applicable, to replace the concept of LMR as set forth herein that is, at such time, broadly accepted as the prevailing market practice for such regulation in such Applicable LMR Jurisdiction, with the intent of having the respective positions of the Bank and the Borrower after such change conform as nearly as possible to their respective positions immediately prior to such change. Upon the Borrower and the Bank agreeing on such methodology for determining LMR and the thresholds set forth herein, the Borrower and the Bank shall enter into documentation to amend the provisions hereof to refer to such rate and make all other adjustments incidental thereto.

CURRENCY EXCESS:

If the Bank shall determine that the aggregate outstanding principal of the outstanding Advances under a Credit Facility exceeds the maximum principal amount of such Credit Facility (the amount of such excess is herein called the "**Currency Excess**"), then, upon written request by the Bank (which request shall detail the applicable Currency Excess), the Borrower shall repay an amount of Advances within two (2) Business Days such that such repayments are, in the aggregate, at least equal to the Currency Excess. If to pay a Currency Excess it is necessary to repay an Advance made by way of BA prior to the maturity date thereof, the Borrower will not be required to repay such Advances until the maturity date applicable thereto, provided, however, that at the request of the Bank, the Borrower will forthwith pay the Currency Excess to the Bank for deposit into a cash collateral, non-interest bearing account maintained by and in the name of the Bank. The Currency Excess will be held by the Bank for set-off against future Obligations owing by the Borrower to the Bank in respect of such Currency Excess, if any. The Bank shall have exclusive control over all amounts at any time on deposit in such cash collateral account. The deposit of the Currency Excess by the Borrower with the Bank as herein provided, will not operate as a repayment of the aggregate principal amount under the Credit Facilities until such time as the Currency Excess is actually paid to the Bank as a principal repayment.

ENTIRE AGREEMENT/ CONFLICT OF TERMS: This Offering Letter, the Security and the other Loan Documents expressly contemplated hereby constitute the whole and entire agreement between the parties regarding the Credit Facilities and cancel and supersede any prior agreements, discussions, undertakings, declarations, commitments, representations, written or oral, in respect thereof. If there is any conflict between the provisions of this Offering Letter and any of the Security or other Loan Documents, this Offering Letter shall prevail.

CONFIDENTIALITY: The Bank, the Borrower and its Subsidiaries agree not to disclose information provided by any other party to this Offering Letter that is not publicly available (through no fault or action by any such party) except:

(a) in connection with any person exercising rights or dealing with rights or obligations under this Offering Letter or the Security and whether or not those rights or obligations are actually exercised or dealt with;

(b) to a Person considering entering into (or who enters into) a credit swap with the Bank involving credit events relating to the Borrower or any of its Subsidiaries providing such Person is advised that such information is confidential and may not be used or disclosed except for the purposes contemplated herein and otherwise in accordance with this Offering Letter;

(c) to officers, employees, legal and other advisers and auditors of the Bank, the Borrower and its Subsidiaries, as applicable, on a need to know basis, provided always that such officers, employees, legal and other advisers and auditors are advised that such information is confidential and may not be used or disclosed except for the purposes contemplated herein and otherwise in accordance with this Offering Letter;

(d) to any party to this Offering Letter or any subsidiary of the Bank or the Borrower (as the case may be);

(e) with the applicable party's consent (as the case may be); or

(f) as required by any law, or directive of any stock exchange upon which the securities of the Borrower are listed.

ACCOUNT DEBITS: Each Loan Party hereby irrevocably authorizes the Bank to debit periodically or from time to time, any bank account it may maintain at the Bank in order to pay all or part of the amounts any Loan Party may owe to the Bank hereunder or under any other Loan Document.

ASSIGNMENT: The Borrower shall not assign or transfer its rights or obligations under this Offering Letter or any of the Security or other Loan Documents. The Bank may assign or grant a participation in all or any part of the Advances and/or Credit Facilities and its rights under this Offering Letter and the Security, at any time, without consent of the Borrower.

DEMAND: Notwithstanding any of the terms of this Offering Letter, the Borrower shall repay the principal amount of all Advances to the Bank (for certainty, in the case of BAs, by paying to the Bank an amount equal to the Face Amount at maturity thereof and, in the case of L/C/Gs, by paying to the Bank an amount equal to the maximum undrawn amount thereunder) and shall pay to the Bank all accrued and unpaid interest and fees and all other Obligations outstanding under or pursuant to the Credit Facilities upon demand for payment by the Bank. Nothing whatsoever in this Offering Letter, the Security or any other Loan Documents shall derogate from, limit or alter the demand nature of the Credit Facilities and all Advances and other Obligations under or pursuant to the Credit Facilities shall be due and payable upon demand for payment by the Bank. For certainty, upon default or demand for payment hereunder or under any other Loan Document, the Bank shall have no obligation or liability to make further Advances under the Credit Facilities.

ACCESS TO INFORMATION:

Each Loan Party hereby authorizes the Bank to use the necessary information pertaining to it which the Bank has or may have for the purpose of granting credit and insurance products (where permitted by law) and further authorizes the Bank to disclose such information to its Affiliates and subsidiaries for this same purpose. Moreover, it hereby authorizes the Bank to obtain personal information pertaining to it from any party likely to have such information (credit or information bureau, financial institution, creditor, employer, tax authority, public entity, Persons with whom they might have business relations, and Affiliates or Bank subsidiaries) in order to verify the accuracy of all information provided to the Bank and to ensure the solvency of each Loan Party at all times.

ANTI-MONEY LAUNDERING LEGISLATION:

Each Loan Party acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti money laundering, anti-terrorist financing, government sanction and "know your client" laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "**AML Legislation**"), the Bank may be required to obtain, verify and record information regarding any Loan Party, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of such Loan Party, and the transactions contemplated hereby. Each Loan Party shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by the Bank, or any prospective assign or participant of the Bank, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

NOTICE:

Any demand, notice, request or other communication required or permitted to be given in connection with this Offering Letter shall be given in writing and deemed to have been properly given when delivered in Person, or when sent by facsimile transmission or when sent by other electronic means and electronic confirmation of error free receipt is received addressed to the party at the address set forth below.

If to the Borrower:

Lycos Energy Inc.
1900, 215-2 Street SW
Calgary, AB T2P 1M4
Attention: [*Contact information redacted*]
Facsimile No.: [*Contact information redacted*]
E-mail: [*Contact information redacted*]

If to the Bank:

National Bank of Canada
[*Banking information redacted*]

Attention: [*Contact information redacted*]
Facsimile No: [*Contact information redacted*]
E-mail: [*Contact information redacted*]

Any party may change its address for notices in the manner set forth above.

REFERENCES:

Reference herein to any agreement, instrument, licence or other document shall be deemed to include reference to such agreement, instrument, licence or other document as the same may from time to time be amended, modified, supplemented or restated in accordance with the provisions of this Offering Letter if and to the extent such provisions are applicable; and reference herein to any enactment shall be deemed to include reference to such enactment as re-enacted, amended or extended from time to time and to any successor enactment.

ELECTRONIC AUTHORIZATION:

Each Loan Party authorizes the Bank to do all things as authorized by such Loan Party even if such authorization is sent by fax or by e-mail and the Bank may deem such authorization valid and sufficient and the aforementioned presumption of accuracy shall apply to the authorization, whether it is required for transmitting information, a debit, issuing drafts or certified cheques or for any other purpose. Moreover, the Bank will not be held liable for any fees or delays which may be caused when an instruction is sent whether due to a technical problem attributable to the systems in use at the Bank or otherwise.

PAYMENTS:

Unless otherwise indicated herein, the obligation of each Loan Party to make all payments under this Offering Letter and the Security shall be absolute and unconditional and shall not be limited or affected by any circumstance at law or in equity or otherwise, including, without limitation, (a) any set-off, compensation, counterclaim, recoupment, defence or other right which such Loan Party may have against the Bank of anyone else for any reason whatsoever; or (b) any insolvency, bankruptcy, reorganization or similar proceedings by or against such Loan Party.

All payments to be made under this Offering Letter shall be made in Canadian Dollars, (unless such payment is in respect of a U.S.$ L/C/G, in which case such payment shall be made in U.S. Dollars).

All payments made under this Offering Letter shall be made on or prior to 1:00 p.m. Mountain Time on the day such payment is due. Any payment received after 1:00 p.m. Mountain Time shall be deemed to have been received on the following day. Whenever a payment is due on a day which is not a Business Day, such due day shall be extended to the next Business Day and such extension of time shall be included in the computation of any interest payable.

INSOLVENCY EVENT:

Upon the occurrence of an Insolvency Event, the entire principal amount of all Advances and other indebtedness and obligations under the Credit Facilities (including the Face Amount at maturity of all BAs issued by the Borrower which are unmatured and the maximum amount then available to be drawn under all unexpired L/C/Gs) shall automatically forthwith become due and payable by the Borrower to the Bank without any requirement for demand of payment or other notice whatsoever.

SET-OFF:

In addition to, and not in derogation of, any of its other rights of set-off or bankers' lien under applicable law, the Bank will have a right of set-off against any obligations of the Bank to the Borrower upon the occurrence and during the continuance of an Insolvency Event, or upon a demand for payment being made hereunder, and the Bank is authorized, but not obligated, at any time, to apply any credit balance, whether or not then due, to which the Borrower is entitled on any account in any currency at any branch or office of the Bank in or towards satisfaction of the obligations of the Borrower to the Bank under this Offering Letter, whether absolute or contingent, matured or not. The Bank is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.

CURRENCY INDEMNITY:

All Advances must be paid in the currency in which they are advanced. The Borrower shall indemnify the Bank for any loss suffered by the Bank if any Advance is repaid in any currency other than the currency in which it was advanced, whether such payment is made pursuant to an order or judgment of a court or otherwise.

JUDGMENT CURRENCY:

In order to obtain judgment hereunder, the Bank may convert obligations owing in U.S. Dollars or any other currency to Canadian Dollars at the rate of exchange that it could normally purchase U.S. Dollars or such other currency one day prior to the date the judgment is given. The Borrower's payment obligations, however, will only be discharged to the extent the Bank can purchase the U.S. Dollars or such other currency with the Canadian Dollars it actually receives, and the Borrower will continue to be liable for any shortfall notwithstanding the judgment and shall indemnify the Bank with respect to any such shortfall. Any additional amount due from the Borrower under this section shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Offering Letter.

RIGHTS AND REMEDIES CUMULATIVE:

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

WAIVERS AND AMENDMENTS:

No term, provision or condition of this Offering Letter or any of the Security, may be waived, varied or amended unless in writing and signed by a duly authorized officer of the Bank.

GAAP / IFRS:

All financial statements required to be furnished by the Borrower to the Bank hereunder shall be prepared in accordance with GAAP. Each accounting term used in this Offering Letter, 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. If there occurs a change in GAAP (an "**Accounting Change**"), including as a result of a conversion to IFRS, and such change would result in a change (other than an immaterial change) in the calculation of any financial covenant, standard or term used hereunder, then at the request of the Borrower or the Bank, the Borrower and the Bank shall enter into negotiations to amend such provisions so as to reflect such Accounting Change with the result that the criteria for evaluating the financial condition of the Borrower or any other party, as applicable, shall be the same after such Accounting Change, as if such Accounting Change had not occurred. If, however, within 30 days of the foregoing request by the Borrower or the Bank, the Borrower and the Bank have not reached agreement on such amendment, the method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change.

NON-MERGER/BENEFIT OF AGREEMENT:

The provisions of this Offering Letter shall not merge with any Security provided to the Bank but shall continue in full force for the benefit of the parties hereto. This Offering Letter shall enure to the benefit of and be binding upon the Borrower, the Bank and their respective successors and permitted assigns.

NON-WAIVER:

Should there be a breach of or non-compliance with any term or condition hereof, the Bank may at its option exercise any rights or remedies it may have hereunder or under the Security or which may otherwise be available to it, but the failure of the Bank to exercise any such rights or remedies shall not be deemed to be a waiver of such term or condition and will not prevent the Bank from exercising such rights and remedies pursuant to that default or subsequent defaults at any later time.

REQUIREMENT FOR WRITING:

No amendment to this Offering Letter or consent or waiver made by the Bank concerning the Credit Facilities shall be binding on the Bank unless made by the Bank in writing as a specific amendment to this Offering Letter.

INDEMNIFICATION:

In addition to any liability of the Borrower to the Bank or any Affiliate of the Bank hereunder, the Borrower shall indemnify and hold harmless the Indemnified Parties against any and all loss, cost (including legal fees, on a solicitor and his own client full indemnity basis), expense, claim, liability or alleged liability arising out of or relating to the Credit Facilities, including, without limitation, (a) any default by the Borrower hereunder or under any Security, and (b) any representation or warranty being incorrect, in each case, except to the extent arising from the gross negligence or wilful misconduct of any of the Indemnified Parties.

TIME:

Time shall be of the essence in all provisions of this Offering Letter.

COUNTERPARTS; INTEGRATION; EFFECTIVENESS:

This Offering Letter may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Except as provided in the conditions precedent Section(s) of this Offering Letter, this Offering Letter shall become effective when it has been executed by the Bank and when the Bank has received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Offering Letter by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Offering Letter. This Offering Letter and the other Loan Documents and any separate letter agreements with respect to fees payable to the Bank constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

ELECTRONIC EXECUTION OF DOCUMENTS:

This Offering Letter and any other Loan Document may be signed by way of associating or otherwise appending an electronic signature or other facsimile signature of the applicable signatory and the words “execution”, “signed”, “signature”, and words of like import in this Offering Letter and any other Loan Document shall be deemed to include electronic signature or other facsimile signature, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature. The Bank may, in its discretion, require that any signatures to this Offering Letter or any other Loan Document executed electronically or delivered by facsimile or other electronic transmission be confirmed by a manually signed original thereof; provided that, the failure to request or deliver the same shall not limit the effectiveness of this Offering Letter or any other Loan Document or signature executed electronically or delivered by facsimile or other electronic transmission.

ELECTRONIC IMAGING:

Each party hereto agrees that, at any time, the Bank may convert paper records of this Offering Letter, the other Loan Documents and all other documentation delivered to the Bank hereunder in such capacity (each, a “**Paper Record**”) into electronic images (each, an “**Electronic Image**”) as part of the Bank’s normal business practices. Each party hereto agrees that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

HEADINGS; REFERENCES: The insertion of headings in this Offering Letter are for convenience of reference only and shall not affect the construction or interpretation of this Offering Letter. The terms “this Offering Letter”, “hereof”, “hereunder” and similar expressions refer to this Offering Letter and not to any particular section or other portion hereof and include any agreement supplemental hereto.

NUMBER; PERSONS; INCLUDING: Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa and words and terms denoting inclusiveness (such as “**include**” or “**includes**” or “**including**”), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

JOINT AND SEVERAL LIABILITY: If more than one Person is designated as the Borrower or the Guarantor, each such person or entity shall be jointly and severally liable for the obligations set out herein and in the Security.

GOVERNING LAW: This Offering Letter shall be construed and governed in accordance with the laws of the Province of Alberta. Each Loan Party irrevocably and unconditionally attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta and all courts competent to hear appeals therefrom.

REVIEW: Without detracting from the demand nature of the Credit Facilities, the Credit Facilities are subject to periodic review by the Bank in its sole discretion (each such review is referred to in this Offering Letter as a “**Review**”). The next Review is scheduled to occur on or before May 31, 2023, but may be set at an earlier or later date at the sole discretion of the Bank.

EXPIRY DATE: This Offering Letter is open for acceptance until January 18, 2023 (as may be extended from time to time as follows, the “**Expiry Date**”) at which time it shall expire unless extended by mutual consent in writing. The Bank reserves the right to cancel its offer at any time prior to acceptance.

If the foregoing terms and conditions are acceptable, please sign two copies of this Offering Letter and return one copy to the Bank on or before the Expiry Date. This Offering Letter 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. The delivery of a facsimile or other electronic copy of an executed counterpart of this Offering Letter shall be deemed to be valid execution and delivery of this Offering Letter.

APPENDIX A

[*Redacted*]

APPENDIX B

COMPLIANCE CERTIFICATE

To: National Bank of Canada
[*Banking information redacted*]

I ______________________________, of the City of _______________, in the Province of _______________, hereby certify as at the date of this Certificate as follows:

1. I am the of Lycos Energy Inc. (the "**Borrower**") and I am authorized to provide this Certificate to you for and on behalf of the Borrower;

2. This Certificate applies to the fiscal quarter ended ______________, _____ (the "**Calculation Date**");

3. I am familiar with and have examined the provisions of the Offering Letter dated______________, _____ between the Borrower, the Guarantors and National Bank of Canada and I have made such investigations of corporate records and inquiries of other officers and senior personnel of each Loan Party as I have deemed reasonably necessary for purposes of the Certificate;

4. As of the date hereof, the Borrower confirms that it has no Subsidiaries [other than];

5. The representations and warranties set forth in the Offering Letter are true and correct on the date hereof;

6. The Adjusted Working Capital Ratio as at the Calculation Date is as follows:

   __________________ :1.00; and

7. The Net Debt to Cash Flow Ratio as at the Calculation Date is as follows:

   __________________ :1.00; and

8. The Obligations of the Loan Parties under all Financial Instruments as at the Calculation Date are as follows:

   (a) Commodity Swap Agreements are Cdn.$____________net [in/out of] the money in aggregate;

   (b) The total quantity of petroleum substances subject to Commodity Swap Agreements is _____ MMCF of natural gas (excluding natural gas liquids) and ______ barrels of oil and natural gas liquids.

   (c) Aggregate production volumes hedged under all Commodity Swap Agreements cover ___________% of the average daily oil and natural gas liquid production of the Loan Parties (net of royalties) and ___________% of the average daily natural gas production of the Loan Parties (net of royalties);

   (d) Interest Rate Hedging Agreements: Cdn.$_____________ and the notional amounts hedged thereunder is Cdn.$_____________, covering ___________% of the Credit Facility A Maximum Amount;

   (e) Currency Hedging Agreements: Cdn $_____________ and the notional amount hedged thereunder is Cdn $_____________, covering ___________% of U.S. Dollar revenue of the Borrower as then set out in the then most recent board of directors approved forecasts;

9. All relevant calculations and financial statements are attached hereto as Exhibit 1.

10. As of the date hereof, the LMR of each Loan Party in each Applicable LMR Jurisdiction in which such Loan Party has an LMR is as follows:

LOAN PARTY	**Applicable LMR Jurisdiction**	**LMR**

11. The completed LMR and Decommissioning Expense Worksheet and the information as to the amount the Borrower and the other Loan Parties have expended on decommission expenses and how they have performed against the budgeted amount in the applicable Decommissioning Budget and schedule delivered to the Bank, with the explanation from management explaining any material variations therefrom and the other matters related to any changes in the Borrower's abandonment and reclamation policies, is all attached hereto as Exhibit 2 or has otherwise been delivered to the Bank concurrently herewith and is true and accurate in all material respects.

Except where the context otherwise requires, all capitalized terms used herein have the meanings given to them in the Offering Letter.

This Certificate is given by the undersigned officer in their capacity as an officer of the Borrower without any personal liability on the part of such officer.

Executed at the City of ______________, in the Province of ______________this day of__________, 20___.

Yours truly,

LYCOS ENERGY INC.

Per: ____________________________________
Name:
Title:

Exhibit 1

EXHIBIT 1
LYCOS ENERGY INC.

COMPLIANCE CERTIFICATE

Calculation of Adjusted Working Capital Ratio

Current Assets	
Current assets	*$*
Less: Unrealized Hedging Gains	*( )*
Add: Undrawn Availability under Credit Facility A	*$ (A)*
Current Liabilities	
Current liabilities	*$*
Less: Unrealized Hedging Losses	*( )*
Less: Current Portion of Bank Debt	*$ (B)*

Adjusted Working Capital Ratio calculated as follows:

$\frac{A}{B}$ =

Calculation of Net Debt to Cash Flow Ratio

Net Debt	
Debt	*$*
+ Working Capital Deficit (any positive working capital deducted)	*$*
Net Debt	*$*
Quarterly Cash Flow	
Net earnings for the fiscal quarter ending	*$*
+ Depletion, depreciation, accretion, and amortization	*$*
+ Deferred income taxes	*$*
+ Other charges to operations not requiring a current cash payment	*$*
- Non-cash income	*$*
- Unrealized mark to market gains	*$*
- Capital Lease payments	*$*
- Abandonment costs paid in cash	*$*
- Stock based compensation	*$*
- Extraordinary or nonrecurring earnings, gains, and losses	*$*
+/- Such other amounts as reasonably requested by the Bank.	*$*
Quarterly Cash Flow	*$*
Quarterly Cash Flow (annualized) $______________ x 4 =	*$*

Net Debt to Cash Flow Ratio calculated as follows:

$\frac{\text{Net Debt}}{\text{Annualized Cash Flow}}$ =

EXHIBIT 2
LMR AND DECOMMISSIONING EXPENSE WORKSHEET

LMR and Decommissioning Obligations

Current LMR by Province then Area:

	Wells				Facilities				
	Active		Inactive		Active	Inactive	Total		
Province/Area	Asset (M$)	Liability (M$)	Asset (M$)	Liability (M$)	Liability (M$)	Liability (M$)	Asset (M$)	Liability (M$)	Ratio
Alberta									
property 1									
property 2									
Saskatchewan									
property 1									
property 2									
BC									
property 1									
property 2									
Total									

Comments to include:

☐ *Identify any areas with low LMR and provide comment on how this is being addressed*

Well Count:

	Total	Active	Inactive	Suspended	Abandoned Downhole	Abandoned (cut and capped)	Reclaimed (needs reclamation certificate)	Reclaimed Certified

Comments:

- *Active wells should include injection and observation wells*
- *Abandoned should include wells awaiting rec. certificates*

Decommissioning Obligations and Expenditures

	(M$)
UN-discounted and UN-escalated decommissioning obligations as per Financial statements *(date)*	
Decommissioning obligations (undiscounted and unescalated) assigned by *Engineering Firm (date)*	
Decommissioning expenditures in the Company's Budget *(date) – year 1*	

APPENDIX C

DEFINITIONS

In the Offering Letter, including all Appendices to this Offering Letter, unless something in the subject matter or context is inconsistent therewith, capitalized words and phrases (to the extent used in the Offering Letter) shall have following meanings:

"**Abandonment/Reclamation Order**" means any order, directive or demand, including to post security deposits, issued by any Energy Regulator which relates to any of the producing petroleum and natural gas properties and interests or related facilities of the Borrower or any other Loan Party, including, without limitation, abandonment and reclamation liabilities associated therewith.

"**Accounting Change**" has the meaning given to it under the section titled "GAAP / IFRS".

"**Additional Compensation**" has the meaning given to it under the section titled "CHANGE IN LAWS".

"**Adjusted Working Capital Ratio**" means the ratio of (i) Current Assets plus any undrawn availability under Credit Facility A (which for certainty shall be based on the Credit Facility A Maximum Amount applicable at such time) to (ii) Current Liabilities.

"**Advance**" means an advance of funds made by the Bank under a Credit Facility to the Borrower, or if the context so requires, an advance of funds under one or more of the Credit Facilities in the form of one or more of the accommodation options of one or more of the Credit Facilities, and any reference relating to the amount of Advances shall mean the sum of the principal amount of all outstanding Prime Rate Loans, plus the Face Amount of all outstanding BAs and L/C/Gs, as applicable.

"**Advance Request**" means, in relation to Advances, a notice by the Borrower to the Bank substantially in the form of Appendix D, with the blanks completed.

"**Affiliate**" has the meaning attributed to it in the *Securities Act* (Alberta).

"**Amalgamation**" means the amalgamation of Lycos Energy Inc. and Chronos Resources Ltd. to occur on or about January 1, 2023.

"**AML Legislation**" has the meaning given to it under the section titled "ANTI-MONEY LAUNDERING LEGISLATION". "Appendix" means an appendix to the Offering Letter.

"**Applicable LMR Jurisdiction**" means with respect to the Borrower or any other Loan Party, as the context requires, any jurisdiction in Canada in which, (a) the Borrower or such other Loan Party, as applicable, directly owns petroleum or natural gas properties rights, interests, facilities or other assets relevant to the determination of the LMR in such jurisdiction, and (b) the aggregate ARO Liabilities of the Borrower and the other Loan Parties in such jurisdiction exceeds the Threshold Amount.

"**Applicable Margin**" means, at any time, a margin, expressed as a rate per annum based on a 365 or 366 day period, as the case may be, for Prime Rate Loans, Base Rate Loans and payment of CFA Availability Fees, L/C/G Fees and Stamping Fees, based on a 365 day period in the case of Stamping Fees, and in any case payable to the Bank, as set out in the pricing table below. The Applicable Margins for Advances shall be adjusted quarterly in accordance with the Net Debt to Cash Flow Ratio, determined based upon the quarterly Compliance Certificate of the Borrower required to be delivered in accordance herewith.

Type of Advance	**Net Debt to Cash Flow Ratio**						
	[*Pricing tier redacted*]	[*Pricing tier redacted*]	[*Pricing tier redacted*]	[*Pricing tier redacted*]	[*Pricing tier redacted*]	[*Pricing tier redacted*]	[*Pricing tier redacted*]
		[*Pricing tier redacted*]	[*Pricing tier redacted*]	[*Pricing tier redacted*]	[*Pricing tier redacted*]	[*Pricing tier redacted*]	
Prime Rate Loans / Base Rate Loans	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]

Type of Advance	Net Debt to Cash Flow Ratio						
BAs (Stamping Fee)	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]
L/C/G Fees	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]
CFA Availability Fee	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]	[*Rate redacted*]

*** Initial Rate / Current Rate**

"**ARO Liabilities**" means, as at any date of determination, the uninflated and undiscounted abandonment and reclamation liabilities (expressed in nominal dollars) of the Borrower and all other Loan Parties in any jurisdiction in Canada.

"**BA Discount Rate**" means, with respect to the issue of a BA, the fixed annual rate of interest announced from time to time by the Bank as being the reference rate for computing the discount amount which would be applied on Canadian Dollar bankers' acceptances by the Bank in Canada to realize a net or discounted amount thereon, in an approximate amount and with a maturity date the same as the applicable BA issued by the Borrower and accepted or to be accepted by the Bank.

"**BAs**" has the meaning given to it under the paragraph titled "Accommodations and Notice" of the section titled "CREDIT FACILITY A".

"**Base Rate Loans**" means an Advance in U.S. Dollars made by the Bank to the Borrower with respect to which the interest it to be calculated by reference to the U.S. Base Rate.

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

"**Business Combination Agreement**" means the business combination agreement made as of November 7, 2022 between Chronos Resources Ltd., 2470638 Alberta Ltd. and Samoth Oilfield Inc., providing for, among other things, the Amalgamation.

"**Business Day**" means a day on which banks are open for business in Calgary, Alberta, Montreal, Quebec, Toronto, Ontario, and New York, New York; but does not, in any event, include a Saturday or Sunday.

"**Calgary Branch of the Bank**" means the branch of the Bank at [*Bank information redacted*], or such other address as the Bank may notify the Borrower from time to time.

"**Canadian Dollars**", "**Cdn Dollars**", "**Cdn.$**", "**CA**$" and "**$**" mean the lawful money of Canada.

"**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 accounted for as a capital lease on a balance sheet of such Person but excluding any lease that would in accordance with GAAP be determined to be an operating lease.

"**Cash Flow**" means, at any time, the annualized cash flow of the Borrower on a consolidated basis for the most recent fiscal quarter as determined from its quarterly financial statements for that fiscal quarter, which for certainty means an annualized aggregate amount expressed in Canadian Dollars of the sum, without duplication, of its:

(a) net earnings (but excluding from the determination of net earnings, non-cash income, unrealized mark to market gains, Capital Lease payments, any abandonment costs paid in cash, cash taxes and any extraordinary or nonrecurring earnings, gains, and losses);

(b) depletion, depreciation, accretion and amortization;

(c) exploration and evaluation expenses to the extent deducted from Net Income;

(d) future income taxes; and

(e) other charges to operations not requiring a current cash payment, it being acknowledged that such annualized cash flow shall be adjusted for acquisitions, dispositions and such other amounts as are typically adjusted during such fiscal quarter.

“**CDOR Page**” means that Refinitiv Screen Canadian Dollar Offered Rate (CDOR) Page, or such other page as may, from time to time, replace the Refinitiv Screen Canadian Dollar Offered Rate (CDOR) Page on that service for the purpose of displaying bid quotations for bankers’ acceptances of leading Schedule I chartered banks under the *Bank Act* (Canada).

“**CDOR Rate**” means, on any day and for any period, an annual rate of interest equal to the average rate applicable to Canadian Dollar bankers’ acceptances for the applicable period appearing on the CDOR Page, rounded to the nearest 1/100th of 1% (with .005% being rounded up), at approximately 10:15 a.m., on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the CDOR Page on such day as contemplated, then the CDOR Rate on such day shall be calculated as the average of the rates for such period applicable to Canadian Dollar bankers’ acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:15 a.m., on such day or, if such day is not a Business Day, then on the immediately preceding Business Day; and provided further that if such rate is less than zero, the CDOR Rate shall be deemed to be zero.

“**CFA Availability Fee**” has the meaning given to it under the paragraph titled “Interest Rates and Fees” of the section titled “CREDIT FACILITY A”.

“**Change of Control**” means the occurrence of any of the following events, with respect to any Loan Party:

(a) any Person or Persons acting jointly or in concert (within the meaning of the *Securities Act* (Alberta)), shall beneficially, directly or indirectly, hold or exercise control or direction over and/or has the right to acquire or control or exercise direction over (whether such right is exercisable immediately or only after the passage of time) more than 50% of the issued and outstanding Voting Shares of such Loan Party; or

(b) during any period of two consecutive years, individuals who at the beginning of such period constitute the board of directors of such Loan Party cease, for any reason, to constitute at least a majority of the board of directors of such Loan Party unless the election or nomination for election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period (the “**Incumbent Directors**”) and in particular, any new director who assumes office in connection with or as a result of any actual or threatened proxy or other election contest of the board of directors of the Borrower shall never be an Incumbent Director; or

(c) such Loan Party ceases to own, control or direct 100% of the Voting Shares of a Subsidiary. “Combination Transactions” means the transactions to be effected pursuant to the Business Combination Agreement.

“**Commodity Swap Agreement**” means any agreement for the making or taking of delivery of any commodity (including, without limitation, petroleum substances, but excluding agreements for the sale of petroleum substances in the ordinary course of business which are terminable on less than 31 days’ notice without penalty or costs), any commodity swap agreement, floor, cap or collar agreement or commodity future or option or other similar agreements or arrangements, or any combination thereof, entered into by a Loan Party, the purpose and effect of which is to mitigate or eliminate such Loan Party’s exposure to fluctuations in commodity prices, including such agreements relating to physical transactions.

“**Compliance Certificate**” means a certificate of an officer of the Borrower signed on its behalf by the president, chief executive officer, chief operating officer, chief financial officer or any vice president of the Borrower, substantially in the form annexed hereto as Appendix B, to be given to the Bank by the Borrower from time to time pursuant to the Offering Letter.

“**Conditions Precedent**” means, collectively, each of the conditions listed in the section titled “CONDITIONS PRECEDENT”.

“**Credit Facilities**” means the credit facilities and the risk management facility to be made available to the Borrower by the Bank in accordance with the provisions of the Offering Letter.

"**Credit Facility A Increase**" has the meaning given to it under the section titled "CREDIT FACILITY A".

"**Credit Facility A Maximum Amount**" has the meaning given to it under the section titled "CREDIT FACILITY A" and for certainty, means $10,000,000 until the occurrence of the Credit Facility A Increase.

"**Currency Excess**" has the meaning given to it under the section titled "CURRENCY EXCESS".

"**Currency Hedging Agreement**" means any currency swap agreement, cross-currency agreement, forward agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by any Loan Party, the purpose and effect of which is to mitigate or eliminate such Loan Party's exposure to fluctuations in currency exchange rates.

"**Current Assets**" means, as at any date of determination, the current assets of the Borrower on a consolidated basis for such date as determined in accordance with GAAP but excluding the impact of any Unrealized Hedging Gains.

"**Current Liabilities**" means, as at any date of determination, the current liabilities of the Borrower on a consolidated basis for such date as determined in accordance with generally accepted accounting principles but excluding: (i) Current Portion of Bank Debt; and (ii) the impact of any Unrealized Hedging Losses.

"**Current Portion of Bank Debt**" means any current liabilities under the Credit Facilities other than those that arise due to total advances under a Credit Facility exceeding the maximum amount of such Credit Facility, whether by reduction of maximum amount, fluctuations in exchange rates, mandatory repayments, or due to the Bank's demand for repayment.

"**Debt**" means, with respect to any Person, as at any date of determination, all obligations, liabilities and indebtedness of such Person which would, in accordance with GAAP, be classified upon a consolidated balance sheet of such Person for such date as indebtedness for borrowed money and, without limiting the generality of the foregoing, whether or not so classified, shall include (without duplication):

(a) obligations under BAs;

(b) issued and drawn L/C/Gs;

(c) obligations under guarantees, indemnities, or such other agreements providing Financial Assistance;

(d) Capital Leases or sale/lease-backs;

(e) obligations under deferred purchase price agreements;

(f) deferred revenues relating to third party obligations;

(g) the redemption amount of any capital where the holder of such capital has the option to require the redemption of such capital for cash or property and payment of the redemption amounts;

(h) any distributions declared but not yet paid; and

(i) all mark to market losses under any Financial Instruments that are due and owing. "Decommissioning Budget" has the meaning given to it under the section titled "REPORTING REQUIREMENTS".

"**deemed year**" has the meaning given to it under the section titled "INTEREST AND FEE CALCULATION AND PAYMENT".

"**Discount Proceeds**" means, in respect of any BA, an amount calculated on the applicable date of draw which is the result obtained by dividing (rounded to the nearest full cent, with one half of one cent being rounded up) the face amount of such bankers' acceptance by the sum of one plus the product of (i) the BA Discount Rate applicable thereto expressed as a decimal fraction and (ii) a decimal fraction, the numerator of which is the number of days to elapse from and including the date of acceptance of such BA up to but excluding the maturity date thereof and the denominator of which is 365, which product will be rounded to the nearest multiple of 0.0001.

"**Distribution**" means any:

(a) payment of any cash dividend on or in respect of any shares, units or other ownership interests of any class in the capital of a Loan Party (including any thereof acquired through the exercise of warrants or rights of conversion, exchange or purchase);

(b) redemption, retraction, purchase or other acquisition or retirement, in whole or in part, of shares, units or other ownership interests of any class in the capital of a Loan Party (including any thereof acquired through the exercise of warrants or rights of conversion, exchange or purchase);

(c) payment of principal, interest or other amounts in whole or in part, of any Debt of a Loan Party (including any Debt incurred or assumed by a Loan Party pursuant to a Capital Lease or operating lease) to any shareholder of the Borrower which owns more than 10% of the outstanding shares of the Borrower or any Affiliate of such shareholder, whether made or paid in or for cash, property or both;

to (in the case of paragraphs (a) and (c) of this definition) or by or from (in the case of paragraph (b) of this definition) any shareholder or any Affiliate of a shareholder of a Loan Party, whether made or paid in or for cash, property or both, or

(d) transfer of any property for consideration of less than fair market value by a Loan Party to any shareholder or to any Affiliate of a shareholder of a Loan Party;

but excluding any such payment, acquisition or transfer between Loan Parties.

"**Duvernay Conversion**" means the conversion of the applicable Loan Party's equity interest in Chronos Duvernay LP into a working interest.

"**Electronic Image**" has the meaning given to it under the section titled "ELECTRONIC IMAGING".

"**Energy Regulator**" means (a) with respect to the Province of Alberta, the Alberta Energy Regulator, (b) with respect to the Province of British Columbia, the BC Oil and Gas Commission, (c) with respect to the Province of Saskatchewan, the Saskatchewan Ministry of Energy and Resources, and (d) with respect to any other applicable jurisdiction, the regulatory body with responsibility for the oversight of environmental matters in the oil and gas industry in such jurisdiction; and in each case, together with any successor or replacement agency, department, ministry or commission thereto.

"Environmental Claim" means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, inspections, inquiries or proceedings relating in any way to any Environmental Laws or to any permit issued under any such Environmental Laws, including, without limitation, (a) any claim by a Governmental Authority for enforcement, clean up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws, and (b) any claim by a person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from or relating to hazardous materials, including any release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment.

"**Environmental Laws**" means all applicable laws with respect to the environment or environmental or public health and safety matters contained in statutes, regulations, rules, ordinances, orders, judgments, approvals, notices, permits or policies, guidelines or directives having the force of law.

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

"**Expiry Date**" has the meaning given to it under the section titled "EXPIRY DATE".

"**Face Amount**" means (i) in respect of a BA, the amount payable to the holder thereof on its maturity, and (ii) in respect of a L/C/G, 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 L/C/G.

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

"**Financial Assistance**" means, with respect to any person and without duplication, any loan, guarantee, undertaking to assume, endorsement (other than the routine endorsement of cheques in the ordinary course of business), indemnity, assurance, acceptance, extension of credit, loan purchase, share purchase, equity or capital contribution, investment or other form of direct or indirect financial assistance or support of any other person or any obligation (contingent or otherwise), in each case, primarily for the purpose of enabling another person to incur or pay any Debt or to comply with agreements relating thereto or otherwise to assure or protect creditors of the other person against loss in respect of Debt of the other person and includes any guarantee of or indemnity in respect of the Debt of the other person and, in any event includes, any absolute or contingent obligation to (directly or indirectly):

(a) advance or supply funds for the payment or purchase of any Debt of any other person;

(b) purchase, sell or lease (as lessee or lessor) any property, assets, goods, services, materials or supplies primarily for the purpose of enabling any person to make payment of Debt or to assure the holder thereof against loss;

(c) guarantee, indemnify, hold harmless or otherwise become liable to any creditor of any other person from or against any losses, liabilities or damages in respect of Debt;

(d) make a payment to another for goods, property or services regardless of the non-delivery or non- furnishing thereof to the Borrower or any Subsidiary (as applicable); or

(e) make an advance, loan or other extension of credit to or to make any subscription for equity, equity or capital contribution, or investment in or to maintain the capital, working capital, solvency or general financial condition of another person.

The amount of any Financial Assistance is the amount of any loan or direct or indirect financial assistance or support, without duplication, given, or all Debt of the obligor to which the Financial Assistance relates, unless the Financial Assistance is limited to a determinable amount, in which case the amount of the Financial Assistance is the determinable amount.

"Financial Instrument" means any Commodity Swap Agreement, Interest Rate Hedging Agreement or Currency Hedging Agreement.

"**Generally Accepted Accounting Principles**" or "**GAAP**" means generally accepted accounting principles consistently applied which are in effect from time to time, as published in the Handbook of the Canadian Institute of Chartered Accountants and other primary sources recognized from time to time by the Canadian Institute of Chartered Accountants ("**CICA**"), including, for certainty, IFRS.

"**Governmental Authority**" means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political subdivision thereof and any entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

"**Hedge Monetization**" means the termination, restructuring or unwinding of any Commodity Swap Agreement (but, for certainty, excluding the termination thereof on the scheduled maturity date thereof).

"**IFRS**" means International Financial Reporting Standards including International Accounting Standards and Interpretations together with their accompanying documents which are set by the International Accounting Standards Board, the independent standard-setting body of the International Accounting Standards Committee Foundation (the "**IASC Foundation**"), and the International Financial Reporting Interpretations Committee, the interpretative body of the IASC Foundation.

"**Incumbent Directors**" has the meaning given to it in the definition for Change of Control.

"**Indemnified Parties**" has the meaning given to it under paragraph (d) of the section titled "ENVIRONMENTAL OBLIGATIONS".

"**Indemnified Third Party**" has the meaning given to it under paragraph (d) of the section titled "ENVIRONMENTAL OBLIGATIONS".

"**Insolvency Event**" means any event, the occurrence of which the Borrower or any Subsidiary thereof shall be or become Insolvent.

"**Insolvent**" in respect of any Person, means:

(a) such Person is an "insolvent person" as defined in the *Bankruptcy and Insolvency Act* (Canada) as in effect on the date hereof;

(b) such Person is unable to pay its debts as such debts become due;

(c) a decree or order of a court of competent jurisdiction is entered adjudging such Person a bankrupt or insolvent under the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other bankruptcy, insolvency, corporate or analogous laws or ordering the winding up or liquidation of its affairs;

(d) any case, proceeding, application or other action shall be instituted in any court of competent jurisdiction against such Person, seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition, proposal, compromise or arrangement with creditors, a readjustment of debts, the appointment of trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator, monitor or other Person with similar powers with respect to such Person or of all or any substantial part of its assets, or any other like relief in respect of such Person under any bankruptcy or insolvency law and (i) such case, proceeding, application or other action results in an entry of an order for such relief or any such adjudication or appointment, or (ii) such case, proceeding, application or other action shall continue undismissed, or unstayed and in effect, for any period of ten (10) consecutive Business Days; or

(e) such Person makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal (or files a notice of intention to make a proposal) under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies' Creditors Arrangement Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other bankruptcy, insolvency, corporate or analogous law, files a petition or proposal (or files a notice of intention to make a proposal) to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, monitor, sequestrator or other Person with similar powers of itself or of all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such assignment, proposal, relief, petition, proposal, appointment or proceeding.

"**Interest Rate Hedging Agreement**" means any interest swap agreement, forward rate agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by a Loan Party, the purpose and effect of which is to mitigate or eliminate such Loan Party's exposure to fluctuations in interest rates.

"**ISDA Master Agreement**" means an 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 the Borrower with any counterparty thereto.

"**L/C/G Fee**" has the meaning given to it under the paragraph titled "Interest Rates and Fees" of the section titled "CREDIT FACILITY A".

"**L/C/Gs**" has the meaning given to it under the paragraph titled "Accommodations and Notice" of the section titled "CREDIT FACILITY A".

"**LMR**" means, with respect to the Borrower and any other Loan Party, as applicable, and subject to the section herein titled "CHANGES TO LMR", the liability management rating (or equivalent) established by the applicable Energy Regulator with respect to the abandonment and reclamation policies, regulations and directives in the jurisdiction of such Energy Regulator, in each case, as determined in accordance with applicable law (including the rules and regulations of each such Energy Regulator in respect thereof) as calculated and published publicly by such Energy Regulator, and as adjusted to remove any security, cash, letters of credit or other security deposits or credit support that has or may have resulted in an increase to such liability management rating.

"**LMR and Decommissioning Expense Worksheet**" means the form annexed hereto as Exhibit 2 to Appendix B.

"**Loan Documents**" mean (a) this Offering Letter, (b) the Security, and (c) all present and future agreements, documents, certificates, notices and instruments delivered by the Loan Parties to the Bank evidencing or securing the Obligations, and (d) any other document designated as a Loan Document by the Borrower and the Bank, in each case as the same may from time to time be amended, and "Loan Document" means any one of the Loan Documents.

"**Loan Party**" or "**Loan Parties**" has the meaning given to it under the section titled "GUARANTORS". "Material Adverse Effect" means a material adverse effect on any one or more of the following:

(a) the business, financial condition, operations, assets or capitalization of the Borrower on a consolidated basis and taken as a whole;

(b) the ability of any Loan Party to pay or perform the obligations under this Offering Letter or the ability of any Loan Party to pay or perform any of its obligations or contingent obligations under any Security or any underlying agreements or document delivered pursuant to this Offering Letter or the Security;

(c) the ability of any Loan Party to perform it obligations under any material contract, if it would also have a material adverse effect on the ability of such Loan Party to pay or perform its obligations under this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security;

(d) the validity or enforceability of this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security; or

(e) the priority ranking of any security interests granted by this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security, or the rights or remedies intended or purported to be granted to the Bank under or pursuant to this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security.

"**Net Debt**" means at any time in respect of the Borrower, on a consolidated basis, the aggregate amount (without duplication) expressed in Canadian Dollars of its (a) Working Capital Deficit plus (b) Debt.

"**Net Debt to Cash Flow Ratio**" means at any time, the ratio of (i) Net Debt to (ii) Cash Flow. "New Rules" has the meaning given to it under the section titled "CHANGE IN LAWS".

"**Obligations**" means, collectively and at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, direct or indirect, absolute or contingent, matured or not) of the Borrower and its Subsidiaries to the Bank under, pursuant or relating to the Credit Facilities or the Loan Documents and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal and other costs, charges and expenses and other amounts payable by the Borrower under this Offering Letter.

"**Paper Record**" has the meaning given to it under the section titled "ELECTRONIC IMAGING".

"**Permitted Contest**" means action taken by a Loan Party in good faith by the appropriate proceedings diligently pursued to contest a tax, claim or security interest, provided that:

(a) such Loan Party has established reasonable reserves therefor in accordance with GAAP;

(b) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect; and

(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, a material part of the property, assets or undertaking of any Loan Party.

"**Permitted Debt**" means:

(a) the Obligations;

(b) any Debt owing by a Loan Party to another Loan Party;

(c) Debt of any Loan Party arising in connection with operating leases entered into in the ordinary course of business (which, for certainty, shall not include any operating leases entered into in connection with any sale-leaseback) which would have been operating leases under GAAP as in effect on December 31, 2018;

(d) Debt consisting of Financial Assistance permitted under paragraph (f) of the section titled "NEGATIVE COVENANTS";

(e) other Debt (including Capital Leases, Purchase Money Obligations, and operating leases (but excluding any operating leases entered into in connection with any sale-leaseback)) which is not otherwise Permitted Debt; provided that the aggregate outstanding principal amount of all such obligations does not, in the aggregate at any time, exceed the Threshold Amount; and

(f) Debt which has been absolutely postponed and subordinated in right of payment and collection to the repayment of the Obligations, on terms acceptable to the Bank, in its sole discretion.

"**Permitted Encumbrance**" means at any particular time any of the following encumbrances on the property or any part of the property of any Loan Party:

(a) liens for taxes, assessments or governmental charges not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(b) liens arising in connection with workers' compensation, unemployment insurance, pension, employment or other social benefits laws or regulations which are not yet due or delinquent or the validity of which is being contested by a Permitted Contest;

(c) liens under or pursuant to any judgment rendered, or claim filed, against a Loan Party, which such Loan Party shall be contesting at the time by a Permitted Contest;

(d) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law against any Loan Party or which relate to obligations not due or delinquent, or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(e) liens arising by operation of law such as builders' liens, carriers' liens, materialmens' liens and other liens of a similar nature which relate to obligations not due or delinquent;

(f) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil and other pipelines, gas and water mains, electric light and power and telecommunication, telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons which individually or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of any Loan Party;

(g) security given by any Loan Party to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of such Loan Party, all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of the asset concerned or materially impair its use in the operation of the business of any Loan Party;

(h) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;

(i) security interests in favour of the Bank securing the obligations of any Loan Party under the Offering Letter or the Security;

(j) the Security;

(k) liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the exploration, development or operation of petroleum or natural gas interests, related production or processing facilities in which such Person has an interest or the transmission of petroleum or natural gas as security in favour of any other Person conducting the exploration, development, operation or transmission of the property to which such liens relate, for any Loan Party's portion of the costs and expenses of such exploration, development, operation or transmission, provided that such costs or expenses are not due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(l) liens for penalties arising under non-participation or independent operations provisions of operating or similar agreements in respect of any Loan Party's petroleum or natural gas interests, provided that such liens do not materially detract from the value of any material part of the property of any Loan Party;

(m) any right of first refusal in favour of any Person granted in the ordinary course of business with respect to all or any of the petroleum or natural gas interests of any Loan Party;

(n) any encumbrance or agreement entered into in the ordinary course of business relating to pooling, a plan of unitization or other similar agreement affecting the property of any Loan Party, or any part thereof;

(o) the right reserved or vested in any municipality or governmental or other public authority by the terms of any petroleum or natural gas leases or similar agreements in which any Loan Party has any interest or by any statutory provision to terminate petroleum or natural gas leases or similar agreements in which any Loan Party has any interest, or to require annual or other periodic payments as a condition of the continuance thereof;

(p) obligations of any Loan Party to deliver petroleum, natural gas, chemicals, minerals or other products to buyers thereof in the ordinary course of business;

(q) royalties, net profits and other interests and obligations arising in accordance with standard industry practice and in the ordinary course of business, under petroleum or natural gas leases or similar agreements in which any Loan Party has any interest;

(r) any sale/lease-back transaction otherwise permitted or any security interests created, incurred or assumed to secure any Purchase Money Obligations; provided that the foregoing security interests for the Purchase Money Obligations are limited to the property or assets purchased or acquired and the lease and any security interests in relation to the sale/lease-back are limited to the property or assets sold and leased, and further provided that, such security interests shall not secure obligations and such sale/lease-back transactions shall not have obligations, which, in the aggregate at any time, exceed the Threshold Amount;

(s) Capital Leases in respect of assets having a book value in the aggregate at any time equal to or less than the Threshold Amount; and

(t) prior to the 91st day following the date of this Offering Letter, each of the encumbrances identified in Appendix E attached hereto (collectively, the "**Stale Registrations**").

"**Permitted Hedging**" means Financial Instruments which (i) are entered into solely for hedging purposes and not for speculative purposes, (ii) are entered into only in the ordinary course of business, (iii) are entered into in accordance with the then current hedging policies approved by the board of directors of the Borrower, (iv) in the case of Currency Hedging Agreements, are for a term not exceeding 2 years and notional amounts hedged by all Currency Hedging Agreements at any time shall not exceed 60% of U.S. Dollar revenue of the Borrower as then set out in the then most recent board of directors approved forecasts; (v) in the case of Interest Hedging Agreements, are for a term not exceeding 2 years, and aggregate amounts hedged by all Interest Hedging Agreements at any time shall not be more than 60% of the Credit Facility A Maximum Amount; and (vi) in the case of Commodity Swap Agreements, for a term not to exceed 2 years, and the aggregate amounts hedged under all Commodity Swap Agreements at the time any Commodity Swap Agreement is entered into and after giving effect thereto cannot exceed sixty percent (60%) of forecasted production volumes (net of royalties) split by commodity, for a term not to exceed 2 years. For certainty, differential/basis swaps and put options shall not be included for the purposes of the calculation of the percentages above.

"**Person**" or "**person**" means and includes an individual, a partnership, a corporation, a joint stock company, a trust, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof.

"**PPSA**" has the meaning given to it under the section titled "REPRESENTATIONS AND WARRANTIES".

"**Prime Rate**" means the rate of interest per annum, based on a 365 or 366 day period, as the case may be, in effect from time to time that is equal to the greater of:

(a) the rate of interest publicly announced by the Bank from time to time as being its reference rate then in effect for determining interest rates for commercial loans in Canadian Dollars made by the Bank in Canada; and

(b) the average annual rate (rounded upwards, if necessary, to 0.01%) as determined by the Bank as being the average of the "BA 1 month" CDOR Rate applicable to bankers' acceptances in Canadian Dollars displayed and identified as such on the CDOR Page plus 1.00%; provided that if such rates do not appear on the CDOR Page as contemplated, then the CDOR Rate on any day shall be calculated as the arithmetic average of the 30-day discount rates applicable to bankers' acceptances in Canadian Dollars quoted by three major Canadian Schedule I chartered banks chosen by the Bank as of approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day; further provided that if the CDOR Rate as determined above is less than zero, then the CDOR Rate shall be deemed to be zero.

"**Prime Rate Loans**" has the meaning given to it under the paragraph titled "Accommodations and Notice" of the section titled "CREDIT FACILITY A".

"**Purchase Money Obligation**" means any monetary obligation created or assumed as part of the purchase price of real or tangible personal property, whether or not secured, any extensions, renewals or refundings of any such obligation, provided that the principal amount of such obligation outstanding on the date of such extension, renewal or refunding is not increased and further provided that any security given in respect of such obligation shall not extend to any property other than the property acquired in connection with which such obligation was created or assumed and fixed improvements, if any, erected or constructed thereon and the proceeds thereof.

"**Review**" has the meaning given to it under the section titled "REVIEW". "Security" has the meaning given to it under the section titled "SECURITY".

"**Stamping Fee**" means, at any time, a margin, expressed as a rate per annum based on a 365 day period, charged by the Bank for accepting and stamping BAs.

"**Subsidiary**" means, with respect to any Person ("**X**"):

(a) any corporation of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues) is at the time directly, indirectly or beneficially owned or controlled by X or one or more of its Subsidiaries, or X and one or more of its Subsidiaries;

(b) any partnership of which, at the time, X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries: (i) directly, indirectly or beneficially own or control more than 50% of the income, capital, beneficial or ownership interests (however designated) thereof; and (ii) is a general partner, in the case of limited partnerships, or is a partner or has authority to bind the partnership, in all other cases; or

(c) any other Person of which at least a majority of the income, capital, beneficial or ownership interests (however designated) are at the time directly, indirectly or beneficially owned or controlled by X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries,

provided that, unless otherwise expressly provided or the context otherwise requires, references herein to "**Subsidiary**" or "**Subsidiaries**" shall be and shall be deemed to be references to Subsidiaries of the Borrower.

"**Threshold Amount**" means, at any time, an amount equal to 5% of the Credit Facility A Maximum Amount.

"**Unrealized Hedging Gains**" means mark to market unrealized gains in respect of Financial Instruments or other risk management products recorded in accordance with generally accepted accounting principles.

"**Unrealized Hedging Losses**" means mark to market unrealized losses in respect of Financial Instruments or other risk management products recorded in accordance with generally accepted accounting principles.

"**U.S. Base Rate**" means the rate of interest per annum, based on a 365 or 366 day period, as the case may be, in effect from time to time that is equal to the greater of:

(a) the rate of interest publicly announced by the Bank from time to time as being its reference rate then in effect for determining interest rates for commercial loans in U.S.$ made by the Bank in Canada; and

(b) the Federal Funds Effective Rate in effect from time to time multiplied by 365/366, plus a margin on one half (1/2) of one (1) percent (0.50%),

provided that if the rate determined as aforesaid shall ever be less than zero, such rate shall be deemed to be zero for purposes of this Offering Letter.

"**U.S. Dollar**", "**USD**" and the symbol "**U.S.$**" each means lawful money of the United States of America in same day immediately available funds and, if such funds are not available, the form of money of the United States of America that is customarily used in the settlement of international banking transactions on the day payment is due.

"**Voting Shares**" means:

(c) in respect of a corporation or limited liability company, shares of any class or equity ownership interests of such entity:

(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 of the Offering Letter;

(d) in respect of a trust, trust units of the 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;

(e) in respect of 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 is continuing.

"**Working Capital Deficit**" means Current Liabilities minus Current Assets.

APPENDIX D

FORM OF ADVANCE REQUESTS

TO: National Bank of Canada ("**NBC**")

RE: Offering Letter dated January 16, 2023 among Lycos Energy Inc., (the "**Borrower**"), the Guarantors party thereto and NBC (the "**Offering Letter**")

DATE: [●]

1. The date of the requested Advance is the ____ day of __________, 20___.

2. Pursuant to the Offering Letter, the undersigned hereby irrevocably requests that the following Advance be made available under Credit Facility A:

Credit Facility A: s

TYPE OF ADVANCE	PRINCIPAL AMOUNT	TERM
BAs	______________________	____________
L/C/Gs	______________________	____________

3. As of the date of this Advance Request, no default or demand for payment under any Loan Document has occurred and is continuing and each of the representations and warranties of the Loan Parties set forth in the Offering Letter (other than representations and warranties that expressly speak of an earlier date) is true and correct as of the date of the requested Advance.

4. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Offering Letter.

DATED at Calgary, Alberta effective the date and year first above written.

LYCOS ENERGY INC.

Per: ______________________________
Name: [●]
Title: [●]

APPENDIX E

STALE REGISTRATIONS

[*Redacted*]