



April 19, 2022

Stampede Drilling Inc.
Bow Valley Square IV
Suite 2200, 250 - 6th Avenue SW
Calgary, Alberta T2P 3H7

PRIVATE & CONFIDENTIAL

Attention: Jeff Schab, Chief Financial Officer

Dear Sir:

We refer to the facility letter with Schedules dated December 20, 2018 (as amended and supplemented to the date hereof) between HSBC Bank Canada (the “**Bank**”) and Stampede Drilling Inc. (formerly known as Matrix Energy Technologies Inc.) (as amended and supplemented, the “**Original Facility Letter**”). On the basis of the financial information and other information, representations, warranties and documents provided to the Bank, the Bank has agreed, at the request of the Borrower, to continue to provide the Credit Facilities and amend certain terms and conditions of the Original Facility Letter, all as more particularly set out herein. The Original Facility Letter shall, as of the date above, be amended and restated (but without novation of existing credit facilities indebtedness and obligations) to read in its entirety as follows and shall be hereafter referred to as the “**Facility Letter**”.

BORROWER

Stampede Drilling Inc. (the “**Borrower**”).

CREDIT FACILITIES

The following credit facilities (collectively referred to as the “**Credit Facilities**”) are authorized subject to the satisfaction of all terms and conditions in this Facility Letter.

1. **Operating Loan Facility**

1.1 Amount

Committed operating revolving loan facility (the “**Operating Loan Facility**”) available by way of any of the types of advances and other credit described in Section 1.3 (below) up to but not exceeding in aggregate (for all such types of advances and other credit) CAD 18,000,000, subject (along with the Term Loan Facility) to the Maximum Limit.

1.2 Purpose

For general corporate purposes including to assist in financing the day-to-day operating requirements of the Borrower and to finance working capital requirements of the Borrower.

1.3 Availability

Loan advances and other credit under the Operating Loan Facility (the “**Operating Loans**”) are available as follows:

- (a) CAD account overdraft up to an aggregate principal amount not exceeding CAD 18,000,000 (the “**CAD Overdraft Loans**”); and
- (b) BA Advances in CAD up to an aggregate principal amount not exceeding CAD 18,000,000 upon request by delivery by the Borrower of a Required Notice, subject to availability for a term of at least 30 days and not more than 90 days including days of grace and subject to a minimum amount for each BA of CAD 500,000 and thereafter in multiples of CAD 100,000.

The Borrower shall ensure that the amounts advanced and credits outstanding under the Operating Loan Facility shall at no time exceed CAD 18,000,000, subject at all times (along with the Term Loan Facility) to the Maximum Limit.

All loans outstanding under the Operating Loan Facility (as defined in the Original Facility Letter) shall be deemed to be outstanding under the Operating Loan Facility hereunder.

1.4 Repayment

All amounts advanced and outstanding under the Operating Loan Facility shall be repaid upon demand by the Bank following the occurrence of an Event of Default as stated in Section IV of the attached Schedule A and otherwise on the Maturity Date.

Additionally, the Borrower shall pay to the Bank, in repayment of firstly, obligations owing under the Term Loan Facility and, secondly, obligations owing under the Operating Loan Facility, promptly after receipt by the Borrower or a Credit Party (other than in the case of the exception for Reinvested Assets noted below), the net proceeds from the disposition of any assets or property sold, leased, transferred or otherwise disposed of by the Borrower or such Credit Party in an amount, in any calendar year, in excess of CAD 1,250,000, except where such net proceeds are reinvested (or contracts and/or obligations are in place to complete reinvestment) in similar assets or property (“**Reinvested Assets**”) within 12 months after the date of such sale, lease, transfer or other disposition (and which payment, for certainty, shall not result in a reduction of the maximum amount of the Operating Loan Facility).

Each BA Advance shall be repayable as provided in the BA Agreement. In the event repayment of any BA Advance is required to be made by the Borrower prior to the expiry of the term thereof, the Borrower shall deliver cash collateral to the Bank to fully secure its obligations to the Bank with respect to such BA Advance.

1.5 Interest

Interest on the outstanding principal balance of all Operating Loans and other credit advanced under the Operating Loan Facility shall, unless otherwise provided, be calculated and payable as follows:

- (a) for CAD Overdraft Loans, the Bank's Prime Rate plus the Applicable Margin (established based on the Pricing Grid set forth in the definition thereof) on the basis of 365 days,

calculated monthly in arrears on the daily balance on the last day of each month, payable on the first Business Day of the following month; and

- (b) for BA Advances, at the time of the Bank's acceptance of each BA (including any renewal BA), a Stamping Fee equal to the Applicable Margin (established based on the Pricing Grid set forth in the definition thereof) per annum, calculated in accordance with the BA Agreement.

2. **Term Loan Facility**

2.1 Amount

Committed term non-revolving loan facility (the "**Term Loan Facility**") available by way of any of the types of advances and other credit described in Section 2.3 (below) up to but not exceeding in aggregate (for all such types of advances and other credit) CAD 7,000,000.

2.2 Purpose

To assist in financing capital expenditures and the Crusader Rig Acquisition and, if required, refinancing the Operating Loan Facility (as defined in the Original Facility Letter).

2.3 Availability

Subject to the terms and conditions hereof, the Borrower may make one drawdown only under the Term Loan Facility and no further drawdowns thereafter (the "**Term Loan**"). The drawdown shall occur on the date that all conditions precedent set forth herein are satisfied or waived. The Term Loan under the Term Loan Facility is available as follows:

- (a) CAD Prime Rate Loan up to an aggregate principal amount not exceeding CAD 7,000,000; and
- (b) BA Advance in CAD up to an aggregate principal amount not exceeding CAD 7,000,000 upon request by delivery by the Borrower of a Required Notice, subject to availability for a term of at least 30 days and not more than 90 days including days of grace and subject to a minimum amount for each BA of CAD 500,000 and thereafter in multiples of CAD 100,000.

The unutilized portion of the Term Loan Facility after the first and only drawdown thereunder shall be cancelled and the Term Loan Facility shall be non-revolving, that is, the amounts of the drawdown under the Term Loan Facility which are thereafter repaid may not be re-borrowed or utilized again and the Borrower shall not be entitled to make further drawdowns in respect of such amounts.

2.4 Repayment

The principal amount outstanding under the Term Loan Facility shall be repaid in monthly installments on the last date of each month (and if the last day of the month is not a Business Day, such payment shall be due on the next Business Day) based on a notional amortization rate of 10% per annum, commencing on the last day of the month following the date of the advance under the Term Loan Facility. All amounts outstanding under the Term Loan Facility shall be

repaid upon demand by the Bank following the occurrence of an Event of Default as stated in Section IV of the attached Schedule A and otherwise on the Maturity Date.

In addition to the scheduled principal repayments set out above, and provided that the Net Funded Debt to EBITDA Ratio of the Borrower is greater than 2.00 to 1.00 as at any fiscal year end of the Borrower, principal repayments in an amount equal to 50% of Excess Free Cash Flow as at such fiscal year end shall be payable to the Bank within 90 days of such fiscal year end of the Borrower and shall be applied to the principal balance outstanding in the inverse order of maturity of payments.

2.5 Interest

Interest on the outstanding principal balance of the Term Loan and other credit advanced under the Term Loan Facility shall, unless otherwise provided, be calculated and payable as follows:

- (a) for a CAD Prime Rate Loan, the Bank's Prime Rate plus the Applicable Margin (established based on the Pricing Grid set forth in the definition thereof) on the basis of 365 days, calculated monthly in arrears on the daily balance on the last day of each month, payable on the first Business Day of the following month; and
- (b) for a BA Advance, at the time of the Bank's acceptance of such BA (including any renewal BA), a Stamping Fee equal to the Applicable Margin (established based on the Pricing Grid set forth in the definition thereof) per annum, calculated in accordance with the BA Agreement.

3. **MasterCard Facility**

3.1 Amount

Up to CAD 500,000 (the "**MC Facility**"), subject to the Maximum Limit.

3.2 Purpose

To provide business expense cards for employees of the Borrower for general corporate purposes.

3.3 Availability

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

3.4 Fees

The Borrower shall pay to the Bank fees in respect of the MC Facility as set out in the MasterCard Agreement.

3.5 Repayment

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

4. **ETF Facility**

4.1 Amount

CAD 2,000,000 demand electronic funds transfer facility.

4.2 Purpose

To assist with payroll and accounts payable by way of direct bank-to-bank transfers.

5. **Fees**

The Borrower shall pay to the Bank:

- (a) an administration fee of CAD 250 payable on the first Business Day of each month with respect to the previous month;
- (b) an upfront fee in an amount equal to **[Rate Redacted]**% of the aggregate maximum amount of the Operating Loan Facility and the Term Loan Facility (being CAD 25,000,000), payable on acceptance of this Facility Letter; and
- (c) a standby fee equal to the amount of the Applicable Margin in effect from time to time multiplied by the daily unutilized portion of the Operating Loan Facility amount available (without regard to the effect of any Margin Requirements), calculated monthly in arrears on the last Business Day of each month and payable on the first Business Day of the following month.

6. **Margin Requirement**

6.1 Notwithstanding any other provision of this Facility Letter, the Borrower shall ensure that the sum of the amount advanced and liabilities outstanding under the Operating Loan Facility and the Term Loan Facility (including, for certainty but without limitation, the face amount of all outstanding BAs) shall at no time exceed the aggregate of the following, as calculated by the Bank absent manifest error (the “**Margin Requirement**”):

- (a) 75% of Acceptable Receivables from Non-Investment Grade Customers; plus
- (b) 85% of Acceptable Receivables from Investment Grade Customers and Major Customers; plus
- (c) the lesser of (a) 50% of net book value of the capital assets of the Credit Parties, subject to the limitation set forth in this Section 6 below, and (b) 50% of the net orderly liquidation value of capital assets and equipment of the Credit Parties located in Canada and the United States of America (“**NOLV**”); less
- (d) Potential Prior Ranking Claims; less
- (e) Acceptable Receivables of the Borrower that have been sold or factored, whether to the Bank or another third party.

Notwithstanding Section 6.1(c) above, the maximum amount to be included in the calculation of the Margin Requirement on account of Section 6.1(c) is limited to CAD 22,500,000.

7. **Loan Documents**

7.1 **Loan Documents**

The liability, indebtedness and obligations of the Borrower to the Bank including under the Credit Facilities shall be evidenced, governed and secured, as the case may be, by the following documents including, for certainty but without limitation, those previously delivered by the Borrower (the continuing validity of which is hereby acknowledged by the Borrower), unless otherwise released by the Bank, together with any additional documents and any other required loan or security documents, including this Facility Letter, completed and signed in a form and manner satisfactory to the Bank (collectively the “**Loan Documents**”):

- (a) Agreement for USD and CAD Line of Credit by way of Current Account Overdraft, from the Borrower **[ON HAND]**;
- (b) BA Agreement from the Borrower **[ON HAND]**;
- (c) guarantee and postponement of claims from each Guarantor of the indebtedness of the Borrower to the Bank and secured by a general security agreement from such Guarantor creating a first ranking Lien, subject to Permitted Encumbrances, on all present and after-acquired property of such Guarantor (including intellectual property, if any);
- (d) general security agreement from the Borrower creating a first ranking Lien, subject to Permitted Encumbrances, on all present and after-acquired property of the Borrower (including intellectual property, if any) **[ON HAND]**;
- (e) assignment of all risk insurance from the Credit Parties, including extended coverage, public liability coverage, business interruption coverage and fire insurance coverage, if required by the Bank, in amounts and from an insurer acceptable to the Bank in each case, on all of the Credit Parties' real and personal property, showing the Bank as first loss payee with standard mortgage endorsement for property damage coverage (and as an additional insured for public liability coverage), as acknowledged/consented to by the relevant insurer(s) or the authorized representative of the insurer(s) **[ON HAND]**;
- (f) to the extent any shareholder has loaned money to the Borrower (other than pursuant to the Debentures, provided that the Debentures remain unsecured and structurally subordinated to the obligations of the Credit Parties to the Bank), an assignment and postponement by each such shareholder of the Borrower in favour of the Bank of all present and future amounts owing to them by the Borrower;
- (g) intercreditor and subordination agreements from holders of Permitted Encumbrances or estoppel letters from other secured parties as determined by the Bank and its legal counsel;
- (h) supporting officer's certificates, certificates of status (or good standing) and other certificates in connection with each Credit Party as the Bank may reasonably require which shall confirm, among other things, the constitutional documents for each Credit Party, incumbent officers with specimen signatures of authorized signatories, and the applicable

authorizing resolutions for the Loan Documents, together with a legal opinion of the solicitors acting for each Credit Party confirming power and capacity of each Credit Party, existence, due authorization, execution, delivery and enforceability of the Loan Documents to which each is a party and the priority of the Liens granted by each to the Bank, each in form and substance satisfactory to the Bank; the MasterCard Agreement **[ON HAND]**; and

such other Loan Documents as the Bank may reasonably request in order to register or otherwise perfect the Liens granted to the Bank or as the Bank may reasonably require.

7.2 Registration and Priority; Counsel Fees

The Loan Documents (or notice thereof) will be registered in all jurisdictions and at all registries as the Bank may determine is necessary or beneficial to perfect or protect its Liens. The Bank's Liens shall rank in priority to all other Liens, subject to only Permitted Encumbrances. The Borrower shall pay all legal fees and disbursements incurred by Bank's counsel in connection with negotiation, implementation and enforcement of the Credit Facilities, including any expenses incurred to perfect or register Loan Documents.

8. Conditions Precedent

In addition to the conditions precedent set out in Schedule A, it shall be a condition precedent to the next advance under the Operating Loan Facility, the sole advance under the Term Loan Facility and the continued availability of the Credit Facilities that the Bank shall have received in form and content satisfactory to the Bank:

- (a) the Loan Documents, duly authorized, executed and delivered, and, as relevant, duly registered;
- (b) a desktop appraisal (at the cost of the Borrower) from an appraiser satisfactory to the Bank indicating the NOLV;
- (c) financial statements for the Borrower for the most recent applicable reporting period as required under Section 10 confirming operating results acceptable to the Bank;
- (d) bank statements, accounts receivable listings and other margin information for the Borrower for each of the three months prior to funding;
- (e) a business plan including a cash flow forecast for the Borrower through the initial Maturity Date, establishing the ability of the Borrower to comply on a monthly basis with the terms and conditions of the Credit Facilities including the financial covenants contained herein;
- (f) copies of all Material Agreements (including a certified copy of the Debentures) and satisfactory review by the Bank of each such Material Agreement;
- (g) certificate of compliance and security margin report by a senior officer of the Borrower in the form satisfactory to the Bank;
- (h) as of the date of the effectiveness of this Facility Letter, no event, circumstance or development shall have occurred or become known which has had or would reasonably

be expected to cause a Material Adverse Change, and the Borrower shall have delivered to the Bank an officer's certificate certifying the same to the Bank;

- (i) as of the date of the effectiveness of this Facility Letter, no event, circumstance or development shall have occurred or become known which has had or would reasonably be expected to cause an Event of Default, and the Borrower shall have delivered to the Bank an officer's certificate certifying the same to the Bank;
- (j) the Borrower shall have delivered to the Bank true, correct and complete copies of the operating documentation relating the Crusader Rig Acquisition (collectively, the **"Acquisition Documents"**) together with an officer's certificate to the Bank certifying the same, which Acquisition Documents shall be in form and substance satisfactory to the Bank;
- (k) all material governmental authorizations and material third party consents and approvals necessary for the completion of the Crusader Rig Acquisition shall have been unconditionally obtained and in full force and effect, and the Bank shall have received an officer's certificate certifying the same to the Bank;
- (l) concurrently with the advance of the Term Loan, all transactions to be completed in connection with the closing of the Crusader Rig Acquisition shall have been completed in accordance with the Acquisition Documents, without material amendment thereto, or material waiver by the Borrower thereunder, and the Borrower shall have delivered an officer's certificate certifying the same to the Bank;
- (m) all fees and expenses due and payable as previously agreed to in writing between the Borrower and the Bank including, without limitation, all fees pursuant to Section 5 and the fees and disbursements incurred by Bank's counsel as per Section 7.2, shall have been paid by the Borrower; and
- (n) the assets and property of the Credit Parties, including for certainty but without limitation those acquired pursuant to the Crusader Rig Acquisition, shall be free and clear of all Liens except for Permitted Encumbrances and evidence of the foregoing satisfactory to the Bank shall have been received by the Bank.

9. **Covenants and Conditions**

- (a) The Borrower covenants and agrees with the Bank that, so long as any indebtedness, liability and obligations of the Borrower to the Bank remain outstanding, it shall not, without the prior written consent of the Bank:
 - (i) permit the Fixed Charge Coverage Ratio to be less than 1.50:1.00; and
 - (ii) permit the Net Funded Debt to EBITDA Ratio to exceed 3.00 to 1.00.

The Borrower agrees that the foregoing financial tests shall be calculated by the Bank quarterly using internally prepared consolidated financial statements provided by the Borrower for the first three quarters in each fiscal year and using consolidated audited financial statements provided by the Borrower for the fiscal year end in each fiscal year or with such other statements as the Bank may agree to use from time to time. Any amounts not in CAD shall be calculated at the Canadian Dollar Equivalent.

- (b) The Borrower and each other Credit Party covenants and agrees with the Bank that, so long as any indebtedness, liability and obligations of the Borrower to the Bank remain outstanding, it shall not, without the prior written consent of the Bank:
- (i) excluding any Permitted Acquisitions and any capital expenditures for Reinvested Assets permitted hereunder, make capital expenditures aggregating in any one fiscal year in excess of 110% of the amount set forth in the annual capital expenditure budget of the Borrower approved by the Bank for such fiscal year; and
 - (ii) pay remuneration of any kind (including by way of dividends, stock redemptions or repurchases, capital reductions, loans or repayment of loans, salaries, management fees and bonuses to directors, officers or shareholders (and their affiliates) of the Borrower), other than salaries, management fees and bonuses made in the ordinary course of business and other than pursuant to the Debentures, provided that the Debentures remain unsecured and structurally subordinated to the obligations of the Credit Parties to the Bank;
- (c) The Borrower agrees to give the Bank written notice of any of the following events as soon as possible and in any event within 5 Business Days of the occurrence thereof:
- (i) any litigation, proceeding or dispute affecting a Credit Party which if adversely adjudged, mediated or arbitrated could reasonably be expected to constitute a Material Adverse Change;
 - (ii) any representation and warranty given by a Credit Party to the Bank being false or misleading;
 - (iii) the dissolution, merger or insolvency of any Credit Party;
 - (iv) any notice from any Governmental Authority with respect to any violation, possible violation, non-compliance or possible non-compliance or claim which constitutes or could reasonably be expected to constitute a Material Adverse Change;
 - (v) any claim or action made or taken by a creditor of a Credit Party with respect to Debt exceeding CAD 750,000 with respect to an actual or alleged default;
 - (vi) default by a Credit Party under any of its respective credit facilities with the Bank or any other lender;
 - (vii) arranging or undertaking to enter into an agreement for the purchase or sale of any property outside the normal course of business; and
 - (viii) arranging to borrow money, obtain credit or incur additional funded indebtedness, other than pursuant to (i) the Credit Facilities, (ii) indebtedness of a Credit Party to another Credit Party, (iii) indebtedness secured by Permitted Encumbrances, (iv) indebtedness in connection with a Permitted Acquisition (including the balance of sale or earn out payments forming part of the purchase price (to the extent such balance of sale or earn out payment is due and payable)), (iv) the BDC Loan and (v) the Debentures.

- (d) The Borrower shall give the Bank at least 15 Business Days prior notice of any proposed change of name by a Credit Party and any proposed change in governing jurisdiction or location of a Credit Party.
- (e) The Borrower shall ensure that Stampede Drilling (US) Inc. does not hold any assets unless it has provided the Loan Documents contemplated by Section 7.1 applicable to Guarantors (including, for certainty and without limitation, an officer's certificate and legal opinion).

10. Reporting Requirements

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

- (a) within 30 days of each calendar month end:
 - (i) an aged list of accounts receivable of the Borrower and each other Credit Party;
 - (ii) an aged list of accounts payable of the Borrower and each other Credit Party; and
 - (iii) a certificate of margin compliance in the form requested by the Bank;
- (b) within 60 days of the first, second and third quarter ends:
 - (i) interim internally prepared financial statements of the Borrower on a consolidated basis including an income statement and balance sheet; and
 - (ii) a certificate of covenant compliance in the form requested by the Bank;
- (c) within 120 days of the Borrower's fiscal year end:
 - (i) on a consolidated basis, audited financial statements for the Borrower;
 - (ii) on a consolidated basis, a detailed business plan, including *pro forma* financial statements, cash flow forecast and budget for the following fiscal year of the Borrower, demonstrating the ability of the Borrower to comply with the financial terms and conditions of this Facility Letter on a monthly basis;
 - (iii) a certificate of covenant compliance in the form requested by the Bank;
- (d) annually, at the request of the Bank, an appraisal (at the cost of the Borrower) from an appraiser acceptable to the Bank indicating the NOLV; and
- (e) such additional financial statements and information as and when requested by the Bank.

11. Accounting Principles

Wherever in this Facility Letter reference is made to generally accepted accounting principles, such reference shall be deemed to be to the recommendations at the relevant time of the Canadian Institute of Chartered Accountants ("**CICA**") (including for certainty, IFRS) or any

successor institute, applicable on a consolidated basis (unless otherwise expressly provided or contemplated herein to be applicable on an unconsolidated basis) as at the date on which such calculation or determination is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense or amount of equity is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Facility Letter or any other Loan Document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

For the purposes of this Facility Letter “**IFRS**” means International Financial Reporting Standards including International Accounting Standards and Interpretations together with their accompanying documents which are set by the IASC Foundation, and the International Financial Reporting Interpretations Committee, the interpretative body of the IASC Foundation but only to the extent the same are adopted by the CICA as generally accepted accounting principles in Canada and then subject to such modifications thereto as are agreed by the CICA. Provided, however, that with respect to the change to IFRS which occurs after the date hereof (or any change in the rules, regulations, pronouncements, opinions or other requirements of the CICA) from that used in the preparation of any financial statements referred to in this Facility Letter or that affects in any respect the calculation of any covenants and such related terms, notwithstanding such change in IFRS (or in the requirements of the CICA), IFRS shall be deemed to have the meaning necessary to preserve the original intent of the respective provisions of this Facility Letter on the basis it was in effect on the date hereof and without taking into account such changes to IFRS and to preserve the respective positions of the parties to this Facility Letter and, until any amendments resulting from such change have been agreed upon by the parties to this Facility Letter, the covenants in this Facility Letter shall be calculated as if no such change in IFRS (or in the requirements of the CICA) has occurred. For certainty, the parties hereto hereby agree that, for the purposes of this Facility Letter, including all financial covenants and calculations to be made hereunder, any lease which would be accounted for as an operating lease under generally accepted accounting principles (including IFRS) as in effect on December 31, 2018 shall be, notwithstanding any subsequent change in generally accepted accounting principles (including IFRS), deemed to be accounted for as an operating lease and not as a capital lease (regardless of whether such lease is entered into or assumed before or after December 31, 2018).

12. Counterparts and Electronic Communication

This Facility Letter (and each other Loan Document) may be signed by handwritten signature or electronically by using technology acceptable to the Bank. To evidence execution of this Facility Letter (or any other Loan Document), the Borrower or Guarantor, as applicable, must deliver and return to the Bank an executed copy of each with the original handwritten signatures of each Credit Party's duly authorized signatories (or Electronic Signatures of such signatories if so permitted by the Bank) by physical delivery, or if so permitted by the Bank, by facsimile, email or other electronic delivery or transmission and such transmission shall constitute delivery of an executed copy of the Facility Letter or other relevant Loan Document. If a Credit Party uses an Electronic Signature to indicate its agreement, it shall ensure that its Electronic Signature is attached to or associated with this Facility Letter (or such Loan Document). This Facility Letter and each Loan Document may be executed in one or more counterparts and signed as outlined above, each of which when so executed when taken together shall constitute one and the same agreement. Delivery of a handwritten or electronically-signed counterpart and electronic delivery

(including by email transmission or transmission over an electronic signature platform acceptable to the Bank) are each as valid, enforceable, binding and effective.

13. Notices

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

If to the Borrower, addressed as follows:

Stampede Drilling Inc.
Bow Valley Square IV
Suite 2200, 250 – 6th Avenue SW
Calgary, Alberta T2P 3H7

Attention Jeff Schab, Chief Financial Officer
Fax: [Redacted]
Email: [Redacted]

If to the Bank, addressed as follows:

HSBC Bank Canada
9th Floor, 407 - 8th Avenue SW
Calgary, Alberta T2P 1E5

Attention Ryan Smith, AVP Energy Finance
Fax: [Redacted]
Email: [Redacted]

14. Lapse and Cancellation

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

15. Schedules

Each of the following Schedules, as attached here or advised by the Bank from time to time, comprise part of the Facility Letter:

Schedule A - Definitions and Additional Terms and Conditions

Schedule B - Permitted Encumbrances

16. Language Choice

The parties hereto have requested that this Facility Letter and any document relating thereto be drafted in English. Les parties aux presentes ont exige que cette lettre relative aux facilites et tout document y afferent soient rediges en anglais.

17. Acceptance

The offer of credit upon the terms and conditions contained in this Facility Letter may be accepted by the Borrower by signing, dating and delivering a copy of this Facility Letter to the Bank by 5:00 p.m. local time on April 19, 2022. Failing such acceptance and delivery to the Bank, this offer shall be of no further force or effect.

Yours truly,

HSBC BANK CANADA

(signed) "Bruce Robinson"

Name: Bruce Robinson

Title:

(signed) "Ryan Smith"

Name: Ryan Smith

Title:

The undersigned hereby acknowledge(s) and agree(s) to the terms and conditions of this Facility Letter as of:

- (a) Where signed fully or partly using Electronic Signatures, the date indicated in connection with the Electronic Signature of the last or final signatory;
- (b) Where signed solely by manual signatures, this 19 day of April, 2022.

BORROWER:

STAMPEDE DRILLING INC.

Per: (signed) "Jeff Schab"

Name: Jeff Schab

Title: Chief Financial Officer

Per: (signed) "Lyle C Whitmarsh"

Name: Lyle C Whitmarsh
Title: Chief Executive Officer

SCHEDULE A
TO FACILITY LETTER
FROM HSBC BANK CANADA
TO STAMPEDE DRILLING INC.
DATED APRIL 19, 2022

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

I. Definitions and Interpretation

The section and Schedule headings are for ease of reference only and shall not affect the meaning or interpretation of this Facility Letter.

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

“Acceptable Receivables” means the aggregate of accounts receivable of the Credit Parties, determined by the Bank from the most recent financial statements and aged list of accounts receivable of the Credit Parties, over which the Bank holds a first ranking Lien, subject only to Potential Prior Ranking Claims and Permitted Encumbrances, from customers approved by the Bank and which are aged from invoice date and, with respect to accounts receivables from Non-Investment Grade Customers, which have been outstanding for not more than 90 days, and, with respect to accounts receivables from Investment Grade Customers and Major Customers, which have been outstanding for not more than 120 days, in each case, from which shall be excluded: (i) accounts receivable from related or affiliated corporations or other non-arm’s length Persons; (ii) warranty claims receivable; (iii) tax refunds; (iv) rebates; (v) discounts (whether cash discounts, volume discounts, promotional/advertising discounts or otherwise); and (vi) accounts which are disputed by the applicable Credit Party’s customers; (vii) contra accounts and trade accounts receivable subject to offset; (viii) such excessive concentration of trade accounts receivable from a single customer and affiliates or from a single region or other category as the Bank may determine and notify to the Borrower; (ix) the amount of Potential Prior Ranking Claims; and (x) such other exclusions and deductions, if any, which have been communicated by the Bank to the Borrower in writing.

“Applicable Margin” means as regards to any Loan or the standby fees payable in accordance with this Facility Letter, the percentage rate per annum set forth in the column applicable to the type of Loan in question or such standby fee for the applicable Net Funded Debt to EBITDA Ratio in the following Pricing Grid:

Level	Net Funded Debt to EBITDA Ratio	Applicable Margin for Bank’s Prime Rate	Applicable Margin for BA	Standby Fee
I.	< 1.00x	[Rate Redacted]%	[Rate Redacted]%	[Rate Redacted]%
II.	≥1.00x < 1.50x	[Rate Redacted]%	[Rate Redacted]%	[Rate Redacted]%

III.	$\geq 1.50x < 2.00x$	[Rate Redacted]%	[Rate Redacted]%	[Rate Redacted]%
IV.	$\geq 2.00x < 2.50x$	[Rate Redacted]%	[Rate Redacted]%	[Rate Redacted]%
V.	$\geq 2.50x < 3.00x$	[Rate Redacted]%	[Rate Redacted]%	[Rate Redacted]%
VI.	$\geq 3.00x$	[Rate Redacted]%	[Rate Redacted]%	[Rate Redacted]%

provided that (A) the Applicable Margin under Level III shall be applied to each relevant Credit Facility for the period commencing on the date of the first advance hereunder until the next calculation date thereof; and (B) the Applicable Margin shall change (as applicable) on the first day of the fiscal quarter following delivery to the Bank of all of the financial statements of the Borrower pursuant to Section 10(b)) to reflect any changes in the Net Funded Debt to EBITDA Ratio effective as of the date of such financial statements. Notwithstanding the foregoing, if at any time the Borrower fails to deliver to the Bank its financial statements on or before the date required pursuant to Section 10(b), at the option of the Bank, in its sole discretion, the Applicable Margin shall be set at Level VI of the above Pricing Grid from the date such reporting was due until the Bank receives all the financial statements to be provided by the Borrower pursuant to Section 10(b). Each determination of the Applicable Margin made by the Bank in accordance with the foregoing shall be conclusive and binding on the Borrower if reasonably determined and absent manifest error.

“BA” or **“Bankers Acceptance”** means a Draft in CAD of the Borrower, in the Bank's standard form, which has been accepted and purchased by the Bank and which shall be a depository bill subject to the *Depository Bills and Notes Act* (Canada).

“BA Advance” means each advance in CAD to the Borrower by way of the purchase by the Bank of a BA pursuant to the BA Agreement.

“BA Agreement” means collectively, both the (i) Depository Bills Agreement (for Bankers Acceptances in Book Based Environment for Electronic Settlement); and (ii) Power of Attorney-Depository Bills; both in form and substance satisfactory to the Bank.

“Bank Branch” means the branch of the Bank identified under the heading “Notices” in the Facility Letter or as otherwise advised by the Bank from time to time.

“Bank's Prime Rate” means the variable annual rate of interest per annum established and adjusted by the Bank from time to time as a reference rate for purposes of determining rates of interest it will charge on commercial loans in Canada denominated in Canadian Dollars based on a year of 365 days, and which was 3.25% per annum on April 19, 2022 provided that if such interest rate is less than zero, then such rate shall be deemed to be zero. Such rate is available in a Bank Branch or on the Bank's website. A confirmation or certificate from the Bank shall, absent manifest error, be conclusive evidence of the Bank's Prime Rate from time to time.

“BDC Letter of Offer” means the letter of offer dated on or about October 28, 2020 from Business Development Bank of Canada, as lender, to the Borrower, as borrower, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the BDC Priority Agreement and this Facility Letter.

"BDC Loan" means the loan in the maximum aggregate principal amount of CAD 2,000,000 established in favour of the Borrower pursuant to the BDC Letter of Offer.

"BDC Priority Agreement" means the priority agreement dated November 26, 2020 among Business Development Bank of Canada, the Bank and the Borrower, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the provisions thereof.

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

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

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

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

"Collateral" means all property of the relevant Credit Party, real and personal, movable and immovable, present and future or after-acquired, subject to the Liens granted to the Bank pursuant to the Loan Documents.

"Compliance Action" has the meaning ascribed to it in Section XIX of this Schedule A.

"Conditions Precedent" means the conditions precedent to the next advance and the continued availability of the Credit Facilities set out in the Facility Letter, including this Schedule A and any other Schedules and Addenda hereto.

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

"Credit Parties" means, collectively, the Borrower and the Guarantors.

"Crusader Rig Acquisition" means the acquisition by the Borrower of assets and equipment from Cornerstone Credit Union Financial Group Ltd. (as secured creditor of Crusader Drilling Corp.) pursuant to the Acquisition Documents, including a purchase and sale agreement dated April 19, 2022.

"Debentures" means the two tranches of convertible unsecured subordinated debentures of the Borrower for an aggregate principal amount of CAD 2,612,000 and which, as of the date hereof, mature on October 31, 2023.

"Debt" means all indebtedness and liability of the Borrower including without limitation under the Credit Facilities, the Debentures and Off Balance Sheet Arrangements.

“Drawdown Date” means the date, which must be a Business Day, specified by the Borrower in a Required Notice as being the date on which the Borrower would like to obtain an advance.

“Draft” means a bill of exchange within the meaning of the *Bills of Exchange Act* (Canada), in the form prescribed by the Bank, drawn by the Borrower on the Bank for acceptance as a Bankers Acceptance and bearing such distinguishing letters and numbers as the Bank may determine, but which at such time has not been completed or accepted by the Bank.

“EBITDA” means, for any fiscal period, net income of the Borrower on a consolidated basis on a trailing twelve month basis (or other annualized basis for such fiscal period as agreed to by the Bank),

(a) plus (to the extent deducted in determining net income for such period), the sum of the following on a consolidated basis and without duplication:

- (i) Interest Expense;
- (ii) income taxes;
- (iii) depreciation, amortization and other non-cash charges (including non-cash stock-based compensation and unrealized losses resulting from currency translation or mark to market accounting for hedging activities) and other extraordinary, unusual or non-recurring expenses that are non-cash in nature;
- (iv) transaction costs incurred by a Credit Party in relation to acquisitions permitted hereunder up to a maximum aggregate amount of CAD 1,500,000 and to the extent such costs are approved by the Bank, acting reasonably;
- (v) cash dividends actually received from non-wholly owned subsidiaries and joint ventures;
- (vi) losses attributable to minority equity investments; and
- (vii) proceeds of the Canadian Emergency Wage Subsidy program to the extent such subsidy is used by the Borrower and the proceeds are used to offset actual expenses in compliance with such program and the Borrower has delivered evidence thereof satisfactory to the Bank, acting reasonably; and

(b) minus (to the extent included in determining net income for such period), the sum of the following on a consolidated basis and without duplication:

- (i) other non-cash gains, including unrealized gains resulting from currency translation or mark to market accounting for hedging activities; and
- (ii) income attributable to minority equity investments.

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

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

“Excess Free Cash Flow” means, (a) EBITDA less (b) the sum of (without duplication): (i) all cash principal payments in respect of the Credit Facilities and all cash principal payments made on other Net Funded Debt (not incurred under the Credit Agreement; for certainty this includes lease obligations), (ii) all Interest Expense, (iii) the cash portion of capital expenditures for the prior fiscal year (other than those financed through the incurrence of Net Funded Debt or through an equity issuance), (iv) an amount equal to the amount of all non-cash credits included in arriving at such EBITDA, (v) to the extent included in the calculation of net income, any extraordinary receipts received during such period, (vi) Permitted Distributions (other than those financed through the incurrence of Net Funded Debt or through an equity issuance), (vii) all scheduled loan servicing fees and other similar fees in respect of Net Funded Debt of such Person or any of its subsidiaries paid in cash during such period, to the extent such Net Funded Debt is permitted to be incurred, and such payments are permitted to be made, under the Facility Letter, (viii) cash Taxes (including federal, state, provincial, local, foreign, franchise, excise, property and similar taxes), (ix) the change, if any, in net working capital (whereby the amount shall be decreased by increases in working capital for such period or increased by decreases in working capital for such period), (x) other cash items or charges incurred by the Borrower to the extent added back to EBITDA (or excluded in the calculation of net income) and (xi) without duplication of amounts deducted from Excess Free Cash Flow in prior periods, the aggregate consideration required to be paid in cash by such Person and its subsidiaries relating to (A) Unfunded Capital Expenditures or (B) Taxes (including federal, state, provincial, local, foreign, franchise, excise, property and similar taxes) for such period during the period of four consecutive fiscal quarters of the Borrower following the end of such period except to the extent intended to be financed through incurrence or issuance of Net Funded Debt or through an equity issuance. Notwithstanding the foregoing, to the extent that any disposition or casualty event results in a gain, such gain shall be excluded from the calculation of Excess Free Cash Flow to the extent such event otherwise results in a mandatory prepayment hereunder or is otherwise used to fund the acquisition of Reinvested Assets.

“Facility Letter” means the letter from the Bank to the Borrower to which this Schedule is attached, together with this Schedule and all other Schedules and Addenda, and includes all amendments and restatements thereof.

“Fixed Charge Coverage Ratio” means, as at each quarter end of the Borrower, for the trailing 12 month period, the ratio of (a) EBITDA less (i) cash taxes, including those related to any discretionary management bonus, and (ii) Unfunded Capital Expenditures, as at such date to (b) Interest Expense plus the total of all principal payments on Net Funded Debt and obligations under the Credit Facilities including payments (A) under leases and Off Balance Sheet Arrangements, (B) with respect to the BDC Loan and (C) with respect to the Term Loan Facility and the Operating Loan Facility, but excluding any prepayments or mandatory prepayments of Net Funded Debt.

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

“Governing Jurisdiction” has the meaning ascribed to such term under Section XVIII of this Schedule A.

“Guarantors” means any persons who from time to time execute a guarantee or guarantees of the obligations of the Borrower under or in connection with this Facility Letter and the other Loan Documents. For certainty, each subsidiary of the Borrower shall be a Guarantor provided that, for certainty, Stampede Drilling (US) Inc. shall not be required to execute Loan Documents except to the extent provided for in (i) Section 9(e) above, and (ii) Section VI(h) below.

“HSBC Group” has the meaning ascribed to such term under Section XIX of this Schedule A.

“Interest Expense” means, for any fiscal period, interest expense of the Borrower determined on a consolidated basis in accordance with generally accepted accounting principles as the same would be set forth or reflected in a consolidated statement of income of the Borrower and, in any event and without limitation, shall include (without duplication):

- (a) all interest the Borrower and its subsidiaries accrued or payable in respect of such period, including capitalized interest and imputed interest with respect to lease obligations;
- (b) all fees of the Borrower and its subsidiaries (including standby, commitment fees, acceptance and stamping fees in respect of bankers' acceptances and fees payable in respect of letters of credit and letters of guarantee and similar instruments supporting obligations which constitute indebtedness) accrued or payable in respect of such period and which relate to any indebtedness or credit agreement, prorated (as required) over such period;

and any difference between the face amount and the discount proceeds of any bankers' acceptances, commercial paper and other obligations of the Borrower or any subsidiary thereof issued at a discount, prorated (as required) over such period.

“Interest Period” means such period of time mutually agreed between the Bank and the Borrower.

“Investment Grade Customer” means a publically traded company with a rating of Baa3 or higher with Moody's Investors Service, Inc., a rating of BBB- or higher with Standard & Poor's Rating Group (a division of The McGraw Hill Companies, Inc.) or an equivalent rating with any other rating agency acceptable to the Bank, in each case, on their respective credit worthiness scales.

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

“Lien” means any mortgage, hypothec, lien, security interest, pledge, charge, prior claim, conditional sale agreement, reservation of ownership, rights of the lessor under a leasing agreement or other encumbrance of any kind in respect of any property of any Credit Party.

“Loan” means an Operating Loan or a Term Loan outstanding hereunder and shall include, for certainty Overdraft Loans and BAs outstanding.

“Loan Documents” has the meaning ascribed to such term in Section 7 under the heading “Loan Documents” in the Facility Letter, any additional documents delivered in connection with the Credit Facilities by any Credit Party and any amendments or restatements of any such documents from time to time.

“Major Customers” means any customers of the Credit Parties approved by the Bank from time to time to be included in Section 6.1(d) for the purposes of the calculation of the Margin Requirement.

“Margin Requirements” has the meaning ascribed to such term in Section 6 under the heading “Margin Requirement” in the Facility Letter.

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

“Material Agreements” means agreements material to the conduct of the business of the Borrower including, without limitation, the Debentures and those related to intellectual property, leases, licences and other rights of use of property.

“Maturity Date” means April 19, 2025 provided that, if the maturity date of the Debentures has not been extended on or prior to April 30, 2023 to a date approved by the Bank then the Maturity Date shall be April 30, 2023.

“Maximum Limit” means:

- (a) with respect to the Operating Loan Facility and the Term Loan Facility, in aggregate, the lesser of (i) the maximum principal amount stipulated as being available under the Operating Loan Facility and the Term Loan Facility, in aggregate (and using the face amounts in the case of all outstanding BAs issued) and (ii) the permitted aggregate of all advances and credit issued and outstanding under the Operating Loan Facility and the Term Loan Facility subject to the Margin Requirement; and
- (b) with respect to the MC Facility, the total maximum aggregate principal amount available to the Borrower under the MC Facility in each fiscal year is CAD 500,000.

“Net Funded Debt” means all interest bearing indebtedness of the Borrower on a consolidated basis, including, without limitation, any outstanding letter of credit obligations and capital lease obligations, all indebtedness incurred in respect of the BDC Loan (to the extent the BDC Loan remains subject to the BDC Priority Agreement), and all loans to the Borrower which have been subordinated and postponed in favour of the Bank, in form and substance satisfactory to the Bank (including, for certainty, pursuant to the Debentures to the extent they remain unsecured and structurally subordinated to the obligations of the Credit Parties to the Bank), but excluding all unencumbered cash and cash equivalents held with the Bank.

“Net Funded Debt to EBITDA Ratio” means, as applicable and as the context requires, as at each quarter end of the Borrower, the ratio of (i) Net Funded Debt as at such quarter end to (ii) EBITDA as at such quarter end.

“Non-Investment Grade Customers” means any customers of the Credit Parties which are not Investment Grade Customers or Major Customers.

“Off-Balance Sheet Arrangements” means any transaction, agreement or other contractual arrangement between the Borrower and an entity that is not consolidated on the Borrower's financial statements, under which the Borrower may have: (i) any obligation under a direct or indirect guarantee or similar arrangement; (ii) a retained or contingent interest in assets transferred to an unconsolidated entity, (iii) derivatives, to the extent that the financial statements do not fully reflect fair value thereof as a liability or asset; or (iv) any obligation or liability, including a contingent obligation or liability, to the extent that it is not fully reflected in the Borrower's financial statements.

“Permitted Acquisitions” means, collectively, (i) the Crusader Rig Acquisition, and (ii) acquisitions by the Credit Parties of assets or property, or acquisitions by a Credit Party (whether by purchase, merger, amalgamation, consolidation or otherwise and whether effected in a single acquisition or a series of related acquisitions) of all or substantially all of a business unit, a division, the assets, or the voting shares, of a person in respect of which all of the following criteria are satisfied: (a) the assets, or the acquired business or the business of the acquired person shall be in the same or substantially the same business of the Credit Parties, (b) the Borrower is in compliance with all covenants and obligations under this Facility Letter at the time of the relevant acquisition including, for certainty, the financial covenants as of the most recent quarter end and will remain in compliance with all covenants and obligations under this Facility Letter after such acquisition, (c) the Borrower shall have provided notice of the proposed acquisition no later than 30 days prior to completion of such acquisition and, if requested by the Bank, the Borrower shall have provided the Bank with such due diligence materials as it may reasonably request in the context of the relevant acquisition, including, without limitation, updated projections, the applicable purchase and sale agreement and (to the extent available to the relevant Credit Party) financial information and appraisals, if applicable, and such due diligence information shall be acceptable to the Bank, and (d) the aggregate amount of the net purchase prices paid in respect of any and all acquisitions under this paragraph (ii) shall not exceed CAD 5,000,000 in each calendar year.

“Permitted Contest” means an action taken by or on behalf of the Borrower or other Credit Party in good faith by appropriate proceedings diligently pursued to contest a tax, claim or Lien, provided that: (a) the person to which the tax, claim or Lien being contested is relevant and, in the case of a subsidiary, the Borrower on a consolidated basis, has established reasonable reserves therefor if and to the extent required by generally accepted accounting principles, (b) proceeding with such contest does not cause, and would not reasonably be expected to cause, a Material Adverse Change 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 consolidated assets of the Borrower and the Guarantors.

“Permitted Dispositions” means any disposition of assets and property of the Credit Parties: (i) in any calendar year up to the aggregate amount of CAD 1,250,000 in each calendar year, and (ii) for which assets or property is obsolete or is being replaced in the ordinary course of business.

“Permitted Encumbrances” means liens, encumbrances or other rights permitted by the Bank in writing, including those liens, encumbrances and other rights set forth on Schedule B.

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

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

“Required Notice” means a written notice in form and content approved by the Bank, signed by the Borrower, given to the Bank Branch not later than 10:30 a.m. local time (of the Bank Branch) two Business Days immediately preceding the date on which:

- (a) a CAD Prime Rate Loan or other advance (other than by way of account overdrafts) is to be made;
- (b) a rollover is to be made from one interest option to another, or a rollover of an existing Loan on maturity to the same type of Loan; or
- (c) a BA is to be issued for acceptance and purchase by the Bank;

as the case may be, stating the requested date, amount and, if applicable, term to maturity (or Interest Period) of the requested advance or rollover, or particulars of the BA Advance requested.

With respect to the foregoing, a confirmation or certificate from the Bank shall be *prima facie* evidence of the Bank's Prime Rate from time to time.

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

“Stamping Fee” means the stamping or acceptance fee, payable in the currency of the BA, by the Borrower to the Bank in respect of the Drafts accepted by the Bank prior to and as a condition of such acceptance, computed in accordance with the Facility Letter.

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

“Unfunded Capital Expenditures” means, for any period, capital expenditures not financed with the net proceeds of any new equity issuance or Net Funded Debt or the availability under the Maximum Limit less the aggregate amount of the outstanding advances under the Operating Loan Facility, provided that the use of any such availability would not result in a default or an Event of Default.

“USD” and **“United States Dollars”** means lawful currency of the United States of America in same day immediately available funds, or, 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 in question.

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

II. Representations and Warranties

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

- (a) if a corporation, it has been duly incorporated and organized (or if a partnership or other legal entity, has been duly formed, or settled as relevant) and organized and is properly constituted, is in good standing and subsisting and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;
- (b) the execution of this Facility Letter and the other Loan Documents and the incurring of liability and indebtedness to the Bank does not and will not contravene:
 - (i) any Legal Requirement applicable to such Credit Party; or
 - (ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which it is a party;
- (c) this Facility Letter and the other Loan Documents to which it is a party have been duly authorized, executed and delivered by it, and constitute its valid and binding obligations and are enforceable in accordance with their respective terms;
- (d) all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders have been obtained with respect to the execution and delivery of this Facility Letter and the other Loan Documents;
- (e) all financial and other information provided to the Bank in connection with the Credit Facilities is true and accurate, and it acknowledges that the offer of credit by the Bank contained in this Facility Letter is made in reliance on the truth and accuracy of this information and the above representations and warranties;
- (f) neither the Borrower nor any of its subsidiaries, directors, officers, employees, agents, or affiliates is an individual or entity (nor does the Borrower nor any such other entity or person operate, possess, own, charter, or use a vessel) that is, or is owned or controlled by any one or more Persons that are: (i) the subject of any sanctions issued, administered or enforced by, or named on any list of specially designated or blocked Persons maintained by, the Office of Foreign Assets Control (“**OFAC**”) of the US Department of the Treasury, the US Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Hong Kong Monetary Authority, or the Department of Global Affairs (Canada), Foreign Affairs, Trade and Development Canada, Canada Border Services Agency, or Justice Canada, including any enabling legislation or executive order related thereto, and any similar sanctions laws as may be enacted from time to time in the

future by the United States, Canada, the European Union (and any of its member states), the United Kingdom or the United Nations Security Council, or any other legislative body of the United Nations or other relevant Governmental Authority (collectively, "**Sanctions**"), or (ii) located, organised or resident in a country or territory that is, or whose government is, the subject of Sanctions other than to the extent that such representation and warranty would result in a violation of an applicable Legal Requirement in which case the applicable Credit Party shall immediately notify the Bank and provide particulars;

- (g) no shares in a Credit Party have been issued as, or are held as, or convertible to, bearer shares;
- (h) as of the date hereof, Stampede Drilling (US) Inc. is the only subsidiary of the Borrower and it has no assets; and
- (i) it holds insurance coverage in accordance with the requirements set forth in Section VII of this Schedule A.

III. **Interest, Fees**

- (a) Interest on the daily balance of the principal amount advanced under the Credit Facilities and remaining unpaid from time to time shall accrue and shall be payable by the Borrower as set out in this Facility Letter both before and after demand, default, maturity, or judgment and until indefeasible payment in full, except as otherwise expressly provided for.
- (b) On the maturity of a BA, unless another interest rate option is selected by the Borrower for an advance to refinance such BA Advance on maturity, interest shall accrue at the applicable rate as provided in this Facility Letter for outstanding indebtedness and liability in CAD at the Bank's Prime Rate plus the Applicable Margin.
- (c) For the purpose of the *Interest Act* (Canada), (i) the annual rate of interest to which interest computed on the basis of a year of 360 days is equivalent is the rate of interest as provided in this Facility Letter multiplied by the actual number of days in such year (whether 365 or 366) and divided by 360 and (ii) the annual rate of interest to which interest computed on the basis of a year of 365 days is equivalent is the rate of interest as provided in this Facility Letter multiplied by the actual number of days in such year (whether 365 or 366) and divided by 365. The Borrower confirms that it fully understands and is able to calculate the rate of interest applicable to the Credit Facilities based on the methodology for calculating per annum rates provided for in this Facility Letter. The Bank agrees that if requested in writing by the Borrower, it shall calculate the nominal and effective per annum rate of interest on any advance outstanding at any time and provide such information to the Borrower promptly following such request; provided that any error in any such calculation, or any failure to provide such information on request, shall not relieve any Credit Party of any of its obligations under this Facility Letter or any other Loan Document, nor result in any liability to the Bank. Each Credit Party hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to the Loan documents, that the interest payable under the Loan Documents and the calculation thereof has not been adequately disclosed to the Credit Parties, whether pursuant to section 4 of the *Interest Act* (Canada) or any other applicable law or legal principle.

- (d) The fees paid to and received by the Bank shall be its entitlement as consideration for the time, effort and expense incurred by the Bank in the review of financial statements and its review and administration of documents, and the Borrower acknowledges and agrees that the determination of these costs is not feasible and that the fees set out in this Facility Letter represent a reasonable estimate of such costs.
- (e) Whenever any payment shall be due on a day which is not a Business Day including, for greater certainty, if such date is the end of an Interest Period, the date for payment thereof shall be extended to the next succeeding Business Day. Interest shall continue to accrue and be payable thereon as provided herein, until the date on which such payment is received by the Bank.
- (f) In the event that interest is not received by the Bank on any date for payment provided for in this Facility Letter or in any other relevant document, interest on such overdue interest shall be compounded on the basis of interest calculated and payable on overdue interest in the same manner and at the same rate per annum as is applicable to such overdue interest until indefeasible payment in full. Any other amounts which become payable to the Bank under this Facility Letter or the other Loan Documents and which are not paid when due shall accrue interest and be payable from the due date at the Bank's Prime Rate plus 3% per annum, calculated and payable monthly on the last day of each month, both before and after demand, default, maturity or judgment and until indefeasible payment in full (other than for overdrafts exceeding the permitted limit which shall accrue interest at the rate of 21% per annum both before and after demand, default and judgment until indefeasible payment in full).
- (g) All payments by the Borrower to the Bank shall be made at the address of the Bank Branch or at such other place as the Bank may specify in writing from time to time. The Borrower shall make payment to the Bank in immediately available funds in the same currency(ies) as the currency in which the original Loan, BA Advance or other credit was advanced or made available by the Bank. Any payment delivered or made to the Bank by 1:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made after such time such payment shall be credited as of the next Business Day.
- (h) Notwithstanding anything to the contrary contained in this Facility Letter, the parties acknowledge that: (i) the applicable rate of interest payable by the Borrower in connection with this Facility Letter shall not be less than zero, and in the event any reference rate is negative it shall be deemed to be zero; and (ii) the Bank may, in its discretion, and is hereby irrevocably authorized by the Borrower to, make an advance under the Credit Facilities (or debit or set-off any bank account of the Borrower with the Bank in any currency), to pay any unpaid interest, fees or other amounts which have become due under the terms of this Facility Letter. If any provision of this Facility Letter or any other Loan Document would obligate a Credit Party to make a payment of interest or other amount to the Bank in an amount or calculated at a rate that would be prohibited by law or would result in receipt by the Bank of interest at a criminal rate (as construed under the *Criminal Code* (Canada)), then notwithstanding that provision, that amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in receipt by the Bank of interest at a criminal rate.
- (i) The Borrower acknowledges that the actual recording of the amount of any advance or repayment thereof under the Credit Facilities, and interest, fees and other amounts due in

connection with the Credit Facilities, in an account of the Borrower maintained by the Bank shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time under the Credit Facilities; provided that the obligation of the Borrower to pay or repay any obligations in accordance with the terms and conditions of the Credit Facilities shall not be affected by the failure of the Bank to make such recording. The Borrower also acknowledges being indebted to the Bank for principal amounts shown as outstanding from time to time in the Bank's account records, including any amounts for which the Borrower is jointly and severally, or solidarily, liable, if any, and all accrued and unpaid interest in respect of such amounts, in accordance with the terms and conditions of this Facility Letter.

- (i) The obligation of the Borrower to make all payments under this Facility Letter and the other Loan Documents shall be absolute and unconditional and shall be made without any deduction or withholding of any nature and shall not be limited or affected by any circumstance, including, without limitation:
 - (ii) any set-off, compensation, counterclaim, recoupment, defence or other right which the Borrower may have against the Bank or anyone else for any reason whatsoever; or
 - (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower.
- (j) In addition to and not in limitation of any rights now or hereafter available to the Bank under applicable law or arising under the Loan Documents, the Bank is hereby irrevocably authorized, at any time and from time to time, to set-off and appropriate and to apply any and all deposits (general and special) and any other indebtedness at any time held by or owing by the Bank to or for the credit of the Borrower against and on account of the obligations of the Borrower to the Bank under this Facility Letter, irrespective of currency and irrespective whether such obligations of the Borrower are owing on a joint and several, or solidary, basis. The Bank agrees to provide written notice to the Borrower of the exercise of any of the rights under this section promptly after the exercise of such rights.
- (k) The Borrower shall pay to and indemnify and save harmless the Bank for the full amount of all out of pocket costs and expenses (including, but not limited to, any interest payable in order to maintain any Loan hereunder) which the Bank may sustain or incur as a consequence of the failure by the Borrower to pay when due any principal of or any interest on any Loan or any other amount due hereunder.
- (l) All payments made on account of principal, interest or otherwise shall be made to the Bank, to the extent permitted by applicable Legal Requirements, free and clear of and exempt from, and without deduction for or on account of, any present or future Taxes or other charges of any nature imposed, levied, collected, withheld or assessed by any Governmental Authority. However, in the event that any payments made under this Facility Letter shall not be made free and clear of and exempt from, and without deduction or withholding for or on account of any Taxes, then the Borrower shall gross up the payments to the Bank so that the Bank receives such additional amounts as may be necessary in order that each such net payment to the Bank, after payment or deduction or withholding for and on account of any such Taxes, will not be less than the amount to be paid and received by the Bank in accordance with this Facility Letter. With respect to each such deduction or withholding, the Borrower shall promptly pay any such Taxes and (but in no

event later than 90 days after payment) furnish to the Bank evidence of such payment, satisfactory to the Bank and also at the Bank's request provide such certificates, receipts and other documents required to establish any tax credit to which the Bank may be entitled.

- (m) The agreements of the Borrower pursuant to the foregoing subparagraphs (l) and (m) shall survive the repayment of the Loans and the termination of this Facility Letter or the Credit Facilities (or both).
- (n) The remedies, rights and powers of the Bank under this Facility Letter, the other Loan Documents and at law and in equity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Bank and no delay or omission in exercise of such remedy, right, or power shall exhaust such remedies, rights or powers or be construed as a waiver of any of them.

IV. **Events of Default**

The occurrence of any one or more of the following events shall constitute an Event of Default:

- (a) if a Credit Party defaults in payment of the principal of any advance hereunder when due and payable;
- (b) if a Credit Party defaults in payment of:
 - (i) any interest (including, if applicable, default interest) due hereunder; and
 - (ii) any other amount not specifically referred to in paragraph (a) above or in this paragraph (b) payable by a Credit Party hereunder or pursuant to any other Loan Document;
- (c) if a Credit Party fails to observe or perform any covenant or obligation herein or in the other Loan Documents on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with in Sections (a) or (b) above or elsewhere in this Section IV) and, after notice has been given by the Bank specifying such default and requiring the applicable entity to put an end to same, such entity shall fail to remedy such default within a period of thirty (30) days after the giving of such notice;
- (d) if a Credit Party defaults in the payment of any indebtedness for borrowed money to any person other than the Bank, or in the performance or observance of any agreement in respect of any such indebtedness for borrowed money where, as a result of such default, the maturity of such indebtedness is or may be accelerated, provided such default has not been waived without additional consideration for such waiver, where the amount in default (including pursuant to any demand or acceleration) exceeds CAD 750,000;
- (e) if any representation or warranty made or deemed to have been made herein or in any certificate or security provided for herein shall be false or inaccurate in any materially adverse respect;
- (f) if there is, in the opinion of the Bank acting reasonably, a Material Adverse Change;

- (g) if a Credit Party is unable to pay its debts as such debts become due, or are adjudged or declared to be, or admit to being, bankrupt or insolvent;
- (h) if any notice of intention is filed or any voluntary or involuntary case or proceeding is filed or commenced for (i) the bankruptcy, liquidation, winding up, dissolution or suspension of general operations of a Credit Party, or (ii) the composition, re-scheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings to enforce, some or all of the debts of a Credit Party or (iii) the appointment of a trustee, receiver, receiver and manager, liquidator, administrator, custodian or other official for, all or any significant part of the assets of a Credit Party or (iv) the possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or any significant part of the assets of a Credit Party;
- (i) if a secured party, lienor or other encumbrancer lawfully takes possession of any portion of the property of a Credit Party which is material to such Credit Party considered as a whole or if a distress or execution or any similar process is lawfully levied and enforced against any such property and remains unsatisfied for a period of thirty (30) days;
- (j) if one or more judgments, decrees or orders shall be rendered against a Credit Party for the payment of money in excess of CAD 750,000 in the aggregate and any of such judgments, decrees or orders shall continue unsatisfied and in effect for a period of more than thirty (30) days without being vacated, discharged, satisfied or stayed pending appeal; or
- (k) if a writ, execution or attachment or similar process is issued or levied against a substantial part of the property of a Credit Party in connection with any judgment against it, or if a writ, execution or attachment or similar process is issued or levied against the property of a Credit Party in connection with any judgment against it in an amount which exceeds CAD 750,000 in the aggregate and is not released, bonded, satisfied, discharged, vacated, or stayed within thirty (30) days.

Upon the occurrence of any Event of Default, all indebtedness or liabilities herein contained shall, at the option of the Bank, automatically become due and payable.

V. Conditions Precedent

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

- (a) duly completed and executed Loan Documents registered where necessary in form and manner satisfactory to the Bank's solicitors;
- (b) satisfactory banker's and/or other agency reports on the financial position of each Credit Party and such customers of the Borrower as the Bank may specify from time to time;
- (c) the insurance coverage arranged by the Borrower conforming to the requirements set forth in Section VII of this schedule;
- (d) confirmation that the Borrower is in compliance with each of the terms and conditions of this Facility Letter;

- (e) all identification, business activity, business structure and other “know your customer” documents and information as required by the Bank and any screening conducted in accordance with Sanctions and other applicable legal requirements; and
- (f) such other conditions as the Bank may determine, in its discretion.

VI. **Borrower's Covenants and Conditions of Credit**

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

- (a) Each Credit Party shall not, without the prior written consent of the Bank:
 - (i) change in any material respect the nature of its business or operations from the types of businesses and operations carried on by it on the date hereof;
 - (ii) other than Permitted Encumbrances, grant or allow any Lien to be registered against or exist on any of its property and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;
 - (iii) become a guarantor or an endorser or otherwise become liable upon any note or other obligation other than in the normal course of business of the Borrower and other than pursuant to (A) the Debentures (provided that the Debentures remain unsecured and structurally subordinated to the obligations of the Credit Parties to the Bank) and (B) the BDC Loan (provided that the BDC Loan remains subject to the BDC Priority Agreement);
 - (iv) declare or pay any distributions, dividends on any class or kind of its shares or other securities, repurchase or redeem any of its shares or other securities, or reduce its capital in any way whatsoever or repay any shareholders' advances (other than scheduled interest payments made pursuant to the Debentures, provided that the Debentures remain unsecured and structurally subordinated to the obligations of the Credit Parties to the Bank);
 - (v) liquidate, dissolve or wind up or take any steps or proceedings in connection therewith except, in the case of subsidiaries, where the successor thereto or transferee thereof is the Borrower or a wholly owned subsidiary of the Borrower which has provided Loan Documents in accordance herewith;
 - (vi) amalgamate with or permit all or substantially all of its assets to be acquired by any other person, firm or corporation or permit any reorganization or change in ownership or corporate structure of such Credit Party, or issue bearer shares;
 - (vii) permit any property taxes or strata fees to be past due at any time, other than those being contested by a Permitted Contest;
 - (viii) other than Permitted Acquisitions, enter into any agreement for the purchase of any property outside the normal course of business;

- (ix) other than Permitted Dispositions, enter into any agreement for the sale of any property outside the normal course of business;
 - (x) borrow money, obtain credit or incur additional funded indebtedness (other than pursuant to (A) the Credit Facilities, (B) the Debentures (provided that the Debentures remain unsecured and structurally subordinated to the obligations of the Credit Parties to the Bank), and (C) the BDC Loan (provided that the BDC Letter of Offer contained no more restrictive covenants than this Facility Letter, no principal repayments are due within the first year of the BDC Loan and further provided it remains subject to the BDC Priority Agreement)) in excess of an aggregate amount of CAD 750,000;
 - (xi) amend, supplement, restate or otherwise modify the (i) Debentures or (ii) the BDC Letter of Offer, except in accordance with the BDC Priority Agreement provided that, notwithstanding the BDC Priority Agreement, the prior written consent of the Bank is required for any increases to the interest rates, other rates or margins by more than 2% from those in effect on the date of the BDC Letter of Offer;
 - (xii) pay or repay, as applicable, the Debentures, other than regularly scheduled payments of interest in respect of the Debentures;
 - (xiii) pay or repay, as applicable, the BDC Loan, other than regularly scheduled payments or repayments, as applicable, of interest and principal of the BDC Loan provided that, commencing November 1, 2022, the Borrower shall be permitted to refinance the principal of the BDC Loan with proceeds of the Operating Loan Facility provided that the Borrower's Net Funded Debt to EBITDA Ratio does not exceed 2.00 to 1.00; or
 - (xiv) grant security over any real property interests of the Borrower in favour of Business Development Bank of Canada pursuant to the BDC Letter of Offer.
- (b) Each Credit Party shall file all tax returns which it is required to file in accordance with any Legal Requirement from time to time; to pay or make provision for the payment of all taxes (including any interest and penalties); to pay any Potential Prior Ranking Claims when due; and to maintain adequate reserves for the payment of any tax which is being contested diligently in good faith.
 - (c) The Bank shall have the right to waive the delivery of any Loan Documents or the performance of any term or condition of this Facility Letter, and may advance all or any portion of the Loan(s) prior to satisfaction of any of the Conditions Precedent, but waiver by the Bank of any obligation or condition shall not constitute a waiver of performance of such obligation or condition for any future advance.
 - (d) All financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently.
 - (e) If the amount outstanding under any Credit Facility in CAD plus the Canadian Dollar Equivalent of the amount outstanding under any of the Credit Facilities in a currency other than Canadian Dollars, or at any time exceeds the amount of such Credit Facility specified above (taking into account the Margin Requirement, if any), the Bank may, from time to time, in its sole discretion:

- (i) limit the further utilization of that Credit Facility;
 - (ii) convert all or part of the amount outstanding under that Credit Facility to Canadian Dollars in which event, interest shall accrue and be paid on such converted amounts at the rate set out in this Facility Letter for Canadian Dollar advances accruing interest with reference to the Bank's Prime Rate. If no such rate is set out in this Facility Letter, interest shall accrue on the amount so converted at the Bank's Prime Rate plus 3% per annum, calculated monthly and payable on the last day of each month, both before and after demand, default, maturity or judgment and until indefeasible payment in full; or
 - (iii) require the Borrower to pay the excess.
- (f) With respect to any monies payable by the Borrower hereunder, or any portion or portions thereof, which are payable in a currency other than CAD (the "**Foreign Currency Obligation**"), the following provisions shall apply:
- (i) payment of the Foreign Currency Obligation made hereunder shall be made in immediately available funds in lawful money of the jurisdiction in the currency of which the Foreign Currency Obligation is payable in such form as shall be customary at the time of payment for settlement of international payments in Vancouver, British Columbia without set-off, compensation, or counterclaim and free and clear of and without deduction for any and all present and future taxes, levies, imposts, deductions, charges and withholdings with respect thereto.
 - (ii) if the Borrower makes payment to the Bank, or if an amount is applied by the Bank, in CAD in circumstances where the relevant indebtedness and liabilities constitute a Foreign Currency Obligation, such payment or amount shall satisfy the said liability of the Borrower hereunder only to the extent that the Bank is able, using the rate of exchange applied by the Bank in accordance with its normal banking procedures, to purchase the full amount of the relevant foreign currency owing with the amount of the CAD received by the Bank on the date of receipt, and the Borrower shall remain liable to and hereby agrees to indemnify the Bank for any deficiency (together with interest accruing thereon calculated and payable pursuant to the terms of the relevant underlying indebtedness and liabilities).
 - (iii) the Borrower shall indemnify and hold the Bank harmless from any loss incurred by the Bank arising from any change in the value of CAD in relation to the relevant foreign currency between the date the Foreign Currency Obligation becomes due and the date of full, final and indefeasible payment thereof to the Bank.
 - (iv) if for the purpose of commencing any proceeding against the Borrower to enforce payment of its indebtedness and liability under the Credit Facilities it is necessary to convert a sum due hereunder in a foreign currency into CAD, the rate of exchange used for purposes of commencing such proceeding shall be the rate of exchange at which in accordance with its normal banking procedures the Bank could purchase CAD with such foreign currency amount claimed to be due hereunder on the Business Day preceding that on which proceeding is commenced.

- (v) the obligation of the Borrower in respect of any such sum due from it to the Bank hereunder shall, notwithstanding any judgment in CAD, be discharged only to the extent that on the Business Day following receipt by the Bank of any sum adjudged to be so due in CAD the Bank may in accordance with its normal banking procedures purchase the relevant foreign currency in the full amount owing to the Bank with the CAD; if the amount of such foreign currency so purchased is less than the sum actually due to the Bank in such foreign currency the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Bank against such loss and if the foreign currency purchased exceeds the sum actually due to the Bank in the foreign currency, the Bank agrees to remit such excess to the Borrower as the Borrower may be entitled thereto.
- (g) The Borrower confirms that it will (i) not, directly or indirectly, use any amounts advanced or seek advances under the Credit Facilities for any illegal purpose or (a) to fund any activity or business with any person or in any country or territory that is the subject or target of Sanctions or (b) in any manner that would result in a violation of Sanctions by any person (including any lender, advisor, or otherwise) and (ii) not repay any amounts owing to the Bank using any funds derived directly or indirectly from any illegal or sanctionable activity, provided that this covenant shall be inapplicable only to the extent of any relevant violation of the *Foreign Extra-Territorial Measures Act* (Canada) or any similar applicable anti-boycott law or regulation.
- (h) In the event that revenues of Stampede Drilling (US) Inc. exceed 10% of consolidated revenues of the Borrower per the consolidated audited financial statements, and upon request of the Bank, the Borrower shall cause Stampede Drilling (US) Inc. to execute and deliver to the Bank a guarantee (in form and substance satisfactory to the Bank) (the “**US Guarantee**”), and, for certainty, the Borrower shall cause the US Guarantee to be delivered to the Bank prior to or concurrently with a guarantee from Stampede Drilling (US) Inc. being executed and delivered to Business Development Bank of Canada pursuant to the BDC Letter of Offer.
- (i) The Borrower shall promptly provide prior written notice to the Bank of any proposed amendment, supplement, restatement or other modification to the BDC Letter of Offer or related documentation together with copies of any applicable documentation or information reasonably requested by the Bank in connection with such proposed amendment, supplement, restatement or other modification.

VII. **Insurance Matters**

- (a) The Borrower and each Guarantor providing security to the Bank shall insure and keep insured, with good and responsible insurance companies, all of their Collateral against loss or damage from such hazards and risks, and in such amounts, as are insured by Persons similarly situated and operating like property. The Borrower and each Guarantor providing security to the Bank shall also insure such other hazards and risks (including employers' and public liability risks) as and to the extent usually insured by Persons similarly situated and conducting similar businesses. The Borrower and each Guarantor providing security to the Bank shall at all times insure or cause to be insured such property against such risks and hazards as other Persons similarly situated insure against, and including in any event loss or damage by fire, theft, burglary, pilferage, loss in transit and such other hazards as the Bank may determine. The Borrower shall, prior to the next advance hereunder and at any time on demand by the Bank, furnish to the Bank a

certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section. Notwithstanding the foregoing, all insurance required hereby shall be maintained in amounts and under policies and with insurers acceptable to the Bank, and all such policies shall contain a standard mortgage clause and loss payable clauses naming the Bank as loss payee and first mortgagee in a form acceptable to the Bank. The Borrower and each Guarantor providing security to the Bank shall pay or cause to be paid all premiums on such insurance. Certificates of insurance evidencing compliance with the foregoing and, at the Bank's request, copies of the policies of such insurance, shall be delivered by the Borrower to the Bank annually. All insurance required hereby shall provide that any loss shall be payable to the Bank notwithstanding any act or negligence of the insured, shall provide that no cancellation thereof or amendment thereto shall be effective until at least thirty (30) days prior written notice thereof to the Bank, and shall be satisfactory to the Bank in all other respects.

- (b) In case of any loss, damage to or destruction of the Collateral or any part thereof, the Borrower shall promptly give written notice thereof to the Bank describing the nature and extent of such damage or destruction. The Borrower and each Guarantor providing security to the Bank hereby authorizes the Bank to adjust, compromise and settle any such losses under any insurance afforded, and does hereby irrevocably constitute the Bank, and each of its nominees, officers, agents, attorneys, and any other Person whom the Bank may designate, as its attorney, with full power and authority to effect such adjustment, compromise or settlement and to endorse any drafts drawn by an insurer of the Collateral or any part thereof and to do everything necessary to carry out such purposes. In the event the Borrower or any Guarantor providing security to the Bank shall receive any proceeds of such insurance regarding such loss, damage or destruction, the Borrower or such Guarantor shall immediately pay over or cause to be paid such proceeds to the Bank. Net insurance proceeds received by the Bank under the provisions hereof or under any policy of insurance covering the Collateral or any part thereof shall be held as collateral security for or applied to the reduction of the obligations secured under the Loan Documents, whether or not then due, as the Bank may determine in its sole discretion. If insurance proceeds are released to the Borrower or a Guarantor, the Borrower or the relevant Guarantor shall at its cost and expense, promptly cause to be repaired or replaced the Collateral so lost, damaged or destroyed (whether or not the insurance proceeds, if any, on account of such damage or destruction shall be sufficient for that purpose). All insurance proceeds shall be subject to the Liens of the Bank under the Loan Documents.
- (c) Notwithstanding any other provisions hereof, all net insurance proceeds to be used by a Credit Party to fund the acquisition of Reinvested Assets within 12 months after the date of such distribution of proceeds hereof shall be, if received by the Bank, released and directed to such Credit Party for such purpose, or, if received by such Credit Party, retained for such purpose.

VIII. **Environmental Matters**

- (a) To the best of the Borrower's knowledge after due and diligent inquiry, no regulated, hazardous or toxic substances are being stored on any of the Credit Parties' lands, facilities or premises (the "**Premises**") or any adjacent property, nor have any such substances been stored or used on the Premises or in any of the Credit Parties' business or any adjacent property prior to applicable Credit Parties' ownership, possession or control of the Premises. The Borrower agrees to provide written notice to the Bank immediately upon the Borrower becoming aware that the Premises or any adjacent

property are being or have been contaminated with regulated, hazardous or toxic substances. The Borrower shall not permit any activities on the Premises which directly or indirectly could result in the Premises or any other property being contaminated with regulated, hazardous or toxic substances. For the purposes of this Facility Letter, the term "regulated, hazardous or toxic substances" means any substance, defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any Legal Requirement now or in the future in effect, or any substance or materials, the use or disposition of which is regulated by any such Legal Requirement.

- (b) Each Credit Party shall promptly comply with all Legal Requirements relating to the use, collection, storage, treatment, control, removal or cleanup of regulated, hazardous or toxic substances in, on, or under the Premises or in, on or under any adjacent property that becomes contaminated with regulated, hazardous or toxic substances as a result of construction, operations or other activities on, or the contamination of, the Premises, or incorporated in any improvements thereon. The Bank may, but shall not be obligated to, enter upon the Premises and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Borrower shall reimburse the Bank on demand for the full amount of all costs and expenses incurred by the Bank in connection with such compliance activities.
- (c) The property of the Borrower which are now or in the future encumbered by any one or more of the Loan Documents are hereby further mortgaged and charged to the Bank, and the Bank shall have a Lien on such assets, as security for the repayment of such costs and expenses and interest thereon, as if such costs and expenses had originally formed part of the Credit Facilities.

IX. Increased Cost Indemnities.

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

X. **Bank Visits**

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

XI. **Legal and Other Expenses**

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

XII. **Non-Merger; Records of Bank; Assignment**

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

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

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

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

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

XIII. **Waiver; Amendment**

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

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

XIV. Severability

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

XV. Consent to Disclosure

- (a) Each Credit Party consents to and acknowledges that it is aware that credit, financial and personal inquiries and information regarding each Credit Party and individuals connected to Credit Parties (including directors, officers, shareholders and individuals acting on behalf of a Credit Party) may be gathered, made, maintained and/or used at any time in connection with: (i) initial and ongoing credit assessment, (ii) any funding of the Credit Facilities by investors or participants or any assignment or sale of the Credit Facilities by the Bank, (iii) the enforcement of any remedies that the Bank may have under the Credit Facilities, and (iv) compliance and risk monitoring purposes. Each Credit Party consents to the making of any such inquiries by or on behalf of the Bank, confirms the consent of any such individuals connected to Credit Parties has been provided, if required, to such collection, use and disclosure, and consents, without restriction and without further notice to or further consent, to disclosure of such information to any service provider, prospective investor, participant, assignee or purchaser of all or any part of the Credit Facilities, to any affiliate or supplier of the Bank, and to any regulator, examiner, monitor, auditor or similar person. Each Credit Party irrevocable waives, to the extent permitted under applicable law, any and all rights it may have to notice of or to prohibit such disclosure, including, without limitation, any right of privacy.
- (b) The Bank may collect, use, transfer and disclose information for the following purposes:
 - (i) Providing the Credit Facilities (including adjudicating, monitoring, and reviewing availability of the Credit Facilities) and information respecting other services;
 - (ii) Taking any Compliance Action referred to in this Schedule A (including actions taken to comply with laws, international guidance, internal policies or procedures, requirements from judicial, administrative, law enforcement and regulatory authorities);
 - (iii) Conducting financial crime risk management activity, including verifying the identification of the Credit Party and related individuals, screening, monitoring and investigation activity, and sharing information within HSBC Group, including in other jurisdictions, for these purposes;

- (iv) As requested or required by judicial, administrative, public or regulatory bodies, as well as governments, tax, revenue and monetary authorities, examiners, monitors, securities or futures exchanges, courts, central banks or law enforcement bodies with jurisdiction over any HSBC Group member.
- (c) The Bank may collect, transfer and disclose information for these purposes from and to members of the HSBC Group, sub-contractors, agents and service providers within Canada and in other jurisdictions.
- (d) Before providing the Bank with personal information respecting any connected individual, the Credit Party will ensure that it has provided all necessary disclosures to, and obtained any necessary consents from, such individuals in connection with the collection, use and disclosure of such information by the Bank.

XVI. Time of Essence

Time shall be of the essence of this Facility Letter.

XVII. Indemnity

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

XVIII. Governing Law

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

XIX. Financial Crimes and Sanctions Laws Acknowledgements and Indemnification

Each Credit Party acknowledges and agrees that:

- (a) the Bank, HSBC Holdings plc, its affiliates and subsidiaries (collectively, "**HSBC Group**"), and HSBC Group's service providers are required to act in accordance with the laws and regulations of various jurisdictions, including those which relate to Sanctions and the prevention of money laundering, terrorist financing, bribery, corruption and tax evasion;
- (b) the Bank may take, and may instruct other members of the HSBC Group to take, to the extent it or such member is legally permitted to do so under the laws of its jurisdiction, any action (a "**Compliance Action**") that the Bank or any such other member, in its sole discretion, considers appropriate to act in accordance with Sanctions or domestic and

foreign laws and regulations. Such Compliance Action may include but is not limited to the interception and investigation of any payment, communication or instruction or other information; the making of further enquiries as to whether a Person or entity is subject to any Sanctions; and the refusal to issue, pay, renew, extend or transfer any letter of credit or letter of guarantee or to process any transaction or instruction that, in the Bank's discretion, may not conform with Sanctions. The Bank will use reasonable commercial efforts to notify the Borrower of the existence of such circumstances as soon as is reasonably practicable, to the extent permitted by law;

- (c) neither the Bank nor any member of HSBC Group will be liable for any loss, cost, damage, claim, action, suit, liabilities, suffered or incurred by the Borrowers, any Guarantor or other Person, or for any delay or any failure of the Bank to perform its duties under this Facility Letter arising out of or relating to any Compliance Action taken by or on behalf of the Bank, its service providers, or any HSBC Group member in its sole discretion;
- (d) the Bank may, in its sole discretion, refuse to issue, pay, renew, extend or transfer any letter of credit or letter of guarantee in connection with or relating to any countries, governments, entities or other Persons that are subject to Sanctions or limitations imposed by domestic or foreign laws, or by the Bank or any member of the HSBC Group, and that the Bank has the right, without prior notice to any Credit Party, to reject, refuse to pay, any demand, or not process any transaction or instruction that does not conform with any such Sanctions, or limitations; and
- (e) the Borrower will indemnify the Bank for all losses, costs, damages, claims, actions, suits, demands and liabilities suffered or incurred by or brought against the Bank arising out of or relating to any Compliance Action, unless such losses, costs, damages, claims, actions, suits, demands and liabilities are determined by a final, non-appealable decision of a court of competent jurisdiction to have been caused solely and directly by the gross negligence or wilful misconduct of the Bank.

XX. Electronic Communications and Electronic Signatures

- (a) The Borrower hereby authorizes the Bank to accept Electronic Communications and Electronic Signatures from the Borrower in relation to this Facility Letter and the other Loan Documents and hereby consents to receiving commercial electronic messages from or on behalf of the Bank and any agreement, instruction, document, information, disclosure, notice or other form of communication from the Bank by Electronic Communication.
- (b) The Borrower agrees that any Electronic Communication, including any Electronic Signature associated with such Electronic Communication, which the Bank receives from the Borrower or in the Borrower's name, or which appears to be from the Borrower or in its name, will be considered to be duly authorized and binding upon the Borrower (whether or not that Electronic Communication was actually from or authorized by the Borrower) and the Bank will be authorized to rely and act upon any such Electronic Communication, including any Electronic Signature associated with the Electronic Communication, even if it differs in any way from any previous Electronic Communication sent to the Bank.
- (c) The Borrower acknowledges that: (i) the form, format and delivery of each Electronic Communication will permit it to retain, store and subsequently access and retrieve such Electronic Communication with the requirement of any specialized or proprietary

equipment or software from the Bank; and (ii) it is the Borrower's responsibility to acquire and maintain the necessary computer equipment and software to deliver, receive, store, retain and subsequently access each Electronic Communication.

- (d) The Borrower acknowledges and agrees that the Bank's methods of storing, maintaining and retrieving any Electronic Communication, including any Electronic Signatures associated with such Electronic Communication, and the Bank's data systems, maintain the integrity of the Electronic Communication. If, for any reason, an Electronic Communication stored in the Bank's data systems differ from the Borrower's, the Borrower acknowledges and agrees that the version stored on the Bank's data systems shall prevail over any inconsistency. In this regard, the Borrower acknowledges and agrees that Electronic Communications maintained by the Bank will be admissible in any legal or other proceedings as conclusive evidence as to the contents of those Electronic Communications in the same manner as an original paper document, and that further proof of our records system integrity is not required (the integrity of the Bank's records system is hereby acknowledged and agreed by the Borrower) and the Borrower hereby waives any right to object to the introduction of any such Electronic Communications into evidence. To the fullest extent permitted by applicable law, the Borrower waives any defence, or waiver of liability, based on the absence of a written document in paper format, signed manually. The Borrower will keep its own records of all Electronic Communications for a period of 7 years (unless otherwise stipulated by local regulation) and will produce them to the Bank upon request.
- (e) At the Bank's discretion, it may require: (i) Electronic Communications be delivered using technology acceptable to the Bank including the use of a secure Electronic Signature, and (ii) any agreement, instruction, document, information, disclosure, notice or other form of communication from the Borrower to be manually signed and/or delivered to the Bank in paper format. If the Bank requires that the Borrower acknowledge its agreement to this Facility Letter or any other Loan Document by clicking the appropriate button, the Borrower will follow any instructions that the Bank provides to indicate the Borrower's agreement (which may include typing the Borrower's name and/or clicking "I Agree" or similar button).
- (f) When the Borrower's handwritten or Electronic Signature is delivered by facsimile, email or other electronic or digital transmission, such transmission shall constitute delivery of an executed copy of this Facility Letter or other relevant Loan Document. If the Borrower uses an Electronic Signature to indicate its agreement, the Borrower shall ensure that its Electronic Signature is attached to or associated with the relevant Electronic Communication.

XXI. Further Assurances

Each Credit Party shall, at its cost and expense, upon request of the Bank, duly execute and deliver, or cause to be duly executed and delivered, to the Bank all such further agreements, instruments, documents and other assurances and do and cause to be done all such further acts and things as may be necessary or desirable in the reasonable opinion of the Bank to carry out more effectually the provisions and purposes of this Facility Letter or any of the other Loan Documents.

XXII. Conflict

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

XXIII. Confidentiality

Each Credit Party acknowledges that the contents of this Facility Letter are confidential and shall not be disclosed by such Credit Party other than to its solicitors (or any other person bound by a duty of confidentiality) except with the prior written consent of the Bank. Notwithstanding the foregoing, each Credit Party may disclose the contents of this Facility Letter where any such information (i) is or becomes, through no fault of any Credit Party, available to the public domain or (ii) is required to be disclosed by such Credit Party by court order or other requirements of applicable laws, rules and/or regulations, including the requirement to make any disclosure or filing under securities laws, in which case the Credit Party making such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the Bank, and if such notice is not possible, to give such notice immediately following the making of any such disclosure or filing.

SCHEDULE B
TO FACILITY LETTER
FROM HSBC BANK CANADA
TO STAMPEDE DRILLING INC.
DATED APRIL 19, 2022

Permitted Encumbrances

- (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) deemed Liens and trusts arising by operation of law in connection with workers' compensation, employment insurance and other social security legislation, in each case, which secure obligations 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;
- (c) Liens under or pursuant to any judgment rendered, or claim filed, against the Borrower or other Credit Party, which the Borrower or such other Credit Party (as applicable) 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 the Borrower or other Credit 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) 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 the Borrower and the other Credit Parties, taken as a whole;
- (f) any builder's, mechanic's, garageman's, labourer's or materialman's lien or other similar lien arising in the ordinary course of business or out of the construction or improvement of any land or arising out of the furnishing of materials or supplies, provided that such lien secures monies not at the time overdue, or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (g) encumbrances incidental to the conduct of business or the ownership of property and assets not incurred in connection with the borrowing of money or obtaining credit and which do not, in the aggregate, detract in any material way from the value or usefulness of the property and assets of the Borrower and the other Credit Parties;
- (h) in respect of any land, any defects or irregularities in the title to such land which are of a minor nature and which, in the aggregate, will not materially impair the use of such land for the purposes for which such land is held;

- (i) (l) security given by the Borrower or other Credit 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 the Borrower or such Credit Party (as applicable), 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 the Borrower and the other Credit Parties, taken as a whole;
- (j) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions and reservations to title;
- (k) the right to reserve to or vest in any municipality, governmental or other public authority under the terms of any lease, license, franchise, grant or permit required by the Borrower or by any statutory provision to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
- (l) Liens in favour of the Bank;
- (m) any operating lease as characterized under generally accepted accounting principles in effect on December 31, 2010 entered into in the ordinary course of business;
- (n) purchase money security interests, provided that such security interests shall attach only to the property acquired in connection with the obligation giving rise to such purchase money security interest and provided further that such obligations do not exceed in aggregate CAD 750,000;
- (o) landlords' liens or any other rights of distress reserved in or exercisable under any lease of real property for rent and for compliance with the terms of such lease; provided that such lien does not attach generally to all or substantially all of the undertaking, assets and property of the Borrower or any other Credit Party;
- (p) deposits to secure performance of (i) bids, tenders, contracts (other than contracts for the payment of money) or (ii) leases of real property entered into in the ordinary course of business, in each case, to which the Borrower or other Credit Party is a party;
- (q) Liens in favour of Business Development Bank of Canada granted in connection with the BDC Loan, provided that such security interests remain subject to the BDC Priority Agreement; and
- (r) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any security interest, encumbrance or other lien referred to in the preceding subparagraphs (a) to (q) inclusive of this definition, so long as any such extension, renewal or replacement of such security interest, encumbrance or other lien is limited to all or any part of the same property that secured the security interest, encumbrance or other lien extended, renewed or replaced (plus improvements on such property) and the indebtedness or obligation secured thereby is not increased, provided that nothing herein shall in and of itself cause the obligations, liabilities and indebtedness owing hereunder to be subordinated in priority of payment to any such Permitted Encumbrance or cause any security interests in favour of the Bank to rank subordinate to any such Permitted Encumbrance.