



Phone: [redacted]
Fax: [redacted]

December 19, 2023

Petrus Resources Corp.
Suite 2400, 240 – 4th Avenue SW
Calgary, AB T2P 4H4

Attn: Matthew Wong, VP Finance

Dear Sir:

ATB Financial, formerly Alberta Treasury Branches, has approved and offers the credit facilities on the terms and conditions described in the attached Commitment Letter and accompanying schedules (this "**Agreement**") on and subject to the terms and conditions set forth in this Agreement, including, for certainty, satisfaction of the conditions precedent to the effectiveness of the Commitment Letter set forth in Section 4 thereof prior to December 19, 2023 (or such later date as may be agreed to by ATB Financial in its sole discretion).

You may accept our offer by returning the enclosed duplicate of this letter, signed as indicated below (whether in original ink, by facsimile or in another electronic format), by 4:00 p.m. on or before December 20, 2023 or our offer will automatically expire. We reserve the right to cancel our offer at any time prior to acceptance.

Thank you for your business.

Yours truly,

ATB FINANCIAL

By: "Signed"
[redacted], Director

By: "Signed"
[redacted], Associate Director

Encl.

Accepted as of the date first written above,

Petrus Resources Corp.

Per: _____
 “Signed”
Name: _____
Title: _____

Per: _____
 “Signed”
Name: _____
Title: _____

(We have authority to bind the Borrower)

Each of the undersigned, in their capacity as a Guarantor of Borrower, acknowledges and agrees to the terms of this Agreement as of the date first written above, and acknowledges that Lender has made no representation or warranty of any kind as to the realization on the undersigned's guarantee (or any collateral security therefor) other than as expressly set forth in this Agreement and that such guarantee is confirmed. Each of the undersigned further acknowledges that this Agreement and the documents referred to in this Agreement may be amended, supplemented, restated, modified or renewed without the undersigned's consent and without reducing, restricting or otherwise limiting the undersigned's liability in any way.

Petrus Resources Ltd.

Per: _____
 “Signed”
Name: _____
Title: _____

Per: _____
 “Signed”
Name: _____
Title: _____

(We have authority to bind the Guarantor)

Petrus Resources Inc.

Per: _____
 “Signed” =
Name: _____
Title: _____

Per: _____
 “Signed”
Name: _____
Title: _____

(We have authority to bind the Guarantor)

COMMITMENT LETTER

LENDER: ATB FINANCIAL

BORROWER: PETRUS RESOURCES CORP.

GUARANTORS: PETRUS RESOURCES LTD.
PETRUS RESOURCES INC.

1) FACILITIES (each referred to as a "Facility")

a) **FACILITY #1 - Operating Loan Facility (Revolver) – \$60,000,000.00 (or the Equivalent Amount in U.S. Dollars)**

i) **AMOUNT AND TYPE**

Subject to the terms hereof, Facility #1 is available by way of:

- Prime-based loans in Canadian dollars
- CORRA Rate Loans in Canadian dollars
- Term SOFR Loans in U.S. Dollars
- Letters of Credit (to an aggregate maximum of \$5,000,000.00) in Canadian dollars
- Corporate Mastercard (to a maximum of \$100,000.00)

Facility #1 is to be used for the general corporate purposes of Borrower.

Notwithstanding the amount of Facility #1, advances under Facility #1 will be limited to the amount equal to the lesser of:

- the maximum principal amount of Facility #1; and
- the amount of the most recent Borrowing Base determined hereunder.

Without derogating from, limiting or altering the demand nature of Facility #1, the Borrowing Base shall be re-calculated by Lender on a semi-annual basis on or before May 31 of each year following receipt of the engineering report required to be delivered by the Borrower pursuant to Section 7(a)(vi) and on or before November 30 of each year following receipt of the internally prepared engineering report required to be delivered by the Borrower pursuant to Section 7(b)(i). If Borrower fails to deliver any such report within the time periods specified herein, Lender may re-determine the Borrowing Base in such amounts and at such times as the Lender may determine in its sole and absolute discretion. Lender shall notify Borrower of each change in the amount of the Borrowing Base. Without derogating from, limiting or altering the demand nature of Facility #1, in the event the Borrower fails to deliver any engineering report required to be delivered to the Lender within the specified time periods set out herein, or the Lender determines that a change in the Borrowing Base amount has resulted in a Borrowing Base Shortfall, then the Lender shall provide notice to the Borrower of such Borrowing Base Shortfall or failure to deliver an engineering report, and, in each case, all rates and fees for Facility #1 listed under the "**Interest Rates and Prepayment**" section hereof will immediately upon delivery of such notice to the Borrower, increase by 100 basis points per annum until such time as the applicable engineering report is delivered to the Lender or the amount of the Borrowing Base Shortfall is repaid to the Lender, as the case may be. Lender confirms that the Borrowing Base on the Effective Date shall be \$60,000,000.00.

In addition to the foregoing, the following will trigger a Borrowing Base redetermination:

- If at any time the LLR of the Borrower in any relevant jurisdiction where the Borrower has Borrowing Base Assets, is less than 2.00; or
- If the Borrower, or any Borrowing Base Asset, becomes subject to any Abandonment/Reclamation Order or a demand to post one or more security deposits has been issued to the Borrower by an Energy Regulator in order to ensure compliance with the LLR required by such Energy Regulator provided that the aggregate estimated cost of compliance with all such outstanding orders and demands, together with the aggregate amount of all such security deposits (without duplication), would reasonably be expected to exceed 200% of the Threshold Amount, and such orders are not withdrawn or satisfied within the relevant timelines set out in such orders or any appeal periods in respect thereof have expired.

For the purpose of determining the estimated cost above, the Borrower shall provide the Lender with a reasonable and factually supportable estimate of such costs within 10 Business Days of its receipt of the applicable order and shall deliver to the Lender all such relevant information related to such estimate as may be reasonably required by the Lender. Such estimate shall be certified by a senior officer of Borrower, and the Lender, acting reasonably and in good faith, must approve such estimate.

ii) **INTEREST RATES AND PREPAYMENT**

Pricing applicable to Facility #1 is as follows:

- Prime-based loans: Interest is payable in Canadian dollars at Prime plus the Applicable Facility #1 Margin per annum
- CORRA Loans: Interest is payable in Canadian dollars at Adjusted Term CORRA or Adjusted Daily Compounded CORRA, as the case may be, plus the Applicable Facility #1 Margin per annum
- Term SOFR Loans: Interest is payable in U.S. Dollars at Adjusted Term SOFR (based on a 360 day year) plus the Applicable Facility #1 Margin per annum
- Letters of Credit: Fees are payable in Canadian dollars as described in Section 11(d)
- Corporate Mastercard: Fees are detailed in the Corporate Mastercard documentation

Non-refundable facility fee calculated at a rate equal to the Applicable Facility #1 Margin is payable monthly in Canadian dollars on the last day of each month, calculated daily on the unused portion of the authorized amount of Facility #1.

The Applicable Facility #1 Margin shall be equal to the percentage rate per annum set out in the following table opposite the applicable Net Debt to Trailing Cash Flow ratio for Borrower at the time of determination:

Level	Net Debt to Trailing Cash Flow	Prime-based loans	CORRA Loans/LC Fees/Term SOFR Loans	Facility Fee
1	[redacted]			
2	[redacted]			
3	[redacted]			
4	[redacted]			

The effective date of any change to the Applicable Facility #1 Margin shall be the first Business Day following the date that the Borrower delivers a compliance certificate pursuant to the terms hereof. If a compliance certificate is not delivered as required by this Agreement, the Applicable Facility #1 Margin shall immediately be the highest rate applicable, effective on the date such compliance certificate was due to the Lender, until such time as such compliance certificate is delivered and the ratio is re-determined.

As of the Effective Date, the Applicable Facility #1 Margin shall be determined to be Level 1.

Facility #1 may be prepaid in whole or in part at any time (subject to the notice periods provided in this Agreement) without penalty, except that CORRA Loans, outstanding Letters of Credit and Term SOFR Loans cannot be prepaid prior to their maturity.

iii) **REPAYMENT**

Notwithstanding any other provision in this Agreement, Facility #1 is payable in full on demand by Lender, and Lender may terminate the availability of all or any portion thereof (including any undrawn portion) at any time without prior notice.

Facility #1 may revolve in multiples as permitted by this Agreement, and Borrower may, subject to the terms hereof, borrow, repay, reborrow and convert between types of Borrowings, up to the amount and subject to the notice periods provided in this Agreement.

b) **OTHER FACILITIES – CASH MANAGEMENT, FOREIGN EXCHANGE, INTEREST RATE AND COMMODITY DERIVATIVES**

At Borrower's request, Lender may enter into cash management contracts and Swaps in compliance with the provisions in this Agreement with Borrower from time to time. Lender makes no commitment to enter into any such contract or Swap and may at any time in its sole discretion decline to enter into any such contract or Swap.

2) **FEES**

- (a) Non-refundable new money fee of \$[redacted] is payable on acceptance of this offer.
- (b) Established credit facilities may be subject to a fee where Lender in its sole discretion permits excess Borrowings, if any.
- (c) For reports or statements not received within the stipulated periods (and without limiting Lender's rights by virtue of such default), Borrower will be subject to a fee of \$250 per month for each late reporting occurrence.

Lender is hereby authorized to debit Borrower's current account for any unpaid portion of any fees due under this Agreement.

3) **SECURITY DOCUMENTS**

All Security Documents (whether held or later delivered) shall secure all Facilities and all other obligations of Borrower to Lender (whether present or future, direct or indirect, contingent or matured).

The Security Documents held by the Lender at this time, and which shall continue to be effective, are as follows:

- (a) First fixed and floating charge demand debenture from each Loan Party in favour of the Lender in the amount of \$200,000,000.00 (each a "**Debenture**"), providing a floating charge over all undertaking of the applicable Loan Party and a first fixed charge over all present and after acquired personal and real property. No fixed charges over specific real properties are to be registered at this time, however, the Lender reserves the right to register same at any time at any and all registries deemed appropriate by Lender, at the sole cost and expense of the Borrower;
- (b) Debenture pledge agreement granted by each Loan Party in favour of the Lender with respect to the Debenture to which such Loan Party is party to; and
- (c) A continuing guarantee from each of Petrus Resources Inc. and the Parent Guarantor.

The Lender may at any time and from time to time register or cause to be registered the Security Documents (or a caveat or other notice in respect thereof) against title to any or all real property interests of the Loan Parties. Upon the request of the Lender, the Borrower will provide to the Lender a list of all such real property interests containing a sufficient description thereof to permit the Lender to register the Security Documents (or a caveat or notice thereof) against title to such real property interests. The Borrower shall ensure and will assist the Lender to ensure that the Security Documents and all such supplementary and corrective instruments and all additional mortgage and security documents and all documents, caveats, cautions, memorials, security notices and financing statements in respect thereof, are promptly filed and refiled, registered and re-registered and deposited and re-deposited, in such manner, in such offices and places, and at such times and as often as may be required by Applicable Law or as may be necessary or desirable to perfect and preserve the charge as a first priority mortgage, charge and security interest and the rights conferred or intended to be conferred upon the Lender by the charge and will cause to be furnished promptly to the Lender evidence satisfactory to the Lender of such filing, registering and depositing. The Borrower shall, forthwith on demand being made by the Lender, pay all reasonable fees, costs and expenses incurred by the Lender or its agents in connection with the filing, re-filing, registering, re-registering, depositing and re-depositing of the Security Documents and all such supplementary and corrective instruments and all additional mortgage and security documents. The fees, costs and expenses incurred by the Lender or its agents hereunder shall be secured hereby and shall become part of the Indebtedness.

As of the Effective Date, the Security Documents are to be registered in Alberta.

4) **CONDITIONS PRECEDENT**

It is a condition precedent to each advance under this Agreement that, at the time of such advance, all representations and warranties in this Agreement must be true and correct in all material respects as if made on such date, and there must be no default under any Loan Document.

Without derogating from, limiting or altering the demand nature of Facilities hereunder, no Facilities will be available and this agreement shall not be effective until the following conditions precedent have been satisfied (or waived by the Lender, in whole or in part):

- (a) Lender has received a copy of this Agreement, duly executed by each Loan Party;
- (b) The Loan Parties have provided to Lender a certificate of status, an officer's certified copy of all duly enacted corporate resolutions authorizing the execution, delivery and performance of the Loan Documents, an officer's certified copy of its governing documents, and a certificate of incumbency;
- (c) Lender has received a satisfactory legal opinion from counsel to the Loan Parties.

- (d) Lender has not received written notice of any execution, lien, trust, charge or encumbrance affecting the assets charged by the security created by the Security Documents (other than Permitted Encumbrances);
- (e) Lender has received a satisfactory certificate of insurance issued by Borrower's insurance broker in respect of all policies required to be maintained by the Loan Parties, which shall name Lender as first loss payee under all property damage policies and additional insured, as its interest may appear, in respect of all liability policies and which, in Lender's opinion, adequately address any potential Environmental Claims;
- (f) Borrower has provided Lender with a list of all existing Material Contracts, or confirmation that no Material Contracts exist, as well as certified copies of all Material Contracts, if any, it may request from that list. Lender will be satisfied that all Material Contracts, if any, are in full force and effect and that no Loan Party is in default under any of them;
- (g) All security interests charging any asset of a Loan Party have been discharged, other than security interests in favour of Lender and Permitted Encumbrances;
- (h) Lender has received from Borrower a compliance certificate confirming that Borrower is and shall be in compliance with all terms and conditions of this Agreement immediately after giving effect hereto and that all representations and warranties are true and correct as of the Effective Date;
- (i) Borrower has executed and delivered all documentation necessary to comply with applicable AML Laws, "know your client" and domestic and foreign tax laws including applicable Foreign Account Tax Compliance Act documentation;
- (j) Lender has received payment of all fees and expenses due in respect of this Agreement (including all reasonable and documented legal fees incurred by the Lender in connection herewith);
- (k) Lender is satisfied as to:
 - i) the value of each Loan Party's assets and financial condition;
 - ii) each Loan Party's ability to carry on business and repay any amount owed to Lender from time to time; and
 - iii) each Loan Party's organizational and capital structure including Subsidiaries, affiliates and ownership, whether direct or indirect;
- (l) Lender has received an officer's certificate as to ownership of oil and gas properties as of the Effective Date, in substantially the form of Schedule "E" attached hereto, satisfactory to Lender including a schedule of major producing petroleum and natural gas reserves described by lease (type, date, term, parties), legal description (wells and spacing units), interest (W.I. or other APO/BPO interests), overrides (APO/BPO), gross overrides, and other liens, encumbrances, and overrides;
- (m) Lender has reviewed and is satisfied with the information concerning the Borrower's LLR in all applicable jurisdictions and any associated deposits required with the applicable Energy Regulator;
- (n) To the extent not previously delivered to Lender, Lender has received the supporting documents set out in Section 10 of this Agreement; and

- (o) Lender has received any other documents as Lender has reasonably requested.

The above conditions are inserted for the sole benefit of Lender, and may be waived by Lender in whole or in part (with or without terms or conditions) in respect of any particular Borrowing, provided that any waiver shall not be binding unless given in writing and shall not derogate from the right of Lender to insist on the satisfaction of such waived condition in future.

5) POSITIVE COVENANTS

Each Loan Party covenants with Lender that, it will do and perform the following covenants (to the extent applicable to it). If any such covenant is to be done or performed by a Guarantor, Borrower also covenants with Lender to cause such Guarantor to do or perform such covenant:

- (a) Borrower will pay to Lender when due all amounts (whether principal, interest or other sums) owing by it to Lender from time to time;
- (b) Borrower will ensure that at least 95% of its consolidated assets are held by those Loan Parties which have provided a full recourse unlimited guarantee (other than in the case of the Borrower) and security in kind with the Security Documents in Section (3) herein in favour of Lender and in respect of which the Lender has perfected a first ranking security interest in property of each such Loan Party;
- (c) Borrower will use the proceeds of the Facilities only for the purposes as set out in this Agreement;
- (d) Each Loan Party will maintain its valid existence as a corporation or partnership, as the case may be, and except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect, will maintain all Governmental Authorizations required from any Governmental Authority to permit it to carry on its business, including, without limitation, any Governmental Authorizations for the protection of the Environment;
- (e) Each Loan Party will maintain its books of account and records relative to the operation of its business and financial condition in accordance with GAAP;
- (f) Each Loan Party will maintain and defend title to all of its property and assets, will maintain, repair and keep in good working order and condition all of its property and assets and will continuously carry on and conduct its business in a proper, efficient and businesslike manner;
- (g) Each Loan Party will maintain types and amounts of insurance satisfactory to Lender with Lender shown as first loss payee on any property insurance covering any assets on which Lender has security and additional insured, as its interest may appear, on all liability insurance, and which, in Lender's opinion, adequately address any potential Environmental Claims, and promptly advise Lender in writing of any material loss or damage to its property, and each Loan Party will provide evidence of insurance to Lender:
 - i) in situations where Lender has taken a fixed charge on an asset or property whether on real property or personal property; and
 - ii) in all other situations, on request.

Lender reserves the right to conduct an independent review of any Loan Party's insurance coverage, at the reasonable expense of Borrower;

- (h) Each Loan Party will permit Lender, by its officers or authorized representatives at any reasonable time and on reasonable prior notice, to enter its premises and to inspect its plant, machinery, equipment and other real and personal property and their operation, and to examine and copy all of its relevant books of accounts and records (including without limitation, all land records);
- (i) Borrower will ensure that all engineering data, production and cash flow projections and other information and data provided to Lender by or on behalf of the Loan Parties (including without limitation, any engineering reports and land schedules) are true and accurate in all material respects as at the time provided (or, in the case of projections, were prepared in good faith based on reasonable assumptions at the time made) and fairly reflect the interests of the Loan Parties therein net of all royalties and other burdens affecting the same;
- (j) Each Loan Party will, in all material respects, remit all sums when due to tax and other Governmental Authorities (including, without limitation, any sums in respect of employees and GST), and upon request, will provide Lender with such information and documentation in respect thereof as Lender may reasonably require from time to time;
- (k) Each Loan Party will comply with all Applicable Laws, including without limitation, Environmental Laws, except to the extent any failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (l) Borrower will promptly advise Lender in writing, giving reasonable details, of:
 - i) the discovery of any Release into the Environment from or upon any property of a Loan Party which would reasonably be expected to have a Material Adverse Effect;
 - ii) any event which constitutes, or which with notice, lapse of time or both, would constitute a breach of any provision hereof;
 - iii) each event which has or is reasonably expected to have a Material Adverse Effect on a Loan Party;
 - iv) any Material Adverse Change regarding any Loan Party, or of any material loss, destruction or damage to its properties and assets;
 - v) the opening or establishment of an account, or decision to make use of an existing account, with another financial institution through which Borrower intends to conduct its primary banking operations;
 - vi) any notice received from any Governmental Authority stating that any Loan Party is non-compliant with any Governmental Authorization or if any Governmental Authority related to its properties or assets are suspended or revoked;
 - vii) any default, event of default or breach of the 2022 Subordinated Loan Agreement or any document entered into by a Loan Party in connection therewith;
 - viii) any material amendment, modification or restatement, or any material notice, waiver or consent under, the 2022 Subordinated Loan Agreement or any document entered into by a Loan Party in connection therewith, together with a true and complete copy of each of the same; and
 - ix) the occurrence of any default, event of default (howsoever defined) or other similar condition or event in respect of a Loan Party under any agreements relating to

Indebtedness in excess of the Threshold Amount and such default, event of default or other similar condition or event has resulted in such Indebtedness becoming, or becoming capable at such time of being declared, due and payable before it would otherwise have been;

- (m) Each Loan Party will promptly notify the Lender of the acquisition, creation or existence of any Subsidiary after the Effective Date, and no less than 10 Business Days following such acquisition, creation or existence, cause each such new Subsidiary, if required pursuant to Section 5(b), to (i) provide an unlimited recourse guarantee and the Security Documents described in Section 3 herein in favour of the Lender, and (ii) become a party to this agreement as a Guarantor and Loan Party;
- (n) Each Loan Party will seek advance rulings with any applicable Energy Regulator before effecting any corporate change (which, in the case of the Alberta Energy Regulator, shall be limited to material changes as set forth in its Directive 067) to ensure that such changes will not have any Material Adverse Effect and each Loan Party will give prior written notice to Lender of any such proposed corporate change, along with such advance ruling applications to the applicable Governmental Authority;
- (o) Each Loan Party will fully pay its respective monetary obligations when due (subject to any applicable cure periods) and perform its respective obligations under all leases and agreements relating to each leased location of any material asset charged by the Security Documents;
- (p) Each Loan Party will maintain in effect policies and procedures designed to ensure compliance by such Loan Party, its Subsidiaries, and their respective directors, officers, employees and agents with all applicable Environmental Laws, Sanctions, AML Laws and Anti-Corruption Laws;
- (q) If Lender, acting reasonably, determines after the occurrence of any Material Adverse Change that any Loan Parties' obligations or other liabilities in respect of matters dealing with the protection or contamination of the Environment or the maintenance of health and safety standards would individually or in the aggregate reasonably be expected to have a Material Adverse Effect then, at the request of Lender, the Loan Parties will assist Lender in conducting an environmental audit of the property which is the subject matter of such obligations or liabilities, by an independent consultant selected by Lender. The cost of such audit will be for the account of the Loan Parties, provided that Lender will carry out such audit in consultation with Borrower to expedite its completion in a cost effective manner. If such audit indicates that any Loan Party is in breach, or with the passage of time is likely to be in breach, of any Environmental Laws and such breach or potential breach individually or in the aggregate would have, in the opinion of Lender, acting reasonably, a Material Adverse Effect, and without in any way prejudicing or suspending any of the rights and remedies of Lender under the Loan Documents, the applicable Loan Party will forthwith commence and diligently proceed to rectify or cause to be rectified such breach or potential breach, as the case may be, and will keep Lender fully advised of the actions they intend to take and have taken to rectify such breach or potential breach and the progress they are making in rectifying same. Lender will be permitted to retain, for the account of the applicable Loan Party, the services of a consultant to monitor the Loan Parties' compliance with this Section 5(r);
- (r) Borrower shall provide to the Lender, promptly following the receipt thereof, copies of any Abandonment/Reclamation Order (and any amendments, supplements or other modifications thereto) or other notices or communications related to any material directives, rules, regulations or other orders issued by any applicable Energy Regulator to the Borrower or

otherwise affecting any of its assets relating to any material non-compliance by the Borrower with any Applicable Laws, including liability assessments, potential or designated problem site notices, requirement to post security deposits and operator insolvency notices;

- (s) The Borrower shall promptly notify the Lender if any Loan Party's LLR in Alberta is, at any time, less than 2.0;
- (t) If:
 - i) because of a change in law, any applicable Energy Regulator ceases to use a LLR system as a means of determining compliance with ARO policies in any one or more of the relevant jurisdictions where the Borrower has Borrowing Base Assets; or
 - ii) the method of calculation of any such LLR changes in any material manner in any one or more of the relevant jurisdictions where the Borrower has Borrowing Base Assets, or
 - iii) if the threshold for which license transfers of regulated properties permitted under a licensee liability regime in any one or more of the relevant jurisdictions where the Borrower has Borrowing Base Assets changes,

then, in any such case, Borrower and Lender shall enter into good faith discussions with a view to determining a comparable rating system or threshold, as applicable, to replace the concept of LLR that is, at such time, broadly accepted as the prevailing market practice for such regulation in the applicable jurisdiction(s), with the intent of having the respective positions of Lender and Borrower after such change conform as nearly as possible to their respective positions immediately prior to such change; provided that, until any such agreement is reached, LLR shall continue to be calculated as if no such change had occurred;

- (u) Each Loan Party will, promptly following delivery thereof, furnish written notice to Lender if any security deposits are given by or issued on such Loan Party's behalf to any applicable Energy Regulator (excluding any security deposits which are mandatorily required to be provided by owners of oil and gas reserves and related properties and facilities without regard to any LLR deficiency or similar abandonment and reclamation obligation deficiency);
- (v) Borrower shall promptly furnish written notice to Lender regarding any material directives issued by the Alberta Energy Regulator to a Loan Party; and
- (w) Borrower shall, or shall have caused the other Loan Parties to enter into and maintain one or more Commodity Swaps with the Lender (or an affiliate thereof) on a rolling monthly basis for successive periods of 24 months, with an aggregate actual or notional quantity (on a boe/d basis) of at least (a) 42% of the of the Loan Parties' projected combined average daily production of Petroleum Substances (net of royalties) for the first 12 month period of such rolling 24 month period and (b) 25% of the of the Loan Parties' projected combined average daily production of Petroleum Substances (net of royalties) for months 13 to 24 of such rolling 24 month period.

6) **NEGATIVE COVENANTS**

Each Loan Party covenants with Lender that it will not do any of the following without the prior written consent of Lender. If a Guarantor is not to do an act, Borrower also covenants with Lender not to permit Guarantor to do such act.

- (a) A Loan Party will not create or permit to exist any mortgage, charge, lien, encumbrance or

other security interest on any of its present or future assets, other than Permitted Encumbrances;

- (b) A Loan Party will not create, incur, assume or allow to exist any Indebtedness other than:
 - i) trade payables incurred in the ordinary course of business;
 - ii) any Indebtedness owing to another Loan Party that has provided the Security Documents described in Section (3) (other than, in the case of the Borrower, a guarantee) and the Lender has perfected a first ranking security interest in all present and after acquired property of such Loan Party;
 - iii) any Indebtedness secured by a Permitted Encumbrance;
 - iv) any unsecured Indebtedness owing by a Loan Party from affiliates or shareholders which is postponed in all respects to the Facilities pursuant to a postponement agreement in form and substance satisfactory to Lender;
 - v) 2022 Subordinated Debt, provided that upon the incurrence thereof, no default or breach of the Loan Documents has occurred and is continuing or would reasonably be expected to result from such incurrence; and
 - vi) any Indebtedness owing to Lender;
- (c) A Loan Party will not sell, assign, transfer, convey, lease (as lessor), contribute or otherwise dispose of, or grant options, warrants or other rights with respect to any assets except:
 - i) inventory sold, leased or disposed of in the ordinary course of business;
 - ii) obsolete equipment;
 - iii) assets sold, leased or disposed of to another Loan Party that has provided the Security Documents described in Section (3) (other than, in the case of the Borrower, a guarantee) and the Lender has perfected a first ranking security interest in all present and after acquired property of such Loan Party; and
 - iv) assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not in excess of the Threshold Amount; *provided* that no demand for payment has been issued by Lender, no Borrowing Base Shortfall has occurred and is continuing, and no default or other breach hereof has occurred and is continuing or would occur as a result thereof; and *provided, further*, that a hedge monetization shall be deemed to be a disposition of an asset for the purposes of this Section 6(c)(iv).
- (d) A Loan Party will not provide financial assistance (by means of a loan, guarantee or otherwise) to any Person other than as permitted under clauses (b)(ii) and (b)(v) above;
- (e) Other than regularly scheduled payments of interest in respect of the 2022 Subordinated Debt (provided that no demand for payment has been issued by the Lender, no Borrowing Base Shortfall has occurred and is continuing, and no default or breach of the terms hereof has occurred or is reasonably expected to result therefrom), payments by one Loan Party to another Loan Party, or Permitted Payments, a Loan Party will not pay any amount to or for the benefit of shareholders or Persons associated with shareholders (within the meaning of the Business Corporations Act (Alberta)), whether by way of salaries, bonuses, dividends,

management fees, repayment of loans or otherwise (other than in the case of reasonable and customary salaries and bonuses to shareholders or Persons associated with shareholders who, in each case, are employees of a Loan Party);

- (f) A Loan Party will not redeem, purchase or otherwise acquire, retire or pay out any of its present or future share capital other than to another Loan Party;
- (g) Other than Permitted Payments, a Loan Party shall not make any payment, redemption, repurchase or other retirement in respect of principal amounts owing in respect of the 2022 Subordinated Debt;
- (h) A Loan Party will not amalgamate, consolidate, or merge with any Person and will not enter into any partnership or joint venture with any other Person unless such partnership or joint venture (as applicable) becomes a Loan Party in accordance with the terms of this Agreement; *provided* that a Loan Party may amalgamate, consolidate or merge with another Loan Party if:
 - i) no default or breach of this Agreement or any other Loan Document is then in existence or would thereafter be in existence;
 - ii) prior to or concurrently with such transaction, each Loan Party has executed such documents and taken such other actions as Lender may reasonably require, including delivery of legal opinions, to ensure that the successor resulting from such transaction will have assumed (by operation of law or otherwise) the covenants of the applicable Loan Parties under all Loan Documents to which such Loan Parties are party to;
 - iii) the successor will be organized under the laws of Canada or any Province thereof; and
 - iv) the Borrower has notified Lender at least 10 Business Days in advance of such transaction;
- (i) A Loan Party will not consent to, facilitate or allow a Change of Control to occur;
- (j) A Loan Party will not acquire any assets in, or move or allow any of its assets to be moved to, a jurisdiction where Lender has not registered or perfected the Security Documents;
- (k) A Loan Party will not change the present nature of its business in any material respect;
- (l) A Loan Party will not operate accounts with or otherwise conduct any banking business with any financial institution other than Lender, other than accounts maintained with The Toronto-Dominion Bank during the period commencing on the Effective Date and ending on the date that is 45 days thereafter;
- (m) A Loan Party will not incur capital expenditures in respect of oil or gas properties outside of the Western Canadian sedimentary basin;
- (n) A Loan Party will not enter into any Swap outside the ordinary course of its business or for speculative purposes (determined, where relevant, by reference to GAAP); *provided* that, without limiting the generality of the foregoing, the following shall be deemed to be Swaps entered into outside of the ordinary course of business or entered into for speculative purposes:

- i) any Interest Swap if the Equivalent Amount in Canadian dollars of the notional amount of indebtedness under such Interest Swap together with the Equivalent Amount in Canadian dollars of the notional amount of all other Interest Swaps then in effect in respect of the Loan Parties exceeds the underlying exposure to the risk hedged or sought to be hedged by such Interest Swap at the time such Interest Swap is entered into;
 - ii) any Commodity Swap if the term of such Commodity Swap exceeds three years or if the aggregate amount of Petroleum Substances subject to such Commodity Swap, together with all other Commodity Swaps then in place, would exceed in the aggregate on a rolling basis for the next following three years, 70% in the first year, 60% in the second year and 50% in the third year, in each case, of the Loan Parties' combined average daily production of such Petroleum Substances (net of royalties) during the immediately preceding fiscal quarter of the Borrower, as determined at the time any such Commodity Swap is entered into and as adjusted for acquisitions, divestitures and extraordinary events during such fiscal quarter in a manner satisfactory to the Lender, acting reasonably;
 - iii) any Currency Swap if the aggregate amount hedged under all Currency Swaps at the time any such Currency Swap is entered into exceeds the Loan Parties' U.S. Dollar underlying exposure, whether direct or indirect, to the risk hedged or sought to be hedged by such Currency Swap at the time such Currency Swap is entered into;
 - iv) any Interest Swap or Currency Swap having a term from its inception to maturity exceeding three years; and
 - v) any Swap in respect of which a security interest is granted, except for Permitted Encumbrances;
 - vi) and to the extent the Borrowing Base includes any value for any Swap, such Swap shall not be terminated by the applicable Loan Party without the prior written consent of the Lender except at its maturity and in accordance with its terms;
- (o) A Loan Party will not allow any pollutant (including any pollutant now on, under or about such land) to be placed, handled, stored, disposed of or released on, under or about any of its lands unless done in the normal course of its business and then only as long as it complies with all Applicable Laws including without limitation, Environmental Laws, in placing, handling, storing, transporting, disposing of or otherwise dealing with such pollutant, except to the extent any failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (p) A Loan Party will not enter into any transactions with its Subsidiaries or affiliates for goods or services unless entered into on terms that are no less favorable to the applicable Loan Party than such Loan Party would obtain in a transaction between arm's-length parties;
- (q) A Loan Party will not, directly or indirectly, make any equity investment in, or purchase or otherwise acquire or hold any equity securities of, any other Person other than another Loan Party;
- (r) A Loan Party will not use any part of the proceeds of the Facilities, directly or indirectly:
- i) in any manner that would result in a violation of any Sanction; or
 - ii) in violation of any applicable AML Laws or Anti-Corruption Laws;

- (s) A Loan Party will not make any corporate change that would reasonably be expected to result in any of its Governmental Authorizations being suspended, revoked or such Governmental Authority imposing restrictions or additional conditions on any of such Governmental Authorizations;
- (t) A Loan Party will not use the proceeds (or permit any other Subsidiary to use the proceeds) of any Borrowing to accumulate or maintain cash or cash equivalents in one or more depository or investment accounts maintained by the Loan Party or any Subsidiary in an amount, in the aggregate between all such parties, greater than the Threshold Amount (or the Equivalent Amount thereof in another currency), and, for certainty, Lender may refuse to make any requested advance which Lender, acting reasonably, determine would result in a contravention of this Section 6(t);
- (u) The Loan Parties will not acquire or dispose of any assets which would result in the pro forma LLR of any Loan Party to be less than 2.0 in any relevant jurisdiction where the Borrower has Borrowing Base Assets, if such acquisition or disposition is of an asset where Borrower has an operator interest (as determined by the applicable Energy Regulator's order, guideline, directive or regulation, directly or indirectly relating to ARO matters);
- (v) The Loan Parties shall not amend the 2022 Subordinated Loan Agreement or any document entered into in connection therewith (or grant any waiver or consent thereunder to like effect) in a manner adverse to the interests of the Lender, provided that, without limiting the generality of the preceding statement, any amendment that: (i) increases the interest of fees payable thereunder, (ii) changes to earlier dates or adds any scheduled dates for payment of principal or interest in respect thereof, (iii) contravenes the provisions of this Agreement, or (iv) modifies any covenant from an "incurrence" based test to a "maintenance" based test, or otherwise modifies any covenant or event of default to make it more restrictive than the same or similar terms provided in this Agreement taking into account the different relevant circumstances between the 2022 Subordinated Loan Agreement, on the one hand, and this Agreement, on the other hand, shall, in each case, be deemed to be adverse to the interests of the Lender;
- (w) Borrower will not at any time permit the Working Capital Ratio to fall below 1.00:1.00; such financial ratio shall be maintained at all times and tested as at the end of each fiscal quarter of the Parent Guarantor and shall be detailed in the compliance certificate required to be delivered under this Agreement; and
- (x) A Loan Party will not acquire or at any time directly or indirectly own, lease, operate or otherwise conduct any business relating to Cryptocurrency Assets.

7) **REPORTING COVENANTS**

Borrower will provide to Lender:

- (a) within 90 days after the end of each of its fiscal years:
 - i) financial statements of the Parent Guarantor on an audited basis prepared by a firm of qualified accountants;
 - ii) a compliance certificate executed by a senior officer of the Borrower in the form attached hereto as Schedule "A";
 - iii) ARO Budget, together with the ARO Schedule;

- iv) an Abandonment and Reclamation Report for the fiscal year, in a format acceptable to the Lender;
 - v) a LLR and decommissioning expense worksheet, in a format acceptable to Lender, with an update as to the amount the Loan Parties have expended on decommission expenses during the fiscal year and how they have performed against the budgeted amount in the ARO Budget and ARO Schedule delivered pursuant to Section 7(a)(iii) hereof with an explanation from management to explain any material variations therefrom and any other matters related to any changes in the Borrower's ARO policies;
 - vi) external engineering report of the Loan Parties' total proved properties prepared by an accredited, independent firm of consulting petroleum engineers satisfactory to Lender;
 - vii) an officer's certificate as to ownership of oil and gas properties, in substantially the form of Schedule "E" attached hereto, satisfactory to Lender including a schedule of major producing petroleum and natural gas reserves held by the Loan Parties described by lease (type, date, term, parties), legal description (wells and spacing units), interest (W.I. or other APO/BPO interests), overrides (APO/BPO), gross overrides, and other liens, encumbrances and overrides;
 - viii) an environmental questionnaire and disclosure statement and environmental certificate in the form requested by Lender;
 - ix) annual capital and revenue budget reports from Borrower for the next following fiscal year which includes projected gross and/or net oil and gas production volumes, gross revenues, royalties and other burdens, operating costs, general and administrative costs, commodity price assumptions and, if available, a pro forma balance sheet;
 - x) quarterly hedging reports detailing all hedging activities occurring during such fiscal quarter in the form requested by the Lender; and
 - xi) quarterly lease operating statements with monthly production and revenue reports (operator statements or internally generated area-by-area summaries) for the Loan Parties' producing properties, certified by a senior officer of the Borrower, indicating gross and/or net oil and gas production volumes, gross revenues, royalties and other burdens, operating costs, etc.;
- (b) within 60 days following the end of each of its first 3 fiscal quarters:
- i) internally produced financial statements of Parent Guarantor for that quarter;
 - ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A"; and
 - iii) a quarterly update to the projected gross and/or net oil and gas production volumes delivered pursuant to Section 7(a)(ix).
 - iv) quarterly hedging reports detailing all hedging activities occurring during such fiscal quarter in the form requested by the Lender; and

- v) quarterly lease operating statements with monthly production and revenue reports (operator statements or internally generated area-by-area summaries) for the Loan Parties' producing properties, certified by a senior officer of the Borrower, clearly indicating gross and/or net oil and gas production volumes, gross revenues, royalties and other burdens, operating costs, etc.;
- (c) on request, any further information regarding its assets, operations and financial condition that Lender may from time to time reasonably require.

8) REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to Lender that (to the extent applicable to it):

- (a) If a Loan Party is a corporation, it is a corporation duly incorporated or amalgamated (as applicable), validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on business;
- (b) If a Loan Party is a partnership, it is a partnership duly created, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on business;
- (c) Each Loan Party has all necessary power and authority to enter into, deliver and perform its obligations under each of the Loan Documents to which it is a party, to own its properties and assets and to carry on its business as now conducted;
- (d) The execution, delivery and performance by each Loan Party of each Loan Document to which it is a party have been duly authorized by all necessary actions and do not violate or conflict with its governing documents or any Applicable Laws, the 2022 Subordinated Loan Agreement, or any other agreements to which it is subject or by which it is bound;
- (e) No event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any provision of any Loan Document;
- (f) The most recent financial statements of Borrower and, if applicable, any Guarantor, provided to Lender fairly present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements, there has occurred no Material Adverse Change;
- (g) All engineering data, production and cash flow projections, and other information and data provided to Lender by or on behalf of Borrower (including, without limitation, any engineering reports and land schedules) are true and correct in all material respects as at the time provided (or, in the case of projections, were prepared in good faith based on reasonable assumptions made at the time) and fairly reflect the interests of the Loan Parties therein net of all royalties and other burdens affecting the same;
- (h) Each Loan Party has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than Permitted Encumbrances;
- (i) Each Loan Party is in compliance in all material respects with all Applicable Laws including, without limitation, all Environmental Laws, and there is no existing material impairment to its properties or assets as a result of any Release, except to the extent disclosed in writing to, and acknowledged by, Lender, and:
 - i) each Loan Party possesses all environmental licences, permits and other

Governmental Authorizations necessary to conduct its business including operations at its properties and facilities, other than such licences, permits and other Governmental Authorizations the absence of which would not individually or in the aggregate have a Material Adverse Effect;

- ii) none of the Loan Parties has received any notices to the effect that the operations or the assets of any of the Loan Parties on its real property are: (A) not in full compliance with all Environmental Laws, except to the extent that any failure to do so would not have, individually or in the aggregate, a Material Adverse Effect or (B) the subject of any federal or provincial remedial or control action or order, or any investigation or evaluation as to whether any remedial action is needed to respond to a release or threatened release of any Hazardous Materials into the Environment or any facility or structure, except to the extent any failure to comply would not have a Material Adverse Effect; and
- iii) none of the Loan Parties has received any notices or claims that it is or may be liable to any Person in any material amount (including any individual or government, whether federal, provincial, city or municipal) as a result of the Release or threatened Release of any Hazardous Materials into the Environment or into any facility or structure nor have there been any Releases, spills or discharges of any Hazardous Materials into the Environment or into any facility or structure, which after lapse of time, would give rise to any Environmental Claims which would have a Material Adverse Effect nor are any of the Loan Parties aware that there is any basis for any such Environmental Claims being commenced nor has any Loan Party ever been convicted, prior to the date hereof, of any offence in respect of Environmental Claims;
- (j) Each Loan Party has, in all material respects, filed all tax returns which are required to be filed, paid or made provision for payment (in accordance with GAAP) of all taxes due and payable, and provided adequate reserves (in accordance with GAAP) for the payment of any tax which is being contested;
- (k) All factual information furnished by or on behalf of any Loan Party in writing for purposes of or in connection with this Agreement or any transaction contemplated by this Agreement is true and accurate in every material respect as of the date delivered or specified in connection with that information, and that information is not incomplete by the omission of any material fact necessary to make it not misleading;
- (l) There are no actions, suits, proceedings, inquiries or investigations existing or, to the knowledge of any Loan Party, pending or threatened, affecting any Loan Party in any court or before or by any federal, provincial, state or municipal or other governmental department, commission, board, tribunal, bureau or agency, Canadian or foreign, which would reasonably be expected to have a Material Adverse Effect;
- (m) As at the Effective Date, the Parent Guarantor has no Subsidiaries other than Borrower and Petrus Resources Inc.;
- (n) Each Loan Party, each Subsidiary of any Loan Party, and each director, officer, employee and agent thereof is in compliance, in all material respects, with all applicable Sanctions, Anti-Corruption Laws and AML Laws;
- (o) No Loan Party is in default of any Environmental Laws or Abandonment/Reclamation Order that it has received from any applicable Energy Regulator that would reasonably be expected to have a Material Adverse Effect;

- (p) No Loan Party, nor any Subsidiary of any Loan Party nor any director, officer, employee or agent thereof is (i) the subject of any Sanction, or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of any Sanction; and
- (q) There are no outstanding judgments, awards or writs entered into against a Loan Party in respect of any action, suit or proceeding affecting any Loan Party.

Unless expressly stated to be made as of a specific date, the representations and warranties contained in this Agreement will survive the execution and delivery of the Loan Documents, and shall be deemed to be repeated as of the date of each Borrowing and as of the date of delivery of each compliance certificate, subject to modifications made by Borrower to Lender in writing and accepted by Lender. Lender shall be deemed to have relied upon such representations and warranties at each such time as a condition of making a Borrowing hereunder or continuing to extend the Facilities hereunder until all Facilities have been permanently repaid in full, regardless of any investigation or examination made by Lender or its counsel.

9) NEXT REVIEW DATE:

All demand Facilities are subject to review by Lender at any time in its sole discretion and at least annually without limiting Lender's right to make demand at any time. The next semi-annual review date has been set for May 31, 2024 but may be set at an earlier or later date at the sole discretion of Lender.

10) AUTHORIZATIONS AND SUPPORTING DOCUMENTS

Borrower has delivered or will deliver the following authorizations and supporting documents to Lender:

Corporate Borrower:

- (a) Corporate Mastercard documentation;
- (b) Environmental Certificate in the form of Schedule "D" attached hereto;
- (c) Credit information and Alberta Land Titles Office Name Search Consent Form;

General:

- (a) Documents related to AML Laws, government sanction and "know your client" laws;
- (b) ISDA Master Agreement.

11) DRAWDOWNS, PAYMENTS AND EVIDENCE OF INDEBTEDNESS

- (a) Interest on Prime-based loans is calculated on the daily outstanding principal balance, and is payable on the last day of each month.
- (b) Other than with respect to overdrafts, Borrower shall provide notice to Lender in order to request an advance or make a repayment or conversion of Borrowings under this Agreement, as follows:
 - i) For Borrowings other than Term SOFR Loans:
 - a) under Cdn. \$5,000,000, written notice by 12:00 p.m. on the requested date of

advance, repayment or conversion; and

- b) Cdn. \$5,000,000 and over notice by 12:00 p.m. one Business Day prior to the requested date of advance, repayment or conversion.
 - ii) For Borrowings of Term SOFR Loans, written notice by 12:00 p.m. three Business Days' prior to the requested date of advance, repayment or conversion.
- (c) If Letters of Credit are available under this Agreement, the term of each Letter of Credit shall not exceed one (1) year, although automatic extensions thereof (unless notified by Lender) are permitted. On any demand being made by a beneficiary for payment under a Letter of Credit, the Borrower shall immediately reimburse the Lender for the amount so paid, failing which, such amount shall be automatically deemed to be outstanding as a Prime-based loan under the relevant Facility.
- (d) The Borrower shall pay to the Lender, in respect of each Letter of Credit outstanding under the Facility #1, an issuance fee calculated at a rate per annum equal to the Applicable Facility #1 Margin and on the average daily amount of such Letter of Credit for the number of days such Letter of Credit was outstanding for the period from and including the date of issuance or the date of the immediately preceding determination of issuance fees (as applicable) to but excluding the date of determination in question, in each case, in a year of 365 days; provided that, the minimum issuance fee for any Letter of Credit shall be \$200. The foregoing issuance fees shall be payable monthly in arrears on the last day of each month and on any cancellation of an Letter of Credit, on demand or otherwise pursuant to the terms hereof. In addition, with respect to all Letters of Credit, the Borrower shall from time to time pay to the Lender its usual and customary fees and charges (at the then prevailing rates) for the amendment, delivery and administration of letters of credit such as the Letters of Credit (including a minimum amendment fee of \$200) and shall pay and reimburse the Lender for any out-of-pocket costs and expenses incurred in connection with any Letter of Credit, including in connection with any payment thereunder.
- (e) Borrower may cancel the availability of any unused portion of a Facility on five Business Days' notice. Any such cancellation is irrevocable.
- (f) The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365, or, in the case of Term SOFR Loans, divided by 360.
- (g) If any amount due under this Agreement is not paid when due, Borrower shall pay interest on such unpaid amount (including without limitation, interest on interest) if and to the fullest extent permitted by Applicable Law, at a rate per annum 2% greater than the interest rate otherwise payable for such amount under this Agreement.
- (h) The branch of Lender (the "**Branch of Account**") where Borrower maintains an account and through which the Borrowings will be made available shall be agreed to by the Borrower and the Lender. Funds under the Facilities will be advanced into and repaid from an account at the Branch of Account as the Borrower and Lender may agree upon from time to time.
- (i) Lender shall open and maintain at the Branch of Account accounts and records evidencing the Borrowings made available to Borrower by Lender under this Agreement. Lender shall record the principal amount of each Borrowing and the payment of principal, interest and fees and all other amounts becoming due to Lender under this Agreement. Lender's accounts and records (and any confirmations issued under this Agreement) constitute, in the absence

of manifest error, conclusive evidence of the indebtedness of Borrower to Lender pursuant to this Agreement.

- (j) Borrower authorizes and directs Lender to automatically debit, by mechanical, electronic or manual means, any bank account of Borrower for all amounts payable by Borrower to Lender pursuant to this Agreement. Any amount due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day, and interest shall accrue accordingly.
- (k) Without in any way limiting the right of the Lender to demand repayment or terminate the availability (or any portion thereof) of the Facilities at any time in its sole discretion, if a Financial Market Disruption has occurred, Lender shall have the option exercisable by written notice to Borrower to refuse any additional funding of any Facility, or to postpone the additional funding of any Facility until, in the reasonable opinion of Lender, the Financial Market Disruption has ceased.
- (l) Lender shall have the right to set-off and apply any funds of the Loan Parties (or any of them) deposited with or held by Lender from time to time, and any other indebtedness owing to the Loan Parties by Lender, against any of the amounts outstanding under this Agreement from time to time.
- (m) If a Letter of Credit is outstanding at any time that the obligations under the Facilities become immediately due and payable pursuant to the terms of the Agreement, Borrower will forthwith pay to Lender cash collateral in an amount equal to 105% of the maximum undrawn amount of that Letter of Credit. The proceeds of that payment will be held by Lender for set-off against the liability of Borrower to Lender in respect of that Letter of Credit. Lender will credit Borrower with interest on these proceeds at the prevailing rate for comparative term deposits maturing on the date that any such Letter of Credit is returned for cancellation by the beneficiary or has expired (as applicable).
- (n) If revolvment of loans is permitted in this Agreement, principal advances and repayments on Prime-based loans are to be in the minimum sum of Cdn. \$1.00 or multiples of it.

12) MISCELLANEOUS

- (a) Borrower acknowledges that the terms of this Agreement are confidential, and Borrower agrees not to disclose the terms hereof or provide a copy hereof to any Person (other than to officers, directors, employees, legal and other advisors of the Borrower on a need to know basis) without the prior written consent of Lender, unless and to the extent required by Applicable Law.
- (b) All reasonable legal and other costs and expenses incurred by Lender in respect of the Facilities, the Security Documents and other related matters will be paid or reimbursed by Borrower on demand by Lender, whether or not any Borrowings are made.
- (c) All Security Documents will be prepared by or under the supervision of Lender's solicitors, unless Lender otherwise permits. Acceptance of this offer will authorize Lender to instruct Lender's solicitors to prepare all necessary Security Documents and proceed with related matters.
- (d) Lender, without restriction, may waive in writing the satisfaction, observance or performance of any of the provisions of this Agreement. The obligations of a Guarantor (if any) will not be diminished, discharged or otherwise affected by or as a result of any such waiver, except to the extent that such waiver relates to an obligation of such Guarantor. Any waiver by Lender of the strict performance of any provision hereof will not be deemed to be a waiver

of any subsequent default, and any partial exercise of any right or remedy by Lender shall not be deemed to affect any other right or remedy to which Lender may be entitled. No delay on the part of Lender in exercising any right or privilege will operate as a waiver of that right or privilege, and no delay or waiver of any failure or default will operate as a waiver of any subsequent failure or default unless made in writing and signed by an authorized officer of Lender.

- (e) Borrower shall reimburse Lender for any additional cost or reduction in income or capital arising as a result of:
- i) the imposition of, or increase in, taxes on payments due to Lender under this Agreement (other than taxes on the overall net income of Lender);
 - ii) the imposition of, or increase in, any reserve or other similar requirement; or
 - iii) the imposition of, or change in, any other condition affecting the Facilities imposed by any Applicable Law or the interpretation thereof;

all provided Lender is or will be generally claiming similar compensation from its other borrowers in similar circumstances and no more than 180 days have passed since the date of such imposition, increase or change.

- (f) Words importing the singular will include the plural and vice versa, and words importing gender will include the masculine, feminine and neuter, in each case all as the context and the nature of the parties requires.
- (g) Where more than one Person is liable as Borrower (or as a Guarantor) for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several with each other such Person.
- (h) If any portion of this Agreement is held invalid or unenforceable in any jurisdiction, the remainder of this Agreement will not be affected and will be valid and enforceable to the fullest extent permitted by law and any such invalidity or unenforceability will not invalidate or render unenforceable that provision in any other jurisdiction. To the extent that any provision of any of the Security Documents conflict or are inconsistent with any of the provisions of this Agreement, this Agreement shall govern and prevail to resolve any such conflict or inconsistency in any and all circumstances, such that the provisions of this Agreement shall be paramount to and supersede the conflicting or inconsistent provision of the Security Documents.
- (i) Where the interest rate of a credit is based on Prime, the applicable rate on any day will depend on the Prime rate in effect on that day, as applicable. If, on any day, the Prime rate in effect is less than the Floor, the Prime rate for such day shall be deemed to be the Floor. The statement by Lender as to Prime and as to the rate of interest applicable to a credit on any day will be binding and conclusive for all purposes.
- (j) The Borrower shall pay interest on each CORRA Loan and Term SOFR Loan in accordance with Schedule "B" and Schedule "C" hereto, respectively.
- (k) All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable under this Agreement bears interest after as well as before maturity, default and judgment with interest on overdue interest at the applicable rate payable hereunder. To the extent permitted by law, Borrower waives the provisions of the *Judgment Interest Act* (Alberta). Borrower confirms that it fully

understands and is able to calculate the rate of interest applicable to all Borrowings based on the methodology for calculating per annum rates provided for in this Agreement. Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Agreement or any Security Document, that the interest payable under this Agreement or any Security Document and the calculation thereof has not been adequately disclosed to Borrower as required pursuant to Section 4 of the *Interest Act* (Canada).

- (l) All notices and other communications (each referred to as the "**Notice**") permitted or required to be given to any of the parties hereto will be in writing and may be delivered personally, by registered prepaid mail (except during an actual or threatened postal disruption) or sent by facsimile or e-mail transmission to the addresses, e-mail address or facsimile numbers indicated on the cover letter of this Agreement or to such other address or facsimile number as will be designated by such party by notice in writing to the other parties.

The Notice will be deemed to have been delivered:

- i) in the case of personal delivery, when the Notice is delivered to the party receiving the Notice during business hours on a Business Day;
 - ii) in the case of registered mail, on the second Business Day after the Notice was deposited in the mail; and
 - iii) in the case of facsimile or electronic transmission, on the day the Notice was sent provided such notice is sent before 4:00 p.m. on a Business Day.
- (m) Unless otherwise specified, references in this Agreement to "\$" and "dollars" mean Canadian dollars.
- (n) If for the purpose of obtaining judgment in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgment Currency**") any amount due under this Agreement in any currency other than the Judgment Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, rate of exchange means the rate at which Lender would, on the relevant date, be prepared to sell a similar amount of such currency against the Judgment Currency, in accordance with normal banking procedures. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgment is given and the date of payment of the amount due, Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such day is the amount in the Judgment Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency. Any additional amount due from Borrower under this paragraph will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due in connection with this Agreement.
- (o) No Loan Party will assign any of its respective rights or obligations under this Agreement without the prior written consent of Lender. Lender will have the right to assign, sell or participate its rights and obligations in the Facilities to one or more Persons ("**Participants**") without the consent of any Loan Party. For this purpose, Lender may disclose, on a confidential basis, to a potential Participant any information concerning the Loan Parties as Lender considers appropriate. Each Loan Party will execute any documentation and take any actions as Lender may reasonably request in connection with any assignment or participation. The provisions of this Agreement will be binding upon and enure to the benefit of each Loan Party and Lender and their respective successors and permitted assigns.

- (p) In addition to any other indemnity provided for in this Agreement, each Loan Party agrees to indemnify Lender and any receiver, receiver manager or similar Person appointed under Applicable Law, and their respective affiliates, officers, directors, employees and agents, and "**Indemnified Party**" means any one of the foregoing, on demand against any loss, expense or liability which such Indemnified Party may sustain or incur as a consequence of the action or inaction of any Loan Party whatsoever, including, without limitation:
- i) any default in payment of the principal amount of any Borrowing or any part thereof or interest accrued thereon, as and when due and payable;
 - ii) any failure to fulfill on or before any drawdown date the conditions precedent to any Borrowing as provided for in this Agreement, if as a result of that failure that Borrowing is not made on that date, including but not limited to any loss or expense sustained or incurred in liquidating or redeploying deposits or other funds contracted for or acquired or used to effect or maintain any part of that Borrowing;
 - iii) the occurrence of any applicable default under this Agreement;
 - iv) any misrepresentation made by a Loan Party in this Agreement or in any instrument in writing delivered to Lender in connection with this Agreement;
 - v) any failure to comply with any Applicable Laws, including, without limitation, any Environmental Law; or
 - vi) any default in the payment or performance of any covenant to pay or remit present or future taxes, or to make and remit withholdings or deductions with respect to any taxes or Priority Payables,

This indemnity will: (i) survive the repayment or cancellation of any of the Facilities or any termination of this Agreement; and (ii) not apply to any Indemnified Party to the extent directly caused by the gross negligence or wilful misconduct on the part of such Indemnified Party.

- (q) A Loan Party's obligations under this Section 12 continue even after all Facilities have been repaid and this Agreement has terminated.
- (r) Each accounting term used in this Agreement, unless otherwise defined in this Agreement, has the meaning assigned to it under GAAP consistently applied throughout the relevant period and relevant prior periods. If there occurs a change in GAAP (an "**Accounting Change**"), and such change would result in a material change in the calculation of any financial covenant, standard or term used in this Agreement, then at the request of Borrower or Lender, Borrower and Lender shall enter into negotiations to amend such provisions so as to reflect such Accounting Change with the result that the criteria for evaluating the financial condition of Borrower or any other party, as applicable, shall be the same after such Accounting Change, as if such Accounting Change had not occurred. If, however, within 30 days of the foregoing request by Borrower or Lender, Borrower and Lender have not reached agreement on such amendment, the method of calculation shall not be revised and all amounts to be determined shall be determined without giving effect to the Accounting Change. For the purposes of this Agreement, including for the purposes of any calculation of financial covenants, any lease which would be accounted for as an Operating Lease under GAAP as in effect on December 31, 2018 ("**Change Date**"), shall be, notwithstanding any subsequent change in GAAP, deemed to continue to be accounted for in the same manner as an Operating Lease was accounted for as at the date hereof, notwithstanding and regardless of the implementation under GAAP of IFRS 16 (regardless of whether such lease is entered

into or assumed before or after the Change Date), and, for certainty, any obligations incurred thereunder shall not constitute Financial Leases.

- (s) A Loan Party's information, corporate or personal, may be subject to disclosure without its consent pursuant to provincial, federal, national or international laws as they apply to the product or service Borrower has with Lender or any third party acting on behalf of or contracting with Lender. The Loan Parties acknowledge that, pursuant to AML Laws, government sanction and "know your client" laws, Lender may be required to obtain, verify and record information regarding the Loan Parties, their respective Subsidiaries, directors, authorized signing officers, direct or indirect shareholders or other Persons, in control of any Loan Party and the transactions contemplated thereby. The Loan Parties shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by Lender, or any prospective assignee or participant hereunder, in order to comply with applicable AML Laws, government sanction and "know your client" laws, whether now or hereafter in existence.
- (t) This Agreement will not merge upon the execution and delivery of any other Loan Documents, but will remain in full force and effect thereafter.
- (u) This Agreement supersedes and replaces all prior discussions, letters and agreements (if any) describing the terms and conditions of any Facility established by Lender in favour of Borrower.
- (v) Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed:
 - i) to its affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential);
 - ii) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including the Office of the Superintendent of Financial Institutions or similar body and any self-regulatory authority, such as the National Association of Insurance Commissioners);
 - iii) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process;
 - iv) to any other party hereto;
 - v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder;
 - vi) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights and obligations under this agreement, or (ii) any actual or prospective party (or its Related Parties) to any Swap, derivative or other transaction under which payments are to be made by reference to Borrower and its obligations, this Agreement or payments hereunder;
 - vii) to any financial institution, credit reporting agency, rating agency or credit bureau in connection with rating Borrower or its Subsidiaries or the Facilities;

- viii) with the consent of Borrower; or
- ix) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to Lender or any of their respective affiliates on a non-confidential basis from a source other than Borrower.

For purposes of this Section, "**Information**" means all information received from Borrower or any of its Subsidiaries relating to Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to Lender on a non-confidential basis prior to disclosure by Borrower or any of its Subsidiaries. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

- (w) Each Loan Party will from time to time promptly upon request by Lender do and execute all acts and documents as may be reasonably required by Lender to give effect to the Facilities and the Loan Documents, and to any assignment or participation made by Lender pursuant to this Agreement.
- (x) If, after the date hereof, the introduction of or any change in any Applicable Law or in its interpretation or application of any Applicable Law by any court or by any Governmental Authority charged with the administration of any Applicable Law, makes it unlawful or prohibited for Lender to make, to fund or to maintain its commitment or any portion thereof or to perform any of its obligations under this Agreement (any such unlawful or prohibited funding, maintenance or performance being an "**Unlawful Obligation**"), then Lender may, by thirty days written notice to Borrower (unless the provision of the Applicable Law requires earlier prepayment in which case the notice period will be that shorter period as required to comply with the Applicable Law), terminate those of its obligations under this Agreement that constitute Unlawful Obligations, and, in that event, Borrower will prepay Borrowings owing to Lender forthwith (or at the end of that period as Lender in its discretion agrees), without notice or penalty, together with all accrued but unpaid interest and fees as may be applicable to the date of payment, or Lender may, by written notice to Borrower, convert those Borrowings forthwith into another basis of Borrowing available under this Agreement if such other basis of Borrowing would not be an Unlawful Obligation.
- (y) Time shall be of the essence in all provisions of this Agreement.
- (z) This Agreement may be executed by one or more of the parties on any number of separate counterparts (whether in original ink, by facsimile or in another electronic format), and all those counterparts taken together will be deemed to constitute one and the same instrument. The delivery of a facsimile or other electronic copy of an executed counterparty to this Agreement shall be deemed to be valid execution and delivery of this Agreement, but the party delivering such facsimile or other electronic copy shall make reasonable efforts to deliver an original copy of this Agreement as soon as possible after delivery of such facsimile or other electronic copy.
- (aa) This Agreement shall be governed by the laws of Alberta. Each of the Loan Parties and Lender irrevocably and unconditionally agree that any suit, action or other legal proceeding (collectively, a "**Suit**") instituted by Lender and arising out of this Agreement shall be brought and adjudicated only in Alberta, and each Loan Party waives and agrees not to assert by way of motion, as a defence or otherwise at any such Suit, any claim that such Loan Party is not subject to the jurisdiction of the above courts, that such Suit is brought in an inconvenient forum or that the venue of such Suit is improper.

- (bb) The interest rate on a Borrowing may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. Upon the occurrence of a Benchmark Transition Event in respect of any Benchmark, Schedule F provides a mechanism for determining an alternative rate of interest. Lender does not warrant or accept any responsibility for, and shall not have any liability with respect to (a) the continuation of, the administration of, submission of, calculation of, performance of or any other matter related to any interest rate used in this Agreement (including Prime, Daily Simple SOFR, Adjusted Daily Simple SOFR, SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, CORRA, Term CORRA Reference Rate, Adjusted Term CORRA, Adjusted Daily Compounded CORRA or Daily Compounded CORRA) or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative or successor rate thereto, or replacement rate thereof (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, Prime, Daily Simple SOFR, Adjusted Daily Simple SOFR, SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, CORRA, Term CORRA Reference Rate, Adjusted Term CORRA, Adjusted Daily Compounded CORRA or Daily Compounded CORRA or any other Benchmark (or any component thereof) prior to its discontinuance or unavailability or (b) the effect, implementation or composition of any Conforming Changes. Lender and its affiliates and/or other related entities may engage in transactions that affect the calculation of any interest rate (or component thereof) used in this Agreement or any alternative, successor or replacement rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. Lender may select information sources or services in its discretion, acting reasonably, to ascertain any interest rate used in this Agreement, any component thereof, or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower or any other Person for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

13) SCHEDULES

The following Schedules form part of this Agreement and are incorporated in this Agreement by reference:

Schedule "A" – Form of Compliance Certificate
Schedule "B" – Provisions Relating to CORRA Loans
Schedule "C" – Provisions Relating to Term SOFR Loans
Schedule "D" – Form of Environmental Certificate
Schedule "E" – Form of Oil and Gas Ownership Certificate
Schedule "F" – Benchmark Replacement

14) DEFINITIONS

In this Agreement, including the Schedules and in all notices given pursuant to this Agreement, capitalized words and phrases shall have the meanings given to them in this Agreement in their proper context, and words and phrases not otherwise defined in this Agreement but defined below shall have the meanings given to them as set forth below.

"2022 Subordinated Debt" means Indebtedness incurred by the Loan Parties in an aggregate amount not to exceed \$25,000,000.00 which:

- (a) is postponed and subordinated in right of payment and collection to the permanent repayment in full of the Borrowings pursuant to a subordination and postponement agreement in form and substance satisfactory to Lender;
- (b) is not subject to any scheduled or other mandatory repayments, redemptions, repurchases or other retirements of principal, except at maturity;
- (c) has a maturity date no earlier than three years after the date that the agreement governing such Indebtedness is entered into; and
- (d) is otherwise issued or borrowed on terms that are satisfactory to the Lender.

"2022 Subordinated Loan Agreement" means the promissory note granted by the Parent Guarantor to Stuart Grey in respect of the 2022 Subordinated Debt, as the same may be amended, restated, renewed, extended or supplemented from time to time.

"Abandonment/Reclamation Order" means any abandonment, reclamation and/or non-compliance order, directive or demand to post security deposits issued by an Energy Regulator which relates to any Borrowing Base Assets, including ARO associated therewith.

"Abandonment and Reclamation Report" means a report pertaining to the ARO of the Loan Parties in respect of upstream oil and gas wells, facilities, and pipelines, segmented and in sufficient detail as requested by the Lender, acting reasonably which shall include: (a) the total number of such wells, categorized between active (producing) and inactive (non-producing) wells, and in each case, segregated between (i) operated and non-operated wells and (ii) gross and net wells; (b) ARO related to all such wells (expressed using uninflated and undiscounted values in nominal dollars), segregated between (i) active and inactive wells, (ii) operated and non-operated wells and (iii) gross and net wells; (c) ARO (expressed using uninflated and undiscounted values in nominal dollars) of the Loan Parties for active facilities and pipelines, inactive facilities and pipelines and sites requiring reclamation only; and (d) a list of third party operators for non-operated wells, facilities and pipelines of the Loan Parties (including gross number of wells, facilities and pipelines operated by each of them).

"Adjusted Daily Compounded CORRA" means, for purposes of any calculation, the rate per annum equal to (a) Daily Compounded CORRA for such calculation plus (b) the Daily Compounded CORRA Adjustment; provided that if Adjusted Daily Compounded CORRA as so determined for any day shall be less than the Floor, then Adjusted Daily Compounded CORRA shall be deemed to be the Floor for such day.

"Adjusted Term CORRA" means, for purposes of any calculation, the rate *per annum* equal to (a) Term CORRA for such calculation plus (b) the Term CORRA Adjustment; provided that if Adjusted Term CORRA as so determined for any day shall be less than the Floor, then Adjusted Term CORRA shall be deemed to be the Floor for such day.

"Adjusted Term SOFR" means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided that, if the Adjusted Term SOFR as so determined shall ever be less than the Floor, then the Adjusted Term SOFR shall be deemed to be the Floor.

"Agreement" means this agreement, including any attached schedules, as the same may be amended, restated, renewed, extended or supplemented from time to time.

"AML Laws" means all laws, rules and regulations relating to money laundering or terrorist financing, including, without limitation, the *Proceeds of Crime (Money Laundering) and Terrorist*

Financing Act (Canada), Part II.1 of the Criminal Code (Canada), the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism (Canada) and the United Nations Al-Qaida and Taliban Regulations (Canada).

"Anti-Corruption Laws" means all laws, rules and regulations relating to bribery or corruption, including, without limitation, the *Corruption of Foreign Public Officials Act (Canada)*.

"Applicable Law" means, in relation to any Person, transaction or event, the applicable common law and all applicable provisions of federal, provincial, state or local laws, statutes, rules, regulations, official directives and orders of any level of government or Governmental Authority in effect from time to time and all judgments, orders, awards, decrees, official directives, policies or policy statements, writs and injunctions from time to time in effect of any Governmental Authority in an action, proceeding or matter in which the Person is a party or by which it or its property is bound or having application to the transaction or event.

"ARO" means at any time the present and future, direct or indirect, absolute or contingent obligations of any Loan Party to abandon, restore, reclaim or otherwise remediate the wells, facilities, pipelines, storage sites and other property on, or in respect of, which such Loan Party carries on business.

"ARO Budget" means, at any time, the decommissioning budget setting out in reasonable detail the amount of ARO of the Loan Parties.

"ARO Schedule" means, at any time, the decommissioning schedule setting out in reasonable detail the wells, facilities, pipelines, storage sites and other property of the Loan Parties that have associated ARO, which shall include a well and facilities list that is used by the Loan Parties in determining ARO to be included on the Borrower's consolidated balance sheet;

"ASPE" means Accounting Standards for Private Enterprise together with their accompanying documents which are set by the International Accounting Standards Board, the independent standard-setting body of the International Accounting Standards Committee Foundation (the **"IASC Foundation"**), and the International Financial Reporting Interpretations Committee, the interpretative body of the IASC Foundation but only to the extent the same are adopted by the Chartered Professional Accountants of Canada (**"CPA Canada"**) as generally accepted accounting principles in Canada and then subject to such modifications thereto as are agreed by CPA Canada.

"Available Tenor" means, as of any date of determination and with respect to a then-current Benchmark, as applicable, (a) if such Benchmark is based upon a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an Interest Period or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or any component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Schedule F.

"Benchmark" means, initially, (a) in respect of any Term SOFR Loan, the Term SOFR Reference Rate, (b) in respect of any Term CORRA Loan, the Term CORRA Reference Rate and (c) in respect of any Daily Compounded CORRA Loan, CORRA; provided in each case that if a Benchmark Transition Event has occurred with respect to any then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Schedule F.

"Benchmark Fallback Loans" means (a) in respect of any Term SOFR Loans, a loan bearing interest based on the U.S. prime rate determined by Lender, (b) in respect of any Term CORRA

Loans, Daily Compounded CORRA Loans and (c) in respect of any Daily Compounded CORRA Loans, Prime-based loans in Canadian dollars.

"Benchmark Loan" means any Borrowing that bears interest with reference to any Benchmark (or any Benchmark Replacement thereof).

"Borrowing Base" means the amount, determined and redetermined, as applicable, by Lender from time to time pursuant to Section 1(a)(i) hereunder in the exercise of their sole discretion in accordance with their usual and customary practices for loans of a similar nature to Facility #1, and which represents Lender's estimate of the net present value of revenues (adjusted to take into account coverage ratios customarily applied by Lender) expected to be derived in the future from the Borrowing Base Assets to which the Lender attributes value, after deducting therefrom such capital expenditures, operating and other expenses and charges, royalties, burdens or encumbrances on or in respect of any of the Borrowing Base Assets or deductible in arriving at revenues obtained therefrom, and such abandonment and reclamation costs in respect thereof, as the Lender determines. In making any determination or redetermination of the Borrowing Base from time to time, the Lender will utilize its reasonable estimate of economic factors, quantity and recoverability of reserves, demand for and deliverability of Petroleum Substances, pricing forecasts, burdens, foreign exchange rates, hedges, escalation or de-escalation of commodity prices and expenses over the economic life of the relevant reserves and other assumptions and factors as the Lender considers affect such determination or redetermination.

"Borrowing Base Assets" means all and only:

- (a) the P&NG Rights of each Loan Party to which any proved reserves are attributed in the engineering report (or the data, information and reports provided pursuant to Section 7 hereof) most recently provided to Lender; and
- (b) the Tangibles and Miscellaneous Interests of each Loan Party which are directly or indirectly attributed any value in the engineering report (or the data, information and reports provided pursuant to Section 7 hereof) most recently provided to Lender and, unless otherwise agreed by Lender, located and primarily used in connection with any reserves described in paragraph (a) of this definition,

in each case, which the Lender has included in the determination of the Borrowing Base.

"Borrowing Base Shortfall" means the circumstance under which at any time the Borrowing Base is less than the aggregate outstanding Borrowings under Facility #1.

"Borrowings" means all amounts outstanding under the Facilities, or if the context so requires, all amounts outstanding under one or more of the Facilities or under one or more borrowing options of one or more of the Facilities.

"Business Day" means a day, excluding Saturday and Sunday, on which banking institutions are open for business in the province of Alberta and when used in connection with CORRA Loans, means a day during which Canadian-chartered banks and recognized stock exchanges are open in Toronto, Ontario or Montreal, Quebec, and when used in connection with a Term SOFR Loan, or any other calculation or determination involving SOFR, means any day that is a U.S. Government Securities Business Day.

"Cash Flow" means, in respect of the Parent Guarantor for any period, the net income of the Parent Guarantor determined on a consolidated basis in accordance with GAAP; provided that (but without duplication) there shall be (i) added thereto deferred taxes, amortization, depreciation, depletion and

other non-cash charges expensed during the period, and (ii) subtracted therefrom dividends declared during the period and reductions in shareholder loans during the period.

"Change of Control" means the occurrence of any of the following events without the written consent of Lender:

- (a) after the date hereof, any Person or Persons acting jointly or in concert (within the meaning of the *Securities Act* (Alberta)), shall beneficially, directly or indirectly, hold or exercise control or direction over and/or have the right to hold or exercise control or direction over (whether such right is exercisable immediately or only after the passage of time) more than 20% of the issued and outstanding voting shares of the Parent Guarantor;
- (b) other than in the case of an Excluded Replacement, individuals who at the beginning of such period constitute the board of directors of the Parent Guarantor cease, for any reason, to constitute at least a majority of the board of directors of the Parent Guarantor unless the election or nomination for election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period (the **"Incumbent Directors"**) and in particular, any new director who assumes office in connection with or as a result of any actual or threatened proxy or other election contest of the board of directors of such Loan Party shall never be considered an Incumbent Director;
- (c) a change in the composition of management of a Loan Party which in the opinion of Lender would constitute a Material Adverse Change; or
- (d) the Parent Guarantor ceases to own, control and direct (directly or indirectly) 100% of the shares of other Loan Parties.

"Commodity Swap" means an agreement entered into between a Person and a counterparty on a case by case basis, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in commodity prices, whether physically or financially settled.

"Conforming Changes" means, with respect to either the use or administration of any Benchmark or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definitions of "Prime", "Business Day", "U.S. Government Securities Business Day", "Interest Period", "Interest Payment Date" or any similar or analogous definition in respect of the foregoing, the timing and frequency of determining rates and making payments of interest, the timing of notices of drawdown, conversion or rollover, the applicability and length of lookback periods, the applicability of breakage provisions and other technical, administrative or operational matters) that the Lender decides, acting reasonably, may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Lender in a manner substantially consistent with market practice (or, if the Lender decides that adoption of any portion of such market practice is not administratively feasible or if the Lender determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Lender decides, acting reasonably, is necessary in connection with the administration of this Agreement and the other Loan Documents).

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

"CORRA Loans" means, collectively, Term CORRA Loans and Daily Compounded CORRA Loans.

"Cryptocurrency Assets" means any cryptocurrency, mining, datacentres and all related assets and facilities.

"Currency Swap" means a contract entered into between a Person and a counterparty on a case by case basis in connection with forward rate, currency swap or currency exchange and other similar currency related transactions, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in exchange rates.

"Current Assets" means, as at the day of calculation, the amount of current assets of the Parent Guarantor as determined in accordance with GAAP on a consolidated basis, but in any event excluding any amounts arising as a result of the mark-to-market position of a Loan Party due to Swap contracts.

"Current Liabilities" means, as at the day of calculation, the amount of current liabilities of Parent Guarantor as determined in accordance with GAAP on a consolidated basis, but in any event excluding any amounts arising as a result of the mark-to-market position of Borrower due to Swap contracts.

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

"Daily Compounded CORRA Adjustment" means 0.29547% (29.547 basis points) *per annum* for an Interest Period of one-month's duration, and 0.32138% (32.138 basis points) *per annum* for an Interest Period of three-months' duration.

"Daily Compounded CORRA Loan" means a Borrowing that bears interest at a rate based on Adjusted Daily Compounded CORRA.

"Effective Date" means the date that all conditions precedent to the effectiveness of this Agreement are satisfied or waived.

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

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

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, security interests, notices of non-compliance or violation, investigations, inspections, inquiries or proceedings relating in any way to any Environmental Laws or to any permit issued under any such Environmental Laws including:

- (a) any claim by a Governmental Authority for enforcement, clean-up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws, and
- (b) any claim by a Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from or relating to Hazardous Materials, including any Release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the Environment.

"Environmental Laws" means any Applicable Laws relating, in whole or in part, to the protection or enhancement of the Environment, including with respect to occupational safety, product liability, public health, public safety and transportation or handling of dangerous goods.

"Equity" means, as at the day of calculation determined in accordance with GAAP on a consolidated basis, an amount equal to the amount of shareholders' equity of the Parent Guarantor, including share capital, retained earnings and postponed advances from affiliates/shareholders (if postponed on terms and in a manner acceptable to Lender) but excluding:

- (a) the redemption amount of any preferred shares of a Loan Party which are redeemable at the option of the holder (to the extent they constitute Indebtedness);
- (b) the amount of any convertible debentures issued (to the extent they constitute Indebtedness);
- (c) advances to affiliates/shareholders;
- (d) goodwill; and
- (e) intangible assets.

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

"Excluded Replacement" means, with respect to the Parent Guarantor, the replacement of those of its directors who have died, have been found to be of unsound mind by a court of competent jurisdiction, have become bankrupt or have otherwise ceased to be qualified to act as a director under Applicable Law.

"Financial Lease" means any lease of property, real or personal, or any similar arrangement which would, in accordance with GAAP, be required to be classified and accounted for as a capital lease on a balance sheet of a lessee, where the lessee is a Loan Party or a Subsidiary of a Loan Party. Notwithstanding the foregoing, pursuant to the IFRS 16, any lease that would have qualified and been treated as an Operating Lease prior to IFRS 16, notwithstanding the change in treatment of Financial Leases in accordance with GAAP, will continue to be treated as an Operating Lease.

"Financial Market Disruption" means the (i) occurrence, coming into effect or announcement of any event of provincial, national or international consequence, or of any law, regulation, enquiry, proceeding, or political or economic condition, which, in the opinion of Lender, acting reasonably, may or may reasonably be expected to materially and adversely affect the Alberta, Canadian, United States or global financial markets generally, or operates to prevent or restrict the trading in, or materially and adversely affects the pricing of, Government of Canada bonds (or such other instrument which Lender uses as a reference for determining the interest rates hereunder); (ii) determination by Lender, acting in a commercially reasonable manner in the circumstances, that the cost of funds associated with a Facility is in excess of a level that is commercially acceptable to Lender in the circumstances; or (iii) with respect to the then current Benchmark, a public statement

or publication of information by or on behalf of the administrator of such Benchmark or any component thereof (or by any regulatory supervisor or other governmental authority with jurisdiction over such Benchmark or any component thereof), which states that the administrator of such Benchmark has ceased or will cease to provide all or any tenors of such Benchmark (or any component thereof), or that all or any tenor of such Benchmark (or any component thereof) are no longer, or will no longer be, representative or in compliance with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks.

"Floor" means 0.00% per annum.

"Forecasted Permitted Payment Amount" means, in respect of any Forecasted Permitted Payment Period, the aggregate amount of forecasted Permitted Payments expected to be made, as described in the Forecasted Permitted Payment Certificate applicable to such Forecasted Permitted Payment Period.

"Forecasted Permitted Payment Certificate" means an officer's certificate of the Borrower delivered concurrently with the delivery of a compliance certificate and certifying:

- (a) the forecasted amount of Permitted Payments that the Borrower expects the Loan Parties to make during the applicable Forecasted Permitted Payment Period; and
- (b) the matters set forth in clauses (b) and (c) of the definition of "Permitted Payments", on a forecasted basis after giving effect to the forecasted Permitted Prepayments set forth in clause (a) above.

"Forecasted Permitted Payment Period" means the period commencing on the date that a Forecasted Permitted Payment Certificate is delivered and ending on the next latest date that the Borrower is required to deliver a Compliance Certificate pursuant to Section 7(a)(ii) or 7(b)(ii).

"Generally Accepted Accounting Principles" or **"GAAP"** means generally accepted accounting principles which are in effect from time to time in Canada, including, for certainty, International Financial Reporting Standards (IFRS), Accounting Standards for Private Enterprises (ASPE), Accounting Standards for Not-for-Profit Organisations and Accounting Standards for Pension Plans, as applicable, (each only to the extent adopted by the CPA Canada or any successor thereto as generally accepted accounting principles in Canada and then subject to such modifications thereto as are agreed by CPA Canada).

"Governmental Authority" means:

- (a) any government, parliament or legislature, any regulatory or administrative authority, agency, commission or board and any other statute, rule or regulation making entity having jurisdiction in the relevant circumstances, including, for certainty, any Energy Regulator;
- (b) any Person acting under the authority of any of the foregoing or under a statute, rule or regulation thereof; and
- (c) any judicial, administrative or arbitral court, authority, tribunal or commission having jurisdiction in the relevant circumstances.

"Governmental Authorization" means, in respect of any transaction, Person or event, any authorization, exemption, license, permit, franchise or approval from, or any filing or registration with, any Governmental Authority applicable to such transaction, Person or event or to any of such Person's business, undertaking or property, including those required under any Environmental Law, and **"Governmental Authorizations"** means any and all of the foregoing.

"Guarantor" means any party that has provided a guarantee in favour of Lender with respect to the Borrowings under this Agreement.

"Hazardous Materials" means any and all hazardous substances, toxic waste, contaminants, pollutants or related materials, any products of waste, or any other contaminants, pollutants, substances or products declared to be waste, hazardous or toxic under Environmental Laws.

"IFRS 16" means the standards for accounting for leases effective January 1, 2019.

"Indebtedness" means all present and future obligations and indebtedness of a Person, whether direct or indirect, absolute or contingent, including all indebtedness for borrowed money, all obligations which are due and payable in respect of Swap or hedging arrangements and all other liabilities which in accordance with GAAP would appear on the liability side of a balance sheet (other than items of capital, retained earnings and surplus or deferred tax reserves).

"Interest Payment Date" means (a) with respect to each Prime-based loan, the last Business Day of each calendar month, and (b) with respect to each Term SOFR Loan and CORRA Loan, the last day of each applicable Interest Period; any earlier date on which a Facility is fully cancelled or permanently reduced in full shall be an Interest Payment Date with respect to all Borrowings outstanding under such facility.

"Interest Period" means:

- (a) in respect of each Term SOFR Loan, a period of one, three or six months or such shorter period as may be agreed to by Lender (in each case, subject to the market availability thereof), with respect to such Term SOFR Loan;
- (b) in respect of each CORRA Loan, a period of one or three months or such shorter period as may be agreed to by Lender (in each case, subject to the market availability thereof), with respect to such CORRA Loan,

provided that (i) the Interest Period shall commence on the date of a drawdown, rollover or conversion to a Benchmark Loan and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the next preceding Interest Period expires; (ii) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided, that if any Interest Period with respect to a Benchmark Loan would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day; (iii) any Interest Period with respect to a Benchmark Loan that begins on the last Business Day of a calendar month (or on a day for which there is not numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month at the end of such Interest Period; (iv) no Interest Period shall extend beyond the Maturity Date; and (v) no tenor that has been removed from this definition pursuant to Schedule F shall be available for specification in such request for borrowing.

"Interest Swap" means a contract entered into between a Person and a counterparty, on a case by case basis, in connection with interest rate swap transactions, interest rate options, cap transactions, floor transactions, collar transactions and other similar interest rate related transactions, the purpose and effect of which is to mitigate or eliminate such Person's exposure to fluctuations in interest rates.

"Lender" means ATB Financial.

"Letter of Credit" means a standby or documentary letter of credit or letter of guarantee issued by Lender on behalf of Borrower.

"LLR" means:

- (a) with respect to those assets located in the Province of British Columbia, the liability management rating of a licensee calculated in accordance with the rules and regulations of the British Columbia Oil & Gas Commission, the same may be amended, supplemented or replaced from time to time; and
- (b) with respect to those assets located in the Province of Alberta, the liability management rating of a licensee calculated in accordance with Directive 006: Licensee Liability Rating (LLR) Program and Licence Transfer Process dated February 17, 2016 issued by the Alberta Energy Regulator, as the same may be amended, supplemented or replaced from time to time; and
- (c) with respect to those assets located in the Province of Saskatchewan, means the licensee liability rating of a licensee calculated in accordance with section 117 of the Oil and Gas Conservation Regulations, 2012 (Saskatchewan) and the Saskatchewan Licensee Liability Rating (LLR) Program Guideline PNG025 dated November 2015 issued by the Saskatchewan Ministry of Economy, as the same may be amended, supplemented or replaced from time to time; and
- (d) with respect to those assets located in any jurisdiction other than the Provinces of British Columbia, Alberta or Saskatchewan, as the case may be, the licensee liability rating (or applicable jurisdictional equivalent) of a licensee in such jurisdiction in compliance with all Environmental Laws.

"Loan Documents" means this Agreement, the Security Documents and each instrument, agreement, certificate, application, request, indemnity and other document of any nature or kind now or hereafter executed in connection with this Agreement or any Security Documents, all as amended, supplemented, restated or replaced from time to time.

"Loan Parties" means Borrower and all Guarantors, other than any Guarantors that are natural persons, and **"Loan Party"** means any of them.

"Long Term Debt" means, for a day and as determined in accordance with GAAP on a consolidated basis, all indebtedness, obligations and liabilities of the Parent Guarantor which would be classified as long term debt upon a balance sheet of the Parent Guarantor, plus (to the extent not included in Equity),

- (a) the redemption amount of any preferred shares of a Loan Party which are redeemable at the option of the holder; and
- (b) the amount of any convertible debentures issued.

"Material Adverse Change" means any change, event, violation, circumstance or effect which, when considered individually or when aggregated with other changes, events, violations, circumstances or effects, is or would reasonably be expected to have a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on the condition (financial, environmental or otherwise), property, assets, operations or business of the Loan Parties taken as a whole, or a material adverse effect on the ability of Borrower to repay the Facilities or on the ability of any Loan Party to perform its obligations under any Loan Document to which it is a party.

"Material Contract" means any agreement or contract entered into by any Loan Party, the loss or termination of which (without replacement), or under which the acceleration of any payment obligation, in each case by or of such Loan Party, would have a Material Adverse Effect.

"Miscellaneous Interests" means, in respect of any P&NG Rights or Tangibles, all interests, property and rights at such time held by the Loan Parties, whether contingent or absolute, legal or beneficial, present or future which affect or are related to or are associated with such P&NG Rights or Tangibles, including the following property, rights, and assets:

- (a) all present and future contracts, agreements and documents (including Title and Operating Documents and insurance contracts) relating to any of such P&NG Rights or Tangibles or any rights in relation thereto;
- (b) all present and future surface rights which are used or useful in connection with any of such P&NG Rights or Tangibles;
- (c) all present and future permits, licenses, authorizations and deposits relating to any of such P&NG Rights or Tangibles, including in respect of facilities, wells and pipelines, or the export, removal, transportation, purchase or sale of Petroleum Substances;
- (d) all Petroleum Substances in the course of production from any of such P&NG Rights;
- (e) books, maps, records, documents, seismic, geological, engineering, data processing, well, plant and other reports, data, information, computer programs or other records which relate to or are used or useful in connection with any of such P&NG Rights or Tangibles; and
- (f) all extensions, renewals, amendments or replacements of or to any of the foregoing items described in paragraphs (a) through (e) of this definition.

"Net Debt" means in respect of the Parent Guarantor, as of the end of any fiscal quarter and as determined in accordance with GAAP on a consolidated basis and without duplication, an amount equal to the amount of Total Debt less Current Assets.

"Operating Lease" means any lease or similar arrangement which in accordance with GAAP, is not required to be classified and accounted for as a Financial Lease, where the lessee is the Borrower or a Subsidiary of the Borrower. Notwithstanding the foregoing, pursuant to IFRS 16, any lease that would have qualified and been treated as an Operating Lease prior to IFRS 16, notwithstanding the change in treatment of Financial Leases in accordance with GAAP, will continue to be treated as an Operating Lease.

"Parent Guarantor" means Petrus Resources Ltd., a corporation formed under the laws of the Province of Alberta, and its successors.

"P&NG Rights" means the entire right, title, estate and interest of the Loan Parties (whether legal or beneficial, contingent or absolute, present or future, vested or not and whether or not an interest in land) in and to all:

- (a) rights to explore for, drill for, produce, save, take or market Petroleum Substances;
- (b) rights to a share, when produced, of Petroleum Substances;
- (c) rights to a share of proceeds of, or to receive payments calculated by reference to the quantity or value of, production from Petroleum Substances when produced;

- (d) rights in lands or documents of title relating thereto, including leases, subleases, licenses, permits, reservations, rights and privileges; and
- (e) rights to acquire any of the rights described in subparagraphs (a) through (d) of this definition,

and includes interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding royalty interests, Production Payments, profits interests, net profits interests, revenue interests, net revenue interests, economic interests and other interests; fractional or undivided interests in any of the foregoing; freehold, leasehold or other interests; and options in respect of the foregoing.

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

- (a) liens for taxes, assessments or governmental charges not yet due or delinquent or the validity of which is being contested in good faith;
- (b) liens arising in connection with workers' compensation, unemployment insurance, pension, employment or other social benefits laws or regulations which are not yet due or delinquent or the validity of which is being contested in good faith;
- (c) liens under or pursuant to any judgment rendered or claim filed which are or will be appealed in good faith provided any execution thereof has been stayed;
- (d) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to Applicable Law or which relate to obligations not due or delinquent or the validity of which is being contested in good faith by appropriate proceedings;
- (e) liens arising by operation of law such as builders' liens, carriers' liens, materialmen's liens and other liens of a similar nature which relate to obligations not due or delinquent or the validity of which is being contested in good faith by appropriate proceedings;
- (f) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons which singularly 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 such Loan Party;
- (g) security given to a public utility or any Governmental Authority when required by such utility or Governmental Authority in connection with the operations of such Loan Party, all in the ordinary course of its business which singularly or in the aggregate do not materially impact the operation of the business of the Borrower or any other Loan Party;
- (h) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;
- (i) liens created or arising in the ordinary course of the oil and gas business in respect of the joint operation of oil and gas properties and related production and processing facilities or arrangements for the processing, treating, transmission or transportation of hydrocarbon substances, provided such liens are not in respect of obligations which are due or delinquent and do not materially reduce the value of the oil and gas properties affected by such liens;

- (j) penalties arising in the ordinary course of business under non-participation or independent operations provisions of operating agreements as a consequence of an election not to participate in drilling or other operations;
- (k) the provisions of operating agreements, pooling agreements, unitization agreements and other similar arrangements entered into in the ordinary course of the oil and gas business which do not materially affect the value of the oil and gas properties which are subject thereto;
- (l) royalties, net profits interests and similar encumbrances and rights to convert any of them to working interests which are created in the ordinary course of the oil and gas business which do not materially affect the value of the oil and gas properties which are subject thereto; provided that if any of the foregoing relate to oil and gas properties, full disclosure thereof is made in any engineering reports required to be delivered to Lender from time to time in respect of such oil and gas properties;
- (m) rights of first refusal and similar preferential rights created in the ordinary course of the oil and gas business;
- (n) Operating Leases;
- (o) capital or Financial Lease transactions (according to GAAP), or sale-leaseback transactions, where the indebtedness represented by all such transactions does not at any time exceed the Threshold Amount in aggregate;
- (p) security interests granted or assumed to finance the purchase of any property or asset (a "**Purchase Money Security Interest**") where:
 - i) the security interest is granted at the time of or within 60 days after the purchase,
 - ii) the security interest is limited to the property and assets acquired, and
 - iii) the indebtedness represented by all Purchase Money Security Interests does not at any time exceed the Threshold Amount in aggregate;
- (q) security interests or liens (other than those hereinbefore listed) of a specific nature (and excluding for greater certainty floating charges) on properties and assets having a fair market value not in excess of the Threshold Amount in aggregate;
- (r) security interests or liens granted by any Loan Party to Lender (including, without limitation, the Security Documents); and
- (s) security interests or liens granted by any Loan Party to the Second Lien Lender to secure the obligations of the Loan Parties under or in connection with the 2022 Subordinated Debt, provided that such security interests and liens are at all time subject to a subordination and postponement agreement on terms satisfactory to the Lender,

and for certainty, the permission to create a Permitted Encumbrance shall not be construed as a subordination or postponement, express or implied, of the Security Documents to such Permitted Encumbrance.

"Permitted Payments" means any amounts paid by a Loan Party to or for the benefit or shareholders or Persons associated with shareholders (within the meaning of the Business Corporations Act (Alberta)) that is not specifically permitted under Section 6(e) hereof and any

payment, redemption, repurchase or other retirement in respect of principal amounts owing in respect of the 2022 Subordinated Debt where, in each case, all of the following conditions are met:

- (a) the aggregate amount of all such payments in any consecutive twelve-month period, less an amount equal to the net cash proceeds received by any Loan Party during such period from borrowings under the 2022 Subordinated Loan Agreement or the issuance of equity interests of a Loan Party (other than to another Loan Party), shall not exceed \$20,000,000;
- (b) the Borrower shall have a Net Debt to Trailing Cash Flow Ratio of not greater than 1.25:1.00 both for the last (4) full fiscal quarters of the Borrower immediately preceding the date of such Permitted Payment on a *pro forma* basis after giving effect to such Permitted Payment and on a forecasted *pro forma* basis for the next four (4) fiscal quarters of the Borrower from the date of the Permitted Payment (provided that the forecasted *pro forma* calculation shall be based on the most recent forecast approved by the board of directors of the Borrower or a *pro forma* forecast acceptable to the Lender, which in each case shall, if applicable, be adjusted for commodity prices not to exceed strip pricing at the time of such Permitted Payment);
- (c) after giving effect to the applicable Permitted Payment on a *pro forma* basis, the outstanding principal of all loans outstanding under Facility #1 shall not exceed 65% of the maximum amount available under Facility #1; and
- (d) no demand for payment has been issued by the Lender, no Borrowing Base Shortfall has occurred and is continuing, and no default or other breach hereof has occurred and is continuing or would occur as a result thereof;

and provided further that:

- (e) if the Borrower has delivered a Forecasted Permitted Payment Certificate concurrently with the delivery of a Compliance Certificate pursuant to Section 7(a)(ii) or 7(b)(ii) in respect of the most recently completed fiscal year or fiscal quarter of the Borrower, as applicable, then, the aggregate amount of such Permitted Payment, together with the aggregate amount of all other Permitted Payments made during the applicable Forecasted Permitted Payment Period, shall not exceed the Forecasted Permitted Payment Amount for such Forecasted Permitted Payment Period; or
- (f) if: (i) if the Borrower has not delivered a Forecasted Permitted Payment Certificate concurrently with the delivery of a Compliance Certificate pursuant to Section 7(a)(ii) or 7(b)(ii) in respect of the most recently completed fiscal year or fiscal quarter of the Borrower, as applicable, or (ii) the aggregate amount of such Permitted Payment together with the aggregate amount of all other Permitted Payments made during the applicable Forecasted Permitted Payment Period would exceed the Forecasted Permitted Payment Amount for such Forecasted Permitted Payment Period, then, at least 5 Business Days prior to giving effect to any such payment, redemption, repurchase or other retirement, the Borrower shall have delivered an Officer's Certificate to the Lender certifying the matters set forth in (a) through (d) of this definition, together with, in the case of (b) above, particulars of each of the definitions and elements included in the calculation, including the budget relied upon in the case of the forecasted Net Debt to Trailing Cash Flow Ratio.

"Person" means any natural person, corporation (including a business trust and a public benefit corporation), limited liability company, unlimited liability corporation, trust, joint venture, association, company, partnership, joint stock company, firm, enterprise, unincorporated association, Governmental Authority or other entity.

"Petroleum Substances" means petroleum, natural gas, natural gas liquids, bitumen, crude oil, synthetic crude oil, related hydrocarbons and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur.

"Prepaid Obligations" means "take-or-pay" or similar obligations of a Person whereby such Person is obligated to settle, at some future date, payment in respect of Petroleum Substances, whether by deliveries (accelerated or otherwise) of Petroleum Substances, payment of money or otherwise howsoever, including all such obligations for which such Person is liable without having received and retained a payment therefor or having assumed such obligations.

"Prime" means the prime lending rate per annum established by Lender from time to time for commercial loans denominated in Canadian dollars made by Lender in Canada.

"Priority Payable" means, at any time, any liability of any Loan Party to any Person that ranks, or may rank, in right of payment in any circumstances, equal to or in priority to any liability of a Loan Party to Lender, and may include any Environmental Claims, unpaid wages, salaries and commissions, unremitted source deductions for employment insurance premiums or Canada Pension Plan contributions, vacation pay, arrears of rent, unpaid taxes, withholding tax liabilities, goods and services taxes, all sales and consumption taxes, harmonized sales tax, customs duties, amounts owed in respect of workers' compensation, amounts owed to unpaid vendors who have a right of repossession, and amounts owing to creditors which may claim priority by statute or under a Purchase Money Security Interest.

"Production Payment" means:

- (a) the sale (including any forward sale) or other transfer of any Petroleum Substances, whether in place or when produced, for a period of time until, or of an amount such that, the purchaser will realize therefrom a specified amount of money (however determined, including by reference to interest rates or other factors which may not be fixed) or a specified amount of such product; and
- (b) any other interest in property of the character commonly referred to as a "production payment";

"Related Parties" means, with respect to any Person, such Person's affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's affiliates.

"Relevant Governmental Body" means:

- (a) in respect of any Term SOFR Loan (or any Benchmark Replacement thereof), the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto; and
- (b) in respect of any CORRA Loan (or any Benchmark Replacement thereof), the Bank of Canada or a committee officially endorsed or convened by the Bank of Canada, or any successor thereto.

"Release" means any release, seepage, spill, emission, leak, escape, pumping, injection, deposit, disposal, discharge, dispersal, leaching, dumping or migration into the environment including the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands or sub-surface strata.

"Sanctions" means any sanctions or trade embargoes imposed, administered or enforced from time to time by any relevant sanctions authority including, without limitation, under the *United Nations Act* (Canada), the *Special Economic Measures Act* (Canada) and the *Export and Import Permits Act* (Canada).

"Security Documents" means, collectively, whether held as of the date hereof or later delivered, the guarantees, debentures, debenture pledge agreements, pledge agreements, assignments and other security agreements executed and delivered, or required to be executed and delivered, by any Loan Party under and pursuant to this Agreement, in each case in form and substance satisfactory to Lender, acting reasonably.

"Subsidiary" means

- (a) a person of which another Person alone or in conjunction with its other subsidiaries owns an aggregate number of voting shares sufficient to elect a majority of the directors regardless of the manner in which other voting shares are voted; and
- (b) a partnership of which at least a majority of the outstanding income interests or capital interests are directly or indirectly owned or controlled by such Person,

and includes a Person in like relation to a Subsidiary.

"Swap" means a Commodity Swap, Currency Swap or Interest Swap.

"Tangibles" means, in respect of a Loan Party at any time, all right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, of such Loan Party at such time in and to any tangible property, apparatus, plants, equipment, machinery and fixtures, fixed or non-fixed, real or personal, used or capable of use in exploiting any Petroleum Substances including:

- (a) systems, plants and facilities used or useful in producing, gathering, compressing, processing, treating, refining, storing, transporting or shipping Petroleum Substances;
- (b) tangible property and assets used or intended for use in exploration, producing, storing, injecting or removing Petroleum Substances; and
- (c) all extensions, additions and accretions to any item described in items (a) or (b) above.

"Term CORRA" means, for any calculation with respect to a Term CORRA Loan, the Term CORRA Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the **"Periodic Term CORRA Determination Day"**) that is five (5) Business Days prior to the first day of such Interest Period, as such rate is published by the Term CORRA Administrator; provided, however, that if as of 1:00 p.m. (Toronto time) on any Periodic Term CORRA Determination Day the Term CORRA Reference Rate for the applicable tenor has not been published by the Term CORRA Administrator and a Benchmark Replacement Date with respect to the Term CORRA Reference Rate has not occurred, then Term CORRA will be the Term CORRA Reference Rate for such tenor as published by the Term CORRA Administrator on the first preceding Business Day for which such Term CORRA Reference Rate for such tenor was published by the Term CORRA Administrator so long as such first preceding Business Day is not more than three (3) Business Days prior to such Periodic Term CORRA Determination Day. If such first

preceding Business Day is more than three (3) Business Days prior to such Period Term CORRA Determination Day, section 11(k) will apply.

"Term CORRA Adjustment" means [redacted].

"Term CORRA Administrator" means Candéal Benchmark Administration Services Inc., TSX Inc., or any successor administrator.

"Term CORRA Loan" means a Borrowing that bears interest at a rate based on Adjusted Term CORRA.

"Term CORRA Reference Rate" means the forward-looking term rate based on CORRA.

"Term SOFR" means, for any Interest Period for a Term SOFR Loan, the Term SOFR Reference Rate (rounded upward to the nearest fifth decimal place, if necessary) for a tenor comparable to the applicable Interest Period on the day (the **"Term SOFR Determination Day"**) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Term SOFR Determination Day. If such first preceding U.S. Government Securities Business Day is more than three (3) U.S. Government Securities Business Days prior to such Term SOFR Determination Day, the Agent shall notify the Borrower and Borrower may elect to either withdraw the applicable notice for drawdown or rollover or deliver a replacement request for drawdown.

"Term SOFR Adjustment" means [redacted].

"Term SOFR Administrator" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Lender in its discretion, acting reasonably).

"Term SOFR Determination Day" has the meaning assigned to it under the definition of Term SOFR.

"Term SOFR Loan" means a loan that bears interest at a rate based on Adjusted Term SOFR.

"Term SOFR Reference Rate" means the forward-looking term rate based on SOFR.

"Title and Operating Documents" means, in respect of any P&NG Rights or Tangibles at any time, all of the documents (including leases, reservations, permits, licenses of all sorts, exploration agreements, operating agreements, unit agreements, production sharing agreements, pooling agreements, assignments, trust declarations or other agreements to recognize a Loan Party's interest, participation agreements, farmin or farmout agreements, royalty agreements, purchase agreements and transfers; gas, oil, condensate and other production sale contracts; gathering, common stream, transportation and processing agreements; and agreements for the construction, ownership and/or operation of Tangibles):

- (a) by virtue of which P&NG Rights or Tangibles were acquired or constructed or held at such time;

- (b) to which the construction, ownership, operation, exploitation, development, production, transportation or marketing of P&NG Rights or Tangibles are subject; or
- (c) which grant rights which are or may be used by such Loan Party in connection with such P&NG Rights or Tangibles,

and including the rights (except for P&NG Rights) granted under or created by such documents.

"Threshold Amount" means an amount equal to five percent (5%) of the amount of the Borrowing Base as most recently determined or redetermined and then in effect.

"Total Debt" means in respect of the Parent Guarantor, as of the end of any fiscal quarter and as determined in accordance with GAAP on a consolidated basis and without duplication, an amount equal to:

- (a) the amount of current liabilities, plus, if not already included therein, the current portion of Long Term Debt; plus
- (b) the aggregate of:
 - i) the amount of Long Term Debt, including the Borrowings; and
 - ii) to the extent not included in Long Term Debt:
 - (I) any financial assistance by way of a loan, guarantee, loan purchase, share purchase, equity contribution or any credit support arrangement of any nature whatsoever, the purpose of which is to assure payment or performance to the holder of any Indebtedness of any other person;
 - (II) obligations with respect to Prepaid Obligations and deferred revenues relating to third party obligations;
 - (III) the amount of all obligations outstanding under a Financial Lease or any sale-leaseback to the extent it constitutes a Financial Lease; and
 - (IV) the amount of all off-balance sheet financing where there is recourse to other assets of Borrower;

and shall exclude in any event:

- (c) to the extent permitted by GAAP, any particular Indebtedness if, upon or prior to the maturity thereof, there shall have been irrevocably deposited with the proper depository in trust the necessary funds (or evidences of indebtedness) for the payment, redemption or satisfaction of such Indebtedness, and thereafter such funds and evidences of Indebtedness or other security so deposited are not included in any computation of the assets of such person;
- (d) any lease or other arrangement relating to real or personal property which would, in accordance with GAAP, be accounted for as an Operating Lease of such Person, provided that, if applicable, the costs and expenses associated with such Operating Lease are included in any engineering report required to be delivered hereunder;
- (e) postponed advances from affiliates/shareholders (if postponed on terms and in a manner acceptable to Lender); and

(f) ARO.

"**Trailing Cash Flow**" means Cash Flow for the four most recently completed fiscal quarters.

"**U.S. Dollars**" means the lawful currency of the United States of America.

"**U.S. Government Securities Business Day**" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"**Working Capital Ratio**" means, at any time, the ratio of (a) Current Assets plus any undrawn availability under the Facilities, to (b) Current Liabilities less (to the extent included therein) any amount drawn under the Facilities.

SCHEDULE "A"

CONTAINING FORM OF COMPLIANCE CERTIFICATE

To: ATB Financial
410, 585 – 8th Avenue SW
Calgary, AB T2P 1G1
Attention: [redacted]

I, _____ hereby certify as of the date of this certificate as follows:

- (a) I am the _____ **[insert title]** of Petrus Resources Corp. ("**Borrower**") and I am authorized to provide this certificate to you for and on behalf of Borrower.
- (b) This certificate applies to the **[month/fiscal quarter/fiscal year]** ending _____.
- (c) I am familiar with and have examined the provisions of the letter agreement (the "**Agreement**") dated _____, 20____ between Borrower and ATB Financial, as lender, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of Borrower and of any Guarantor. Terms defined in the Agreement have the same meanings when used in this certificate.
- (d) No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute a breach of any covenant or other term or condition of the Agreement and there is no reason to believe that during the next fiscal quarter of Borrower, any such event or circumstance will occur.

OR

We are or anticipate being in default of the following terms or conditions, and our proposed action to meet compliance is set out below:

Description of any breaches and proposed action to remedy: _____

- (e) Our financial ratios are as follows:
 - i) the ratio of Net Debt to Trailing Cash Flow is ____:1.00;
- (f) The detailed calculations of the foregoing ratios and covenants are set forth in the addendum annexed hereto and are true and correct in all respects.
- (g) Our LLR in:
 - i) Alberta is _____; and
 - ii) **[insert other jurisdiction(s)]** is _____.

This certificate is given by the undersigned officer in his/her capacity as an officer of the Borrower without any personal liability on the part of such officer.

This certificate may be executed electronically; this certificate may be delivered by email, facsimile or other functionally equivalent electronic means.

Dated this ____ day of _____, 20__.

Petrus Resources Corp.

Per: _____

Name: _____

Title: _____

APPENDIX

(I) THE **WORKING CAPITAL RATIO** IS ____:1, CALCULATED AS FOLLOWS:

Current Assets:	\$ _____
but excluding mark-to-market impact of hedging	+/- \$ _____
+ undrawn availability under Facilities	+ \$ _____
	= \$ _____
divided by:	
Current Liabilities, excluding any amount drawn under Facilities:	\$ _____
but excluding mark-to-market impact of hedging	+/- \$ _____
but excluding current portion of lease obligations	- \$ _____
	= \$ _____

(II) THE RATIO OF **NET DEBT TO TRAILING CASH FLOW** IS ____:1.00, CALCULATED AS FOLLOWS:

Net Debt = Total Debt less Current Assets

Total Debt =

Current Liabilities (including current portion of long term debt)	\$ _____
---	----------

but excluding mark-to-market impact of hedging	+/- \$ _____
--	--------------

+ Long Term Debt=

• Long Term Debt	+ \$ _____
------------------	------------

+ •(to extent not included in Equity):

• preferred shares redeemable at option of holder	+ \$ _____
---	------------

• convertible debentures	+ \$ _____
--------------------------	------------

+ (if not already included)

• financial assistance	+ \$ _____
------------------------	------------

• Prepaid Obligations, Production Payments, deferred revenues	+ \$ _____
---	------------

• Financial Leases, sale-leasebacks	+ \$ _____
-------------------------------------	------------

• off-balance sheet recourse financing	+ \$ _____
--	------------

but excluding (if already included):

- indebtedness if funds to pay deposited in trust	- \$ _____
- Operating Leases	- \$ _____
- postponed advances from shareholders/affiliates	- \$ _____
- ARO	- \$ _____
	= \$ _____
less Current Assets	- \$ _____
but excluding mark-to-market impact of hedging	+/- \$ _____
	= \$ _____
Trailing Cash Flow = Cash Flow for most recently completed fiscal quarter.	
Cash Flow =	
net income	\$ _____
+ (without duplication)	
• deferred taxes	+ \$ _____
• amortization, depreciation, depletion	+ \$ _____
• other non-cash charges expensed	+ \$ _____
minus dividends declared	- \$ _____
minus reductions in shareholder loans	- \$ _____
	= \$ _____

SCHEDULE "B"

PROVISIONS RELATING TO CORRA LOANS

If CORRA Loans are available under this Agreement, interest is payable for (i) Term CORRA Loans, at the end of the Interest Period as applicable to Term CORRA Loans, and (ii) Daily Compounded CORRA Loans, at the end of the Interest Period as applicable to Daily Compounded CORRA Loans which such interest shall be calculated in arrears, and if Borrower selects an Interest Period as applicable to Daily Compounded CORRA Loans for a period longer than 3 months, interest shall be payable at the date falling every 3 months after the beginning of such applicable Interest Period as well as the last day of such Interest Period.

For CORRA Loans, where the interest rate is based on Term CORRA or Daily Compounded CORRA, the respective annual rates of interest to which those rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

CORRA Loans shall be issued and mature on a Business Day and shall be made in minimum amounts of \$1,000,000. Term CORRA Loans shall be made for terms for one month or three months and Daily Compounded CORRA Loans shall be made for terms for one month, three months or such other period as may be agreed to by Lender, in each case, subject to the market availability thereof (as selected by Borrower and notified to Lender). If Borrower fails to select and notify Lender of the Interest Period applicable to Term CORRA Loans or Daily Compounded CORRA Loans, as the case may be, Borrower shall be deemed to have selected a 1-month Interest Period.

If for any reason (other than acknowledged and consented to in writing by Lender, in its sole discretion) a CORRA Loan is repaid or converted prior to the expiry of its current Interest Period or scheduled maturity date (whether as a result of acceleration or otherwise), Borrower agrees to pay to Lender upon demand all losses, damages, costs and expenses which Lender incurs as a result of such repayment or conversion prior to the said scheduled maturity date. Such losses, damages, costs and expenses shall include any and all breakage costs (such breakage costs to be determined in accordance with Lender's standard procedures for commercial borrowers). A certificate as to such losses, damages, costs or expenses from Lender setting forth the calculations therefor will be prima facie evidence of such losses, damages, costs or expenses and be binding on Borrower except for manifest error.

SCHEDULE "C"

PROVISIONS APPLICABLE TO TERM SOFR LOANS

The Borrower shall pay to the Lender interest in Canadian dollars on each Term SOFR Loan outstanding at a rate per annum based on a 360-day year equal to the sum of Adjusted Term SOFR plus the Applicable Facility #1 Margin in effect on the first day of the Interest Period applicable to such Term SOFR Loan. Such interest shall be payable in arrears on each Interest Payment Date applicable to such Term SOFR Loan for the period commencing on and including the day of advance of each such Term SOFR Loan or the last Interest Payment Date to which interest has been paid, as applicable, up to but excluding the Interest Payment Date to which such interest is payable and shall be calculated on a daily basis on the principal amount outstanding under such Term SOFR Loan in such Interest Period based on the actual number of days elapsed in the period for which such interest is payable divided by 360.

Term SOFR Loans shall be issued and mature on a Business Day and shall be made in minimum amounts of \$1,000,000 for terms one, three or six months (or such shorter period as may be agreed to by Lender). If Borrower fails to select and notify Lender of the Interest Period applicable to any Term SOFR Loan, Borrower shall be deemed to have selected a 1-month Interest Period.

If for any reason (other than acknowledged and consented to in writing by Lender, in its sole discretion) a Term SOFR Loan is repaid or converted prior to the expiry of its current Interest Period or scheduled maturity date (whether as a result of acceleration or otherwise), Borrower agrees to pay to Lender upon demand all losses, damages, costs and expenses which Lender incurs as a result of such repayment or conversion prior to the said scheduled maturity date. Such losses, damages, costs and expenses shall include any and all breakage costs (such breakage costs to be determined in accordance with Lender's standard procedures for commercial borrowers). A certificate as to such losses, damages, costs or expenses from Lender setting forth the calculations therefor will be prima facie evidence of such losses, damages, costs or expenses and be binding on Borrower except for manifest error.

SCHEDULE "D"

FORM OF ENVIRONMENTAL CERTIFICATE

TO: ATB FINANCIAL

Re: Commitment Letter dated _____ between Petrus Resources Corp., as borrower (the "**Borrower**") and ATB Financial (the "**Lender**") (such Commitment Letter, as it may be amended, modified, supplemented, modified, restated or replaced from time to time, is referred to as the "**Commitment Letter**").

This Environmental Certificate is given pursuant to Section [7] of the Commitment Letter. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Commitment Letter.

- (a) I am the duly appointed _____ of Borrower and hereby make the following certifications in such capacity for and on behalf of Borrower and not in my personal capacity and without assuming any personal liability whatsoever.
- (b) The following certifications are made to the best of my knowledge, information and belief, after due enquiry. My due enquiry has been limited to discussions and correspondence with responsible officers and staff of the Loan Parties to confirm that the internal environmental reporting and response procedures of the Loan Parties have been followed in all material respects as they relate to the certifications made herein and that the matters herein set forth are true and correct in all material respects, and that matters reported on by such officers and staff are true and correct in all material respects.
- (c) The Loan Parties have each complied with all Environmental Laws relating to its assets, business and operations, except to the extent that the failure to do so would not, in the aggregate, have a Material Adverse Effect, and:
 - (i) each of the Loan Parties possess all environmental licences, permits and other Governmental Authorizations necessary to conduct their respective businesses, including operations at its properties and facilities, other than such licences, permits and other Governmental Authorizations the absence of which would not in the aggregate, have a Material Adverse Effect,
 - (ii) none of the Loan Parties have received any notices to the effect that the operations or the assets of any Loan Party on its real property are: (i) not in full compliance with all Environmental Laws except to the extent that any failure to do so would not have, in the aggregate, a Material Adverse Effect or (ii) the subject of any federal or provincial remedial or control action or order, or any investigation or evaluation as to whether any remedial action is needed to respond to a Release or threatened Release of any Hazardous Materials into the Environment or any facility or structure, except to the extent any failure to comply would not have a Material Adverse Effect, and
 - (iii) none of the Loan Parties have received any notices or claims that it is or may be liable to any Person in any material amount (including any individual or government, whether federal, provincial, city or municipal) as a result of the Release or threatened Release of any Hazardous Materials into the Environment or into any facility or structure nor have there been any Releases of any Hazardous Materials into the Environment or into any facility or structure, which after lapse of time, would give rise to any Environmental Claims which would

have a Material Adverse Effect nor has any Loan Party been made aware that there is any basis for any such Environmental Claims being commenced nor has any Loan Party ever been convicted of any offence in respect of Environmental Claims.

- (d) This Environmental Certificate is signed by the undersigned officer of Borrower in his capacity as an officer of Borrower without personal liability to the undersigned officer.
- (e) This certificate may be executed electronically; this certificate may be delivered by email, facsimile or other functionally equivalent electronic means.

DATED this ____ day of _____, 20____

Petrus Resources Corp.

Per: _____
Name:
Title:

SCHEDULE "E"

FORM OF OIL AND GAS OWNERSHIP CERTIFICATE

TO: ATB Financial ("**ATB**")

RE: Commitment letter dated _____ (the "**Commitment Letter**") between Petrus Resources Corp., as borrower (the "**Borrower**") and ATB Financial (the "**Lender**") (as amended, modified, supplemented or restated from time to time)

This certificate is delivered pursuant to Section **[4(p)/7(a)]** of the Commitment Letter.

The undersigned, **[•]**, being the **[•]** Borrower hereby certifies for and on behalf of Borrower and each Loan Party (collectively, the "**Loan Parties**") and not in any personal capacity and without assuming any personal liability whatsoever, as follows:

1. I have made or caused to be made due inquiries and review of all documents, correspondence and other material (the "**Title Enquiries**") relating to the hydrocarbons and lands or interests in lands (the "**Lands**") described in **[describe Engineering Reports]** with respect to the Loan Parties' proved plus probable reserves (collectively, the "**Engineering Reports**").
2. Attached hereto is a complete listing of all of the petroleum and natural gas rights of Loan Party and each constituting interests in land (including legal descriptions, Crown lease numbers, issue dates, zone restrictions, names of freehold lessors, its before and after payout working interests, and all royalties and burdens encumbering such interests).
3. Based upon the Title Enquiries, I have no knowledge, information or belief that there exists any provision in any agreement, contract or document pertaining to the Lands which prevents the Loan Parties from providing a security interest over such Lands to ATB, or which would prevent the Lender from enforcing and realizing on such security in the event of a default thereunder other than the requirement to obtain the consent and/or waiver of a right of first refusal in the event of the sale of the Lands on the realization and enforcement of such security.
4. Based upon the Title Enquiries, to the best of my knowledge, information and belief, the Loan Parties are, effective as of the Effective Date, possessed of and are beneficial owners of the respective working, royalty and other interests set forth in the Engineering Reports with respect to the Lands, subject to any Permitted Encumbrances and to minor title defects.
5. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default (by the Loan Parties or for which the Loan Parties are liable, including by any operator of the Lands) of payment of royalties in connection with the Lands which have accrued due by reason of production since any royalty payment dates, as prescribed by statute or agreement, immediately preceding the date of this certificate which would reasonably be expected to have a Material Adverse Effect and no Loan Party nor any Person on behalf of a Loan Party (including any operator of the Lands) has received notice of default of any obligation imposed on it by any farmout, operating agreement or any other contract or agreement in respect of the Lands which, in any case, could reasonably be expected to have a Material Adverse Effect and, to the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default of any such obligation which would reasonably be expected to have a Material Adverse Effect.
6. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, no Loan Party nor any Person on behalf of a Loan Party (including any operator of the Lands) has received notice of any claim adverse to a Loan Party's working, royalty and other interests in the

Lands which if successfully asserted would reasonably be expected to have a Material Adverse Effect and there are no security interests or adverse claims, other than the Permitted Encumbrances, which affect the title of any Loan Party to their respective interests in the Lands which in any way would reasonably be expected to have a Material Adverse Effect.

7. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there are at present no outstanding unfulfilled obligations being enforced under any lease or contract pertaining to the Lands which would reasonably be expected to have a Material Adverse Effect and any Loan Party's working, royalty and other interests in the Lands are not subject to any contractual obligations or conditions which are reasonably expected to result in the diminishment or forfeiture of any material working, royalty and other interests, except those, without duplication, which are not prohibited by the Commitment Letter or which are accounted for in the Engineering Reports.
8. All of the working, royalty and other interests of the Loan Parties in respect of petroleum and natural gas rights described in the Engineering Reports are accurately reflected in the Engineering Reports in all material respects.
9. All the historical data provided by each Loan Party to the independent petroleum engineer providing such Engineering Report for use in connection therewith was prepared from information reasonably believed to be complete and accurate in all material respects.
10. All data in the possession of or available to each Loan Party which is material to the preparation of such Engineering Report has been made available to such independent petroleum engineer.
11. Capitalized words and phrases used herein and not otherwise defined herein have the meanings given to them in the Commitment Letter.
12. This certificate may be executed electronically; this certificate may be delivered by email, facsimile or other functionally equivalent electronic means.

DATED this ____ day of _____, 20__.

Petrus Resources Corp.

By: _____
 Name:
 Title:

SCHEDULE "A"

<u>AREA</u>	<u>LEGAL</u>	<u>BORROWER'S TITLE</u>	<u>ENCUMBRANCES</u>	<u>DESCRIPTION</u>	<u>DOCUMENTS</u>
-------------	--------------	-------------------------	---------------------	--------------------	------------------

SCHEDULE "F"

BENCHMARK REPLACEMENT PROVISIONS

a) **Benchmark Replacement.**

i) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to any setting of any then-current Benchmark, then (A) if a Benchmark Replacement is determined in accordance with clause (a)(i) or (b)(i) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any other Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (B) if a Benchmark Replacement is determined in accordance with clause (a)(ii), (b)(ii) or (c) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any other Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (Toronto time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to Borrower without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document.

ii) If the Benchmark Replacement is based upon Daily Simple SOFR or Daily Compounded CORRA, all interest payments on Benchmark Loans which bear interest with reference to such rate will be payable on a monthly basis.

b) **Conforming Changes.**

In connection with the use or administration of any Benchmark, or the use, administration, adoption or implementation of a Benchmark Replacement, the Lender will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

c) **Notices; Standards for Decisions and Determinations.**

The Lender will promptly notify the Borrower of (i) the implementation of any Benchmark Replacement, or (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. Any determination, decision or election that may be made by the Lender pursuant to this Schedule F, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Schedule F.

d) **Unavailability of Tenor of Benchmark.**

Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of any Benchmark Replacement), (i) if any then-current Benchmark is based upon a term rate (including the Term SOFR Reference Rate or the Term CORRA Reference Rate) and either (A) any tenor for such Benchmark is not displayed

on a screen or other information service that publishes such rate from time to time as selected by the Lender in its discretion, acting reasonably, or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Lender may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Lender may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

e) **Benchmark Unavailability Period.**

Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, (i) the Borrower may revoke any requested drawdown, conversion or rollover of a Benchmark Loan to be made, converted or rolled over during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request for a drawdown of or conversion to the applicable Benchmark Fallback Loans and (ii) any outstanding affected Benchmark Loans will be deemed to have been converted to the applicable Benchmark Fallback Loans, at the end of the applicable Interest Period.

f) **Definitions.**

For the purposes of this Schedule F and otherwise in this Agreement:

"Adjusted Daily Simple SOFR" means, for any day, an interest rate per annum equal to (a) Daily Simple SOFR for such day plus (b) the Daily Simple SOFR Adjustment provided that, if Adjusted Daily Simple SOFR as so determined above for any day shall be less than the Floor, such rate shall be deemed to be the Floor for such day.

"Benchmark Replacement" means, with respect to any Benchmark Transition Event for any then-current Benchmark:

- (a) with respect to obligations, interest, fees, commissions or other amounts calculated with respect to the Term SOFR Reference Rate (or any Benchmark replacing the Term SOFR Reference Rate), the first alternative set forth in the order below that can be determined by the Lender for the applicable Benchmark Replacement Date:
 - (i) Adjusted Daily Simple SOFR; or
 - (ii) the sum of: (A) the alternate benchmark rate that has been selected by the Lender and the Borrower giving due consideration to (I) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (II) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for U.S. Dollar-denominated syndicated credit facilities at such time and (B) the related Benchmark Replacement Adjustment; and
- (b) with respect to obligations, interest, fees, commissions or other amounts

calculated with respect to the Term CORRA Reference Rate (or any Benchmark replacing the Term CORRA Reference Rate), the first alternative set forth in the order below that can be determined by the Lender for the applicable Benchmark Replacement Date:

- (i) Adjusted Daily Compounded CORRA: or:
- (ii) the sum of: (A) the alternate benchmark rate that has been selected by the Lender and the Borrower giving due consideration to (I) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (II) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Canadian dollar-denominated syndicated credit facilities and (B) the related Benchmark Replacement Adjustment,
- (c) with respect to obligations, interest, fees, commissions or other amounts calculated with respect to CORRA (or any Benchmark replacing CORRA), the sum of: (i) the alternate benchmark rate that has been selected by the Lender and the Borrower giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Canadian dollar-denominated syndicated credit facilities and (ii) the related Benchmark Replacement Adjustment,

provided that, if the Benchmark Replacement as so determined above for any day would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for such day.

"Benchmark Replacement Adjustment" means, with respect to any replacement of any then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Lender and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar or Canadian dollar denominated syndicated credit facilities (as applicable) at such time.

"Benchmark Replacement Date" means a date and time determined by Lender, which date shall be no later than the earlier to occur of the following events with respect to any then-current Benchmark:

- (a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event," the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

- (b) in the case of clause (c) of the definition of "Benchmark Transition Event," the first date on which all Available Tenors of such Benchmark (or the published component used in the calculation thereof) have been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided, that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to any then-current Benchmark:

- (a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, the Bank of Canada, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), in each case, which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or
- (c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means, in respect of any Benchmark, the period (if

any) (a) beginning at the time that a Benchmark Replacement Date has occurred in respect of such Benchmark if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any other Loan Document in accordance with Schedule F and (b) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any other Loan Document in accordance with Schedule F.

"Daily Simple SOFR" means, for any day, a rate *per annum* equal to Term SOFR for the day, with the conventions for this rate (which will include a lookback) being established by the Lender in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans; provided, that if the Lender decides that any such convention is not administratively feasible for the Lender, then the Lender may establish another convention in its discretion, acting reasonably.

"Daily Simple SOFR Adjustment" means [redacted].

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

