

PETRUS RESOURCES LTD.
as Borrower

- and -

**THE TORONTO-DOMINION BANK,
CANADIAN IMPERIAL BANK OF COMMERCE,
ROYAL BANK OF CANADA,
HSBC BANK CANADA,
UNION BANK, CANADA BRANCH**

- and -

**THOSE OTHER FINANCIAL INSTITUTIONS WHICH
HEREAFTER BECOME LENDERS
UNDER THIS AGREEMENT**

- and -

THE TORONTO-DOMINION BANK
as Administrative Agent

- and with -

TD SECURITIES
as Sole Lead Arranger and Bookrunner

AMENDED AND RESTATED CREDIT AGREEMENT

October 8, 2014

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AMENDED AND RESTATED CREDIT AGREEMENT

THIS AGREEMENT made the 8th day of October, 2014,

BETWEEN:

PETRUS RESOURCES LTD.
as Borrower

- and -

**THE TORONTO-DOMINION BANK,
CANADIAN IMPERIAL BANK OF COMMERCE,
ROYAL BANK OF CANADA,
HSBC BANK CANADA,
UNION BANK, CANADA BRANCH**

- and -

**THOSE OTHER FINANCIAL INSTITUTIONS WHICH
HEREAFTER BECOME LENDERS
UNDER THIS AGREEMENT**

- and -

THE TORONTO-DOMINION BANK
as Administrative Agent

- and with -

TD SECURITIES
as Sole Lead Arranger and Bookrunner

PREAMBLE:

The Borrower has requested and the Lenders have agreed to amend and restate the existing credit facilities established pursuant to the Existing Credit Agreement on the terms and conditions herein set forth to, among other things, take into account the Ravenwood Acquisition and the incurrence of the Second Lien Indebtedness. TD has agreed to act as Agent for the Lenders under such credit facilities, all on the terms and conditions and for the purposes set out in this Agreement.

AGREEMENT:

In consideration of the covenants and agreements between the Parties contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

Capitalized words and phrases used in the Documents, the Schedules hereto and in all notices and communications expressed to be made pursuant to this Agreement will have the meanings set out in Schedule A, unless otherwise defined in any of the Documents.

1.2 Headings.

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

1.3 Subdivisions.

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

1.4 Number.

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

1.5 Statutes, Regulations and Rules.

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

1.6 Permitted Encumbrances.

Any reference in any of the Documents to a Permitted Encumbrance is not intended to and will not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any obligation of any Loan Party to the Lenders under any of the Documents to any Permitted Encumbrance.

1.7 Monetary References.

Whenever an amount of money is referred to in the Documents, such amount will, unless otherwise expressly stated, be in Canadian Dollars.

1.8 Time.

Time will be of the essence of the Documents.

1.9 Governing Law.

This Agreement will be governed by and construed in accordance with the Law in force in the Province of Alberta from time to time.

1.10 Enurement.

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

1.11 Amendments.

No Document may be amended orally and, subject to Sections 1.12(a), 17.16 and 18.1(e), any amendment may only be made by way of an instrument in writing signed by the Parties.

1.12 No Waiver.

- (a) Subject to Sections 1.12(c) and 17.16(a), no waiver by a Party of any provision or of the breach of any provision of the Documents will be effective unless it is contained in a written instrument duly executed by an authorized officer or representative of such Party. Such written waiver will affect only the matter specifically identified in the instrument granting the waiver and will not extend to any other matter, provision or breach.
- (b) The failure of a Party to take any steps in exercising any right in respect of the breach or non-fulfillment of any provision of the Documents will not operate as a waiver of that right, breach or provision, nor will any single or partial exercise of any right preclude any other or future exercise of that right or the exercise of any other right, whether in Law or otherwise.
- (c) Acceptance of payment by a Party after a breach or non-fulfillment of any provision of the Documents requiring a payment to such Party will constitute a waiver of such provision if cured by such payment, but will not constitute a waiver or cure of any other provision of the Documents.

1.13 Severability.

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

1.14 Inconsistency.

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

1.15 Accounting Terms and Principles.

Except as otherwise expressly provided, all accounting terms, principles and calculations applicable to the Credit Facilities will be interpreted, applied and calculated, as the case may be, in accordance with GAAP. The basis of accounting and all calculations set out in this Agreement will be applied and made on a consistent basis and will not be changed for the purposes of this Agreement unless required by GAAP or as agreed to by the Lenders in writing, such agreement not to be unreasonably withheld. It will be reasonable for the Lenders to withhold their consent if a proposed change could adversely affect the obligations of the Borrower or rights of the Lenders under the Documents.

1.16 Amendment and Restatement

- (a) This Agreement is an amendment and restatement of the Existing Credit Agreement and not a novation of the Existing Credit Agreement. For greater certainty, all Indebtedness under the Existing Credit Agreement (including in respect of letters of credit and bankers' acceptances) that remains outstanding on the Amendment and Restatement Date shall constitute Indebtedness hereunder, as provided in paragraph (b) below, governed by the terms hereof and shall continue to be secured by the security granted under the Existing Credit Agreement for the benefit of the Agent and the Lenders. Such Indebtedness shall be continuing in all respects, and this Agreement shall not be deemed to evidence or result in a novation of such Indebtedness. This Agreement reflects amendments to the Existing Credit Agreement and has been restated solely for the purposes of reflecting amendments to the Existing Credit Agreement which the Lenders, the Agent and the Borrower have agreed upon. All references to the "Credit Agreement" or similar references contained in the documents delivered prior to the effectiveness of this Agreement in connection or under the Existing Credit Agreement shall be references to this Agreement without further amendment to those documents. The Borrower confirms that each of the foregoing documents, including without limitation any delivered under the Existing Credit Agreement, remains in full force and effect.
- (b) All Indebtedness of the Borrower to the Existing Operating Lender pursuant to the Existing Operating Facility as at the Amendment and Restatement Date will be deemed to be Indebtedness owing under the Operating Facility and will reduce the availability under the Operating Facility by the amount thereof and will be subject to the terms of this Agreement. All Indebtedness of the Borrower to the Existing Syndicated Lenders pursuant to the Existing Credit Agreement as at the Amendment and Restatement Date (the "**Existing Syndicated Obligations**") will be deemed to be Indebtedness owing under the Syndicated Facility and will

reduce the availability under the Syndicated Facility by the amount thereof and will be subject to the terms of this Agreement. Immediately after the closing on the Amendment and Restatement Date, the Agent shall make all usual and customary adjustments to ensure that all such Existing Syndicated Obligations are outstanding in accordance with the Rateable Portion of each Lender and each Lender agrees to take all actions as are reasonably necessary to give effect to such adjustments, including advancing amounts to the Agent for the benefit of the Existing Syndicated Lenders.

1.17 Accounting Changes.

- (a) In the event that any Accounting Change occurs, the Borrower will deliver an Accounting Change Notice to the Agent together with a description of the nature of such Accounting Change and the effect, if any, of the Accounting Change on the Borrower's current and immediately prior year's financial statements. If the Borrower, the Agent or the Majority Lenders determine that any such change would cause an amount required to be determined for the purposes of any financial calculation hereunder (including for the purposes of determining the applicable margin in Section 3.10(a)) (each, a "**Financial Calculation**") to be materially different than the amount that would be determined without giving effect to such change, then the Borrower, the Agent or the Majority Lenders, as the case may be, shall notify the other Parties (through the Agent) of such Accounting Change. Such notice shall state whether the Borrower, the Agent or the Majority Lenders, as applicable, wishes to revise the method of calculating one or more of the Financial Calculations (including the revision of any of the defined terms used in the determination of such Financial Calculation) in order that amounts determined after giving effect to such Accounting Change and the revised method of calculating such Financial Calculation will approximate the amount that would be determined without giving effect to such Accounting Change and without giving effect to the revised method of calculating such Financial Calculation. The Accounting Change Notice shall be delivered by the Borrower to the Agent within 60 days after the end of the Fiscal Quarter in which the Accounting Change is implemented or, if such Accounting Change is implemented in the fourth Fiscal Quarter or in respect of an entire Fiscal Year, within 120 days after the end of such period. Following receipt of an Accounting Change Notice, either the Borrower or the Majority Lenders may provide a proposal to the other as to how to amend the provisions of this Agreement to give effect to the foregoing.
- (b) If, pursuant to the Accounting Change Notice, the Borrower, does not indicate that it desires to revise the method of calculating one or more of the Financial Calculations, the Majority Lenders or the Agent, as applicable, may within 30 days after receipt of the Accounting Change Notice, notify the Borrower that they wish to revise the method of calculating one or more of the Financial Calculations in the manner described above.

- (c) If the Agent, the Borrower or the Majority Lenders so indicate that they wish to revise the method of calculating one or more of the Financial Calculations, the Borrower and the Lenders shall in good faith attempt to agree on a revised method of calculating such Financial Calculation, provided that until such time as any such agreement in writing has been reached, such method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change. For greater certainty, if no notice of a desire to revise the method of calculating the Financial Calculations in respect of an Accounting Change is given by either the Borrower, the Agent or the Majority Lenders within the applicable time period described above, then the method of calculating the Financial Calculations shall not be revised in response to such Accounting Change and all amounts to be determined pursuant to the Financial Calculations shall be determined after giving effect to such Accounting Change.

- (d) If a Compliance Certificate is delivered in respect of a Fiscal Quarter or Fiscal Year in which an Accounting Change is implemented without giving effect to any revised method of calculating any of the Financial Calculations, and subsequently, as provided above, the method of calculating the Financial Calculation is revised in response to such Accounting Change, or the amounts to be determined pursuant to the Financial Calculations are to be determined without giving effect to such Accounting Change, the Borrower shall, as soon as reasonably possible, deliver a revised Compliance Certificate. Any Event of Default which arises as a result of the Accounting Change and which is cured by this Section 1.17 shall be deemed to have never occurred.

1.18 Schedules.

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

Schedule A:	Definitions
Schedule B:	Commitments
Schedule C:	Form of Environmental Certificate
Schedule D:	Form of Compliance Certificate
Schedule E:	Form of Assignment Agreement
Schedule F:	Form of Notice of Borrowing
Schedule G:	Form of Notice of Rollover or Notice of Conversion or Notice of Repayment
Schedule H:	Corporate Information
Schedule I:	Form of Request for Offer of Extension
Schedule J:	Form of Oil and Gas Ownership Certificate

ARTICLE 2
DELIVERIES ON AMENDMENT AND RESTATEMENT DATE

2.1 Conditions Precedent to Effectiveness.

This Agreement will become effective upon, and the Existing Credit Agreement shall be amended and restated as herein provided upon, the following conditions being satisfied (unless waived in writing by all of the Lenders):

- (a) including the receipt, where applicable, by the Agent, for and on behalf of the Lenders, of the following documents each fully executed (as applicable) and in full force and effect, and in form and substance satisfactory to the Lenders, acting reasonably:
 - (i) this Agreement;
 - (ii) the Closing Certificates, including all attachments thereto and a pro forma calculation of the Debt to EBITDA Ratio;
 - (iii) a certificate of status, in respect of the Borrower, Arriva Energy Inc. and Ravenwood under the Laws of the Province of Alberta, each such certificate to be dated on or about the Amendment and Restatement Date;
 - (iv) the Security from the Borrower, to the extent not previously provided, and evidence of the registration, filing and recording of the Security in all applicable offices or places of registration, including the Province of Alberta;
 - (v) acknowledgement and confirmation from the Borrower and Arriva Energy Inc. with respect to the ongoing enforceability and effect of the previously delivered Documents to which they are a party;
 - (vi) the Oil and Gas Ownership Certificate;
 - (vii) the Environmental Certificate;
 - (viii) the Closing Opinion;
 - (ix) satisfactory evidence that all conditions precedent to the Ravenwood Acquisition have been satisfied or waived, other than the payment of the purchase price by or on behalf of the Borrower;
 - (x) any information, including supporting documentation and other evidence, requested by any Lender or the Agent pursuant to Section 18.11; and
 - (xi) the payment of all fees and expenses which are payable by the Borrower to the Agent and the Lenders, as the case may be, in connection with the Credit Facilities on or prior to the Amendment and Restatement Date,

including a commitment fee payable to each Lender in a an amount equal to [REDACTED] bps multiplied by the amount by which its Individual Commitment Amount has increased pursuant to this Agreement from its commitment under the Existing Credit Agreement immediately prior hereto;

- (b) the Borrower has completed related to title diligence and environmental diligence in respect of Ravenwood's assets customary for a transaction of the nature of the Ravenwood Acquisition and there are, to its knowledge, no material deficiencies or liabilities in that regard;
- (c) all necessary corporate, governmental and third party approvals or waivers required for the Ravenwood Acquisition have been obtained;
- (d) satisfactory evidence that all conditions precedent to the Second Lien Financing Agreement shall have been satisfied or waived on terms satisfactory to the Lenders and \$90,000,000 will be drawn down thereunder concurrently with the closing of this Agreement;
- (e) delivery of the Intercreditor Agreement;
- (f) the Lenders shall be satisfied with the capitalization of the Borrower after giving effect to the Ravenwood Acquisition and the Second Lien Financing Agreement and the payment of all costs and expenses associated therewith, which shall include that (i) the Borrower shall have raised at least \$60,000,000 in equity and (ii) there shall be at least \$40,000,000 of undrawn availability under the Credit Facilities;
- (g) satisfactory review by the Lenders of the Ravenwood Pre-Acquisition Agreement and a certified copy of the Ravenwood Pre-Acquisition Agreement shall have been delivered to the Agent;
- (h) no Material Adverse Change (as defined in the Ravenwood Pre-Acquisition Agreement) shall have occurred in respect of Ravenwood;
- (i) no less than 90% of the holders of all of the issued and outstanding common shares (after giving effect to any outstanding options) of Ravenwood shall have accepted the Offer (as defined in the Ravenwood Pre-Acquisition Agreement);
- (j) the properties of the Borrower shall be free and clear of all Liens other than Permitted Liens;
- (k) repayment or prepayment of all obligations under, and cancellation of, the Existing Ravenwood Loan Agreement, together with discharges of all existing security related thereto (or a release and undertaking to discharge in respect thereof from the applicable lenders thereunder), in form and substance satisfactory to the Agent, acting reasonably;

- (l) no Default or Event of Default or Material Adverse Effect shall exist; and
- (m) each of the representations and warranties set out in Section 12.1 shall be true and correct.

The Borrower will provide an officer's certificate to the Agent and the Lenders confirming items (a)(ix), (b), (c), (f), (h), (i), (l) and (m) above.

ARTICLE 3 CREDIT FACILITIES

3.1 Syndicated Facility.

Subject to the terms and conditions hereof and effective on the Amendment and Restatement Date, the Lenders hereby establish the Syndicated Facility in favour of the Borrower. Accommodations under the Syndicated Facility may be drawn down by the Borrower during the Revolving Period in Canadian Dollars or the Canadian Dollar Exchange Equivalent thereof in U.S. Dollars, or any combination thereof, to a maximum of the Syndicated Facility Commitment Amount. Each Lender's initial Individual Syndicated Facility Commitment Amount is set out in Schedule B.

3.2 Operating Facility.

Subject to the terms and conditions hereof and effective on the Amendment and Restatement Date, the Operating Lender hereby establishes the Operating Facility in favour of the Borrower. Accommodations under the Operating Facility may be drawn down by the Borrower during the Revolving Period in Canadian Dollars or the Canadian Dollar Exchange Equivalent thereof in U.S. Dollars, or any combination thereof, to a maximum of the Operating Facility Commitment Amount.

3.3 Extension of Revolving Period.

- (a) End of Initial Revolving Period. The Revolving Period will end on July 30, 2015.
- (b) Extension of Credit
 - (i) The Borrower may, provided no Default or Event of Default has occurred and is continuing, request an Offer of Extension in respect of each Lender for which there is a Revolving Period at such time (each a "**Revolving Lender**") not more than 90 days and not less than 60 days prior to the last day of the then current Revolving Period. Such request shall be made by the Borrower by delivering to the Agent an executed Request for Offer of Extension and, if not previously delivered, the most current financial statements and production information required to be delivered by it hereunder. The Agent shall within 2 Banking Days of receipt thereof notify the Revolving Lenders of such Request for Offer of Extension and each Revolving Lender shall notify the Agent and the Borrower as to whether or not it agrees (in its sole discretion) to such request no later than

30 days prior to the last day of the then current Revolving Period (the “**Notification Date**”); provided that, if a Revolving Lender does not so notify the Agent and the Borrower on or prior to the Notification Date, such Revolving Lender shall be deemed to have elected not to agree to such Request for Offer of Extension.

- (ii) If the Borrower fails to make a Request for Offer of Extension within the time provided above, the then current Revolving Period will not be followed by a new Revolving Period and will continue until the Conversion Date with each such Lender’s Commitment Amount remaining available for Drawdown until the Conversion Date applicable to such Lender.
- (iii) If the Majority Revolving Lenders agree to such Request for Offer of Extension, the Agent shall forthwith deliver to the Borrower an Offer of Extension with respect to all Credit Facilities on behalf of the Revolving Lenders who have agreed to extend. Any such Offer of Extension shall be open for acceptance by the Borrower until the Banking Day immediately preceding the last day of the then current Revolving Period. Upon written notice by the Borrower to the Agent accepting an outstanding Offer of Extension and agreeing to the terms and conditions specified therein, if any, the Revolving Period, in respect of those Revolving Lenders agreeing to such an extension, shall be extended to the date specified in the Offer of Extension subject to the terms and conditions, if any, specified in such Offer of Extension effective on the date of acceptance by the Borrower of the Offer of Extension.
- (iv) If any Lender that receives notification from the Agent that the Borrower has made a Request for Offer of Extension, elects not to or is deemed not to make an Offer of Extension (each a “**Non-Agreeing Lender**”), the Agent shall forthwith so advise each of the other Lenders which do agree to provide an Offer of Extension and each such Lender shall have the right (but not the obligation) to purchase the Individual Commitment Amount of such Non-Agreeing Lenders (each a “**Non-Agreeing Lender Commitment Amount**”) for a purchase price in an amount equal to the Aggregate Principal Amount of the Advances owing to such Non-Agreeing Lenders (or such lower amount as may otherwise be agreed to by the applicable Non-Agreeing Lender in its sole discretion), together with accrued interest thereon to the date of payment of such principal amount and all other Obligations payable by the Borrower to such Non-Agreeing Lenders under this Agreement and the other Documents (including all losses, costs and expenses suffered or incurred by the Non-Agreeing Lenders as a result of complying with this Section 3.3(b) and all amounts owing to it under Sections 3.10(h), 18.5 and 18.6). Each of the other Lenders wishing to exercise its rights to purchase the Non-Agreeing Lender Commitment Amount (a “**Purchasing Lender**”) shall so notify the Borrower, the Agent and each of the other Lenders in writing, and such

Purchasing Lender shall thereupon be obligated to purchase not less than 15 days prior to the last day of the then current Revolving Period, an amount equal to the Non-Agreeing Lender Commitment Amount multiplied by such Purchasing Lender's Rateable Portion of the Commitment Amount, over the aggregate of all Purchasing Lender's Rateable Portion of the Commitment Amount, or as otherwise agreed to by the Borrower and all Purchasing Lenders. The Purchasing Lender shall be deemed to have made an Offer of Extension in respect of the Non-Agreeing Lender Commitment Amount so purchased and the applicable Conversion Date applicable to such commitment shall, upon acceptance of such offer by the Borrower, be extended to the Conversion Date applicable to such Lender and such Credit Facility. The Non-Agreeing Lenders, the Purchasing Lenders, the Agent, the Borrower and each of the other Lenders, if any, shall forthwith duly execute and deliver any necessary documentation to give effect to such purchase, whereupon the Non-Agreeing Lenders shall, as of the effective date thereof, be released from its obligations to the Borrower hereunder and under the other Documents arising subsequent to such date.

- (v) If a Non-Agreeing Lender Commitment Amount is not purchased pursuant to Section 3.3(b)(iv), at the option of the Borrower:
 - (A) so long as no Event of Default or any Default exists and is continuing, the Borrower may repay all Advances (which shall include, for greater certainty, the face amount of all Banker's Acceptances and BA Equivalent Loans accepted by such Non-Agreeing Lender) and other Obligations owing hereunder and under the other Documents to such Non-Agreeing Lender on the applicable Conversion Date and, upon such repayment, the Non-Agreeing Lender shall cease to be a Lender hereunder and the Non-Agreeing Lender Commitment Amount shall be terminated; the Syndicated Facility Commitment Amount or the Operating Facility Commitment Amount, as applicable, shall be reduced by the amount of the terminated Non-Agreeing Lender Commitment Amount, and the Rateable Portion of each remaining Lender shall be adjusted accordingly;
 - (B) the Non-Agreeing Lender shall, if requested by the Borrower, assign and transfer such Non-Agreeing Lender Commitment Amount to a Lender pursuant to Section 16.2; or
 - (C) the undrawn portion of the Non-Agreeing Lender Commitment Amount shall, effective at 5:01 p.m. (Toronto time) on the applicable Conversion Date, be cancelled and such Non-Agreeing Lender's Individual Commitment Amount shall thereafter convert to a one year non-revolving term facility as provided for in Section 3.4.

- (vi) A Revolving Period may only be extended pursuant to Section 3.3(b)(i) if the Majority Revolving Lenders agree to provide an Offer of Extension, and if such Majority Revolving Lenders do not agree to provide an Offer of Extension, (a) the provisions of Sections 3.3(b)(iv) or 3.3(b)(v) shall not be applicable and the provisions of Section 3.4 shall apply, and (b) the undrawn portion of the Individual Commitment Amounts of all Revolving Lenders (including the Operating Lender) shall, effective at 5:01 p.m. (Toronto time) on the Conversion Date, be cancelled and such Revolving Lenders' Individual Commitment Amount shall thereafter convert from and Syndicated Facility to a one year non-revolving term facility as provided for in Section 3.4.
- (vii) This Section 3.3 shall apply from time to time to permit successive extensions of the Revolving Period, any Conversion Date, the Syndicated Facility Termination Date and the Operating Facility Termination Date if and for so long as the Majority Revolving Lenders have agreed in accordance with Section 3.3(b)(vi); provided that no such extension will occur unless all Credit Facilities are so extended.

3.4 Conversion to Term Loan.

- (a) Syndicated Facility. Subject to Sections 3.3(b)(iv) and 3.3(b)(v), the undrawn portion of any Non-Agreeing Lender Commitment Amount in respect of the Syndicated Facility will be automatically cancelled at 5:01 p.m. (Toronto time) on the Conversion Date applicable to such Non-Agreeing Lender. Effective at such Conversion Date, the Syndicated Facility will, with respect to a Non-Agreeing Lender, cease to be a revolving type facility and, unless unconditionally and irrevocably repaid in accordance with Section 3.3(b)(v)(A), will become a one year non-revolving term loan facility, repayable in accordance with Section 3.6(a)(ii).
- (b) Operating Facility. Subject to Sections 3.3(b)(iv) and 3.3(b)(v), the undrawn portion of the Operating Facility Commitment Amount will be automatically cancelled at 5:01 p.m. (Toronto time) on the then current Conversion Date in respect of the Operating Lender. Effective at such time on such Conversion Date, the Operating Facility will cease to be a revolving type facility, and unless unconditionally and irrevocably repaid in accordance with Section 3.3(b)(v)(A), will become a one year non-revolving term loan facility, repayable in accordance with Section 3.6(b)(ii).

3.5 Maturity Date.

The Borrower will not be entitled to request an Advance from a Syndicated Facility Lender which has a Maturity Date after the Syndicated Facility Termination Date applicable to such Syndicated Facility Lender. The Borrower will not be entitled to request an Advance from the Operating Lender which has a Maturity Date after the Operating Facility Termination Date.

3.6 Repayment.

- (a) Syndicated Facility.
- (i) *Revolving Nature.* During a Revolving Period, the Borrower may borrow, repay and re-borrow Advances under the Syndicated Facility, subject to Sections 3.1 and 5.7.
 - (ii) *During the Term Period.* With respect to the Term Lenders under the Syndicated Facility, the Aggregate Principal Amount of the Syndicated Facility on the Conversion Date applicable to such Term Lenders will be repayable by the Borrower in one balloon principal payment, together with all accrued and unpaid interest and fees thereon and all other Obligations owing to such Term Lenders under the Syndicated Facility, on the Syndicated Facility Termination Date applicable to such Term Lenders.
- (b) Operating Facility.
- (i) *Revolving Nature.* During a Revolving Period, the Borrower may borrow, repay and re-borrow Advances under the Operating Facility, subject to Sections 3.2 and 5.7.
 - (ii) *During the Term Period.* The Aggregate Principal Amount under the Operating Facility on the Conversion Date applicable to the Operating Lender, together with all accrued but unpaid interest and fees thereon and all other Obligations owing to the Operating Lender in connection therewith, will be repayable by the Borrower in one balloon principal payment, together with all accrued and unpaid interest and fees thereon, on the Operating Facility Termination Date.
- (c) Borrowing Base Shortfall. If at any time there occurs a Borrowing Base Shortfall, the Agent may, at the direction of the Majority Lenders, deliver to the Borrower a notice setting out the amount of the Borrowing Base Shortfall (the “**Shortfall Notice**”). Upon receipt of the Shortfall Notice, the Borrower will do one of the following or a combination thereof:
- (i) reduce the Obligations under the Credit Facilities by the amount of the Borrowing Base Shortfall within 60 days of receipt of the Shortfall Notice, with the proceeds of such reduction to be paid to the Syndicated Facility Lenders and the Operating Lender on a *pro rata* basis based on the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount of each such Credit Facility;
 - (ii) eliminate the Borrowing Base Shortfall by providing in favour of the Agent for and on behalf of the Lenders and the Swap Lenders additional security, such security to be in form and substance acceptable to the Lenders, in their discretion, to be delivered by the Borrower to the Agent

for and on behalf of the Lenders within 60 days of receipt of the Shortfall Notice; or

- (iii) eliminate the Borrowing Base Shortfall within 60 days of receipt of the Shortfall Notice by such other means as are acceptable to the Lenders, including adding additional P&NG Rights acceptable to the Lenders to the Borrowing Base Properties or by making a prepayment in accordance with Section 3.6(f).

Notwithstanding the foregoing provisions of this Section 3.6(c), nothing herein contained will affect or modify the rights of the Lenders under the Documents or the obligations of the Borrower thereunder.

- (d) Effect of Borrowing Base Shortfall. If a Shortfall Notice is given, then unless and until the Borrowing Base Shortfall is eliminated as required by Section 3.6(c), the Borrower will:

- (i) not request Advances under any Credit Facility, except for the Rollover or Conversion of a then maturing Advance, provided the Maturity Date of such maturing Advances following their Conversion or Rollover, as the case may be, does not exceed the earlier of:
 - (A) one month from such date; and
 - (B) the date which is 60 days after delivery of the Shortfall Notice;
- (ii) provide to the Agent, for the benefit of the Lenders, such information available to it to assist in determining the forecasted Available Cash Flow over the anticipated period of the Borrowing Base Shortfall;
- (iii) not dispose or permit the disposition of any Borrowing Base Property except pursuant to paragraphs (a), (b) and (c) of the definition of Permitted Dispositions or as otherwise agreed to by the Majority Lenders;
- (iv) pay the increased compensation required under Section 3.10(c) .

If the Borrowing Base Shortfall is eliminated, then the Borrower will no longer be subject to the restrictions and obligations imposed in this Section 3.6(d).

- (e) Dedication of Available Cash Flow. Following receipt of a Shortfall Notice and until the Borrowing Base Shortfall described therein is eliminated, the Borrower will dedicate on a monthly basis to the Aggregate Principal Amount of the Credit Facilities such portion of Available Cash Flow as is designated by the Majority Lenders to eliminate as soon as possible, and in any event within 60 days, the Borrowing Base Shortfall, such monthly deductions to be apportioned between the Aggregate Principal Amount under each Credit Facility in accordance with Section 3.6(c)(i). The first such monthly deduction will take place no later than 30 days after the Shortfall Notice is delivered.

- (f) Prepayment. Any prepayment for the purpose of eliminating a Borrowing Base Shortfall will be shared by the Lenders in accordance with Section 3.6(c)(i).
- (g) Payments to Agent. All payments of the Obligations of the Borrower to the Lenders under each Credit Facility will be made by the Borrower to the Agent for the account of the applicable Lenders, and, except to the extent otherwise provided herein, in accordance with each such Lender's Rateable Portions in such Credit Facility. All payments of the Obligations of the Borrower to the Operating Lender under the Operating Facility will be made to the Operating Lender. Any payment received by the Agent or the Operating Lender after 3:00 p.m. (Toronto time) shall be deemed, for all purposes, to have been received by the Agent or the Operating Lender, as applicable, on the next Banking Day.
- (h) Borrower May Elect Application of Payments. Subject to the requirements of Sections 3.6(a)(ii) and 3.6(b)(ii) and provided that no Borrowing Base Shortfall, Default or Event of Default has occurred and is continuing, the Borrower may elect, upon notice to the Agent, to apply all or any portion of the amount of any permanent payment of the Aggregate Principal Amount of the Syndicated Facility or the Operating Facility solely to the Revolving Lenders thereunder, solely to the Term Lenders thereunder, or to a combination thereof, and in each such case, (i) in respect of a payment to such Revolving Lenders, each such Revolving Lender shall receive its Rateable Portion of the aggregate payment made to all of such Revolving Lenders, and (ii) in respect of a payment to such Term Lenders, each such Term Lender shall receive its Rateable Portion of the aggregate payment made to all of such Term Lenders.

3.7 Prepayment and Cancellation.

Subject to Section 9.5 and upon the Borrower giving the Agent not less than 2 Banking Days prior written notice, the Borrower may at any time prepay (in respect of the Syndicated Facility only, in minimum amounts of Cdn. \$5,000,000 or U.S. \$5,000,000, as applicable, and in multiples of Cdn. \$1,000,000 or U.S. \$1,000,000, as applicable, for any amount in excess thereof) without premium, bonus or penalty, any or all of the Aggregate Principal Amount under any Credit Facility, except that (i) a Bankers' Acceptance will not be paid prior to its Maturity Date except pursuant to Section 9.5, (ii) a LIBOR Based Loan may only be paid prior to its Maturity Date in accordance with Sections 8.2 and 11.2, and (iii) any Letter of Credit may only be prepaid if such Letter of Credit is returned to the Operating Lender for cancellation or collateralized in accordance with Section 5.8. At any time during a Revolving Period, the Borrower may also, upon the Borrower giving the Agent not less than 2 Banking Days prior written notice, cancel (in minimum amounts of Cdn. \$5,000,000 or U.S. \$5,000,000, as applicable, and in multiples of Cdn. \$1,000,000 or U.S. \$1,000,000, as applicable, for any amount in excess thereof) any undrawn portion of the Syndicated Facility Commitment Amount or the Operating Facility Commitment Amount, as applicable, including any undrawn portion resulting from a prepayment. Any prepayment or cancellation in respect of the Syndicated Facility will be made *pro rata* to all Syndicated Facility Lenders on the basis of each Syndicated Facility Lender's Rateable Portion of the Syndicated Facility. Any such cancellation and

resulting prepayment made to a Term Lender will result in a permanent reduction of its Individual Commitment Amount.

3.8 Use of Proceeds.

The Borrower will be entitled, subject to the provisions hereof dealing with Hostile Acquisitions, to use the proceeds of the Credit Facilities for general corporate purposes, including, but not limited to:

- (a) the repayment in full of Ravenwood's obligations under the Existing Ravenwood Loan Agreement;
- (b) the acquisition of oil and gas properties, including the Ravenwood Acquisition; and
- (c) for capital expenditures related to the exploration, development and production of oil and gas properties of any Loan Party.

3.9 Types of Accommodation.

- (a) Syndicated Facility. The Borrower may from time to time obtain Advances under the Syndicated Facility by way of:

- (i) Canadian Prime Rate Loans, in principal amounts of not less than Cdn. \$5,000,000 and in multiples of Cdn. \$100,000 for any amounts in excess thereof;
- (ii) U.S. Base Rate Loans, in principal amounts of not less than U.S. \$5,000,000 and in multiples of U.S. \$100,000 for any amounts in excess thereof;
- (iii) Bankers Acceptances; and
- (iv) LIBOR Based Loans;

provided that no more than 10 LIBOR Based Loans or 10 Bankers Acceptances may be outstanding at any one time.

- (b) Operating Facility. The Borrower may from time to time obtain Advances under the Operating Facility by way of:

- (i) overdraft borrowings in Canadian Dollars or U.S. Dollars;
- (ii) Canadian Prime Rate Loans;
- (iii) U.S. Base Rate Loans;
- (iv) Bankers Acceptances; and

- (v) Letters of Credit with terms not exceeding one year.

3.10 Interest, Fees and Expenses.

- (a) Interest and Fees. Interest and fees payable by the Borrower under the Credit Facilities will be applied in the following manner:
 - (i) each Canadian Prime Rate Loan under the Credit Facilities and each overdraft borrowing in Canadian Dollars under the Operating Facility will bear interest at a variable rate of interest per annum equal to the Canadian Prime Rate plus the applicable margin indicated in the Pricing Table, subject to Sections 3.10(d) and 3.10(e);
 - (ii) each LIBOR Based Loan under the Syndicated Credit Facility will bear interest at a rate per annum equal to LIBOR plus the applicable margin indicated in the Pricing Table, subject to Sections 3.10(d) and 3.10(e);
 - (iii) for each Bankers' Acceptance under the Credit Facilities, the stamping fee (the "**BA Stamping Fee**") payable by the Borrower on the acceptance thereof by the applicable Lenders will be calculated based upon the applicable BA Stamping Fee indicated in the Pricing Table, subject to Sections 3.10(d) and 3.10(e);
 - (iv) each U.S. Base Rate Loan under the Credit Facilities and each overdraft borrowing in U.S. Dollars under the Operating Facility will bear interest at a variable rate of interest per annum equal to the U.S. Base Rate plus the applicable margin indicated in the Pricing Table, subject to Sections 3.10(d) and 3.10(e);
 - (v) the Borrower will pay to the Operating Lender an issuance or renewal fee (the "**Letter of Credit Fee**") in respect of each Letter of Credit under the Operating Facility at the applicable rate indicated in the Pricing Table in accordance with Section 7.4, subject to Sections 3.10(d) and 3.10(e), together with all other customary administrative charges in respect thereof; and
 - (vi) the standby fee payable by the Borrower as set forth in Section 3.10(g) will be calculated based upon the applicable standby fee indicated in the Pricing Table with respect to each Credit Facility.

Pricing Table					
Level	Debt to EBITDA Ratio	Canadian Prime Rate Loans/U.S. Base Rate Loan Margin	BA Stamping Fee/ LIBOR Margin/ Letter of Credit Fee (Financial LCs)	Letter of Credit Fee (Performance LCs)	Standby Fee
I	≤1.00 : 1	[REDACTED]			
II	> 1.00 : 1 ≤ 1.50 : 1				
III	> 1.50 : 1 ≤ 2.00 : 1				
IV	> 2.00 : 1 ≤ 2.50 : 1				
V	> 2.50 : 1 ≤ 3.00 : 1				
VI	> 3.00 : 1				

On the Amendment and Restatement Date until the date on which the next Compliance Certificate is delivered hereunder, the Debt to EBITDA Ratio will be determined in accordance with the Closing Certificate delivered to the Lender on the Amendment Restatement Date under Section 2.1(a)(ii).

- (b) Changes in Rates due to Change in Ratio. With respect to Advances made under a Credit Facility, the effective date on which any change in interest rates, BA Stamping Fees, Letter of Credit Fees or standby fees occurs will be the first day of the Fiscal Quarter commencing immediately after the Fiscal Quarter in which a Compliance Certificate is delivered which evidences a change in the Debt to EBITDA Ratio. If the Borrower fails to deliver a Compliance Certificate in accordance with Section 13.3(e), then the applicable margin shall be deemed to be at Level VI in the Pricing Table until such time as the applicable Compliance Certificate is delivered (and notwithstanding the Default which arises from such failure to so deliver such Compliance Certificate). Any increase or decrease in (i) the interest rates on LIBOR Based Loans outstanding on the effective date of a change in the Debt to EBITDA Ratio will apply proportionately to each such LIBOR Based Loan outstanding on the basis of the number of days remaining in the term to maturity thereof (ii) the BA Stamping Fees on Bankers' Acceptances outstanding on the effective date of a change in the Debt to EBITDA Ratio will apply for new Bankers' Acceptances issued after such effective date or on any Rollover of an existing Bankers' Acceptance but otherwise the stamping fees on any Bankers' Acceptance existing at such effective date will not change until the Maturity Date thereof and (iii) the Letters of Credit Fees outstanding on the effective date of a change in the Debt to EBITDA Ratio will apply proportionately to each such Letter of Credit issued or renewed after such effective date on the basis of the number of days remaining in the term to maturity or renewal thereof.

- (c) Restatement of Ratio. If the Borrower has delivered a Compliance Certificate that is subsequently found to be inaccurate in any way as a result of the Borrower's financial results having to be restated or if the Borrower's financial results were inaccurately reflected in the original financial results on which such Compliance Certificate was based or for any other reason and the result thereof is that the Debt to EBITDA Ratio was lower (and the corresponding Level in the Pricing Table was lower) than it otherwise would have been in the absence of such inaccuracy or prior to such restatement, then the Borrower will, immediately upon the correction of such inaccuracy or upon such restatement, pay to the Agent for the benefit of the applicable Lenders an amount equal to the interest, BA Stamping Fees, Letter of Credit Fees and standby fees that the Lenders should have received, but did not receive, over the applicable period had the Debt to EBITDA Ratio, and the underlying components thereof, been reported correctly in the first instance.
- (d) Borrowing Base Shortfall or Event of Default. Effective upon the occurrence and during the continuance of a Borrowing Base Shortfall or an Event of Default (the "**Effective Date**"), the interest rates then applicable to Canadian Prime Rate Loans, LIBOR Based Loans, U.S. Base Rate Loans, BA Stamping Fees and Letter of Credit Fees will each increase by 200 Basis Points per annum and such increase will remain in effect for as long as a Borrowing Base Shortfall or Event of Default subsists. Any such increase in interest rates, BA Stamping Fees and Letter of Credit Fees will on the Effective Date apply proportionately to each LIBOR Based Loan, Bankers' Acceptance and Letter of Credit outstanding on the basis of the number of days remaining in the term to maturity of each such Advance. The Borrower will pay to the Lenders any resulting increase in BA Stamping Fees or Letter of Credit Fees on or prior to the third Banking Day following the Effective Date. In the event that the Event of Default or Borrowing Base Shortfall no longer subsists and the Borrower has paid in advance the increased BA Stamping Fees or Letter of Credit Fees for the term to maturity of a Bankers' Acceptance or a Letter of Credit, the Lenders will apply the amount of the increase for the remaining term to maturity of such Advance against future Obligations of the Borrower under the applicable Credit Facility.
- (e) Increase in Rates on Conversion Date. The interest rates and fees applicable to the Credit Facilities determined in accordance with Section 3.10(a) shall, effective upon and during the Term Period, each increase by [REDACTED] Basis Points. With respect to LIBOR Based Loans, Bankers' Acceptances or Letters of Credit outstanding on the Conversion Date, such increase shall apply on the basis of the number of days remaining in the term to maturity of each such Advance. With respect to Bankers' Acceptances drawn under a Credit Facility, the Borrower will pay to the Agent for the benefit of the applicable Lenders any resulting increase in BA Stamping Fees with respect to outstanding Bankers' Acceptances on or prior to the third Banking Day following the applicable Conversion Date.

- (f) Agency Fee. The Borrower will pay to the Agent, on an annual basis, the agency fee agreed upon between the Borrower and the Agent, the amount thereof to be kept confidential by the Borrower.
- (g) Standby Fee. The Borrower will, effective from and including the Amendment and Restatement Date to and including the Conversion Date in respect of the applicable Credit Facility, pay to the Agent for the benefit of the Lender or Lenders under each such Credit Facility, a standby fee in Canadian Dollars from time to time equal to the Basis Points set forth in the pricing table, calculated on the basis of a 365 or 366 day calendar year, as applicable, multiplied by (i) in respect of the Syndicated Facility, the Syndicated Facility Commitment Amount less the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount of the Syndicated Facility; and (ii) in respect of the Operating Facility, the Operating Facility Commitment Amount less the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount of the Operating Facility. The standby fee will be calculated daily and will be payable quarterly in arrears on the fifth Banking Day of each calendar quarter for the previous calendar quarter.
- (h) Expenses. The Borrower will pay or reimburse the Agent and the Lenders, as applicable, for the reasonable out of pocket expenses, including reasonable legal fees and disbursements (on a solicitor and his own client full indemnity basis) and enforcement costs, incurred by the Agent and the Lenders, as applicable, in connection with the negotiation, preparation, execution and maintenance of the Documents and the enforcement of their rights and remedies under the Documents.

3.11 Borrowing Base.

- (a) Borrowing Base. The Borrowing Base as of the Amendment and Restatement Date is \$200,000,000, provided that each Credit Facility is made available by the applicable Lenders in accordance with their respective Individual Commitment Amounts as set forth in Schedule B.
- (b) Setting of Borrowing Base. During any Revolving Period, a determination of the Borrowing Base will occur semi-annually on or before May 31 and October 31 in each year any of the Credit Facilities remain available to the Borrower or any Obligations remain outstanding (in any such case, the “**Scheduled Borrowing Base Date**”). The first Scheduled Borrowing Base Date after the Amendment and Restatement Date will take place on or before October 31, 2014. However, (i) each Lender reserves the right to cause a redetermination of the Borrowing Base (A) at any time during the Term Period or (B) if the principal amount of the Second Lien Indebtedness at any time exceeds \$90,000,000, and (ii) the Majority Lenders may cause one additional re-determination of the Borrowing Base each calendar year during a Revolving Period upon notice to the Borrower or if requested by the Borrower pursuant to Section 3.11(e) (each of the scheduled and additional Borrowing Base determinations noted above are referred to herein as a “**Borrowing Base Determination**”).

- (c) Determination of Borrowing Base. The Lenders shall make each Borrowing Base Determination in consultation with each other and any such Borrowing Base Determination will require the unanimous consent of all of the Lenders. Each Lender, in making its determination of the Borrowing Base value in connection with a Borrowing Base Determination, will act in accordance with its usual and customary practices for revolving loans of this nature. If the Lenders are unable to agree on the Borrowing Base Determination on or before the applicable Scheduled Borrowing Base Date or other applicable Borrowing Base Determination date set out herein, the Borrowing Base Determination shall be determined to be the lowest Borrowing Base value proposed by a Lender or Lenders, subject to any adjustment required pursuant to Section 17.7.
- (d) Notification of Borrowing Base. The Agent shall within 5 Banking Days of any Borrowing Base Determination advise the Borrower of the Borrowing Base value and, in the event that Borrowing Base Determination was not unanimously consented to by the Lenders and was determined to be the lowest Borrowing Base value proposed by a Lender or Lenders, the Agent shall advise the Borrower as to which Lender(s) had the lowest Borrowing Base (the “**Non-Conforming Borrowing Base Lender**”). The Borrowing Base shall be effective immediately upon notice thereof to the Borrower and any resulting adjustment of the Commitment Amount shall occur automatically. The Borrowing Base will remain in effect until the next Borrowing Base Determination is made as required or permitted herein. The Borrower will cooperate in all respects in providing the Agent, in a timely manner and for the benefit of the Lenders, with such information as may be reasonably required by the Lenders to assist in determining the Borrowing Base within the time period required hereunder. To assist the Lenders in a determination of the Borrowing Base, the Borrower will, while any Credit Facility remains available to the Borrower, provide the Agent, for the benefit of the Lenders, with the materials and documents set forth in Sections 13.3(c)(i).
- (e) Borrower May Request Redetermination. The Borrower may at any time request a redetermination of the Borrowing Base. Upon such request, the Borrowing Base will be redetermined as soon as reasonably practicable, provided that the Borrower has made available to the Agent, for the benefit of the Lenders, the current information which, in the opinion of the Majority Lenders, acting reasonably, is required to perform such redetermination. The Borrowing Base will be adjusted effective on the date specified in the notice of same given by the Agent to the Borrower. In connection with any such redetermination, the Agent on behalf of the Lenders will be entitled to charge the Borrower a reasonable “work fee” to be agreed upon between the Borrower and the Agent.
- (f) Meeting with Lenders. The Borrower will meet annually with the Lenders at a time and place mutually acceptable to the Borrower and the Lenders to review and discuss the production profile of the Borrowing Base Properties, and such other matters affecting the Borrower’s business as the Lenders may request, acting reasonably.

3.12 Swap Facilities.

Subject to Sections 13.4(b), 13.4(c), 13.4(d) and 13.4(e), each Lender may enter into Swap Documents with any Loan Party; provided that all Swap Indebtedness ranks at all times *pari passu* with the Obligations under the Credit Facilities and the Documents.

ARTICLE 4 SECURITY

4.1 Security.

The present and future Obligations and the Cash Management Obligations of the Loan Parties to the Agent and the Lenders under the Documents and to the Swap Lenders under the Hedging Agreements to which a Swap Lender is a party (collectively, the “**Swap Documents**”) and all other Obligations of the Loan Parties to the Agent and the Lenders and Swap Indebtedness to the Swap Lenders howsoever arising or incurred hereunder and under the Documents, Cash Management Arrangements and the Swap Documents, as applicable will be secured by the following (in each case in form and substance satisfactory to the Agent) (collectively, the “**Security**”):

- (a) a demand debenture initially in the amount of Cdn. \$600,000,000 (as such may be increased from time to time) from each Loan Party substantially in the form of Schedule F to be registered in all appropriate jurisdictions, as each such debenture may be amended, restated, supplemented or otherwise modified from time to time;
- (b) a guarantee from each Material Subsidiary in favour of the Agent for its own benefit and on behalf of the Lenders and the Swap Lenders with respect to the Borrower’s and the Material Subsidiaries’ obligations to the Agent, the Lenders and any Swap Lender under the Documents and the Swap Documents;
- (c) prior to any Material Subsidiary becoming party to a Swap Document, a guarantee from the Borrower in favour of the Agent for its own benefit and on behalf of the Swap Lenders with respect to the Material Subsidiaries’ obligations under the Swap Documents to which any of them is a party;
- (d) when requested by the Agent, such documents and instruments providing a fixed Lien in accordance with Section 4.6; and
- (e) such other security as may be reasonably required by the Agent and the Lenders from time to time, including the same form of security that is or may be granted to the Second Lien Agent on behalf of the Second Lien Lenders as security for the Second Lien Indebtedness from time to time.

4.2 Sharing of Security.

The Borrower and the Lenders agree and acknowledge that the Security is being shared equally among the Lenders and the Swap Lenders to secure Obligations and the Cash

Management Obligations of the Loan Parties under the Documents and any Swap Indebtedness on a *pari passu* basis; and that the Agent will hold the Security for the benefit of the Lenders hereunder and the Swap Lenders with respect to all the Swap Indebtedness. For purposes of the above sentence, “*pari passu* basis” means:

- (a) with respect to the Lenders under the Credit Facilities, the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount and all other Obligations under such Credit Facilities relative to the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount and all other Obligations under such Credit Facilities, the Swap Indebtedness and the Cash Management Obligations; and
- (b) with respect to the Swap Lenders, the Canadian Dollar Exchange Equivalent of Swap Indebtedness relative to the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount and all other Obligations under the Credit Facilities, the Swap Indebtedness and the Cash Management Obligations; and
- (c) with respect to the Operating Lender as it relates to the Cash Management Obligations, the Canadian Dollar Exchange Equivalent of the Cash Management Obligations relative to the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount and other Obligations under the Credit Facilities, the Swap Indebtedness and the Cash Management Obligations.

If requested by the Lenders or any Swap Lender, the Lenders and the Swap Lenders will enter into such further agreements and assurances as may be reasonably requested to further evidence the provisions of this Section 4.2.

4.3 Exclusivity of Remedies.

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

4.4 Form of Security.

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

4.5 After-Acquired Property.

All property acquired by or on behalf of any Loan Party who has provided a debenture to the Agent pursuant to Section 4.1 or otherwise after the date of execution of the Security which forms part of the property of any Loan Party (hereafter collectively referred to as “**After-Acquired Property**”), will be subject to the Security without any further conveyance, mortgage, pledge, charge, assignment or other act on the part of the Parties. Without limiting the effect of the preceding sentence, the Borrower will, or will cause each Material Subsidiary to, from time to time execute and deliver and the Agent will register, all at the Borrower’s expense, such instruments supplemental to the Security, in form and substance satisfactory to the Agent, acting reasonably, as may be necessary or desirable to ensure that the Security as amended and supplemented constitutes in favour of the Agent, the Lenders and the Swap Lenders an effective Lien to the extent created by the Security over such After-Acquired Property as required hereunder, subject only to Permitted Encumbrances which under applicable Law rank in priority thereto.

4.6 Undertaking to Grant Fixed Charge Security.

If the Lenders, acting reasonably, determine in their sole discretion that there has been a Material Adverse Effect (which for purposes of this Section 4.6 may include the occurrence of a Borrowing Base Shortfall) and the Lenders consider it necessary for their adequate protection, the Borrower, at the request of the Agent, will forthwith grant or cause to be granted to the Agent for the benefit of the Agent, the Lenders and the Swap Lenders, a fixed Lien (subject only to Permitted Encumbrances which under applicable Law rank in priority thereto) in such of the Loan Parties’ property as the Agent, in its sole discretion, determines as security for all of the Loan Parties’ then present and future Obligations of the Borrower to the Agent and the Lenders under the Credit Facilities and to the Swap Lenders in connection with any Swap Indebtedness. In this connection, the Borrower will:

- (a) provide the Agent with such information as is reasonably required by the Agent to identify the property to be charged pursuant to this Section 4.6;
- (b) do all such things as are reasonably required to grant, or cause such Material Subsidiary to grant, in favour of the Agent, the Lenders and the Swap Lenders, a fixed Lien (subject only to Permitted Encumbrances which under applicable Law rank in priority thereto) in respect of such property to be so charged pursuant to this Section 4.6;
- (c) provide the Agent with all corporate or partnership resolutions and other action, as reasonably required, for the Loan Parties to grant the fixed Lien (subject only to Permitted Encumbrances which under applicable Law rank in priority thereto) in the property identified by the Agent to be so charged;
- (d) provide the Agent with such security instruments and other documents which the Agent, acting reasonably, deems are necessary to give full force and effect to the provisions of this Section 4.6;

- (e) assist the Agent in the registration or recording of such agreements and instruments in such public registry offices in Canada or any province thereof as the Agent, acting reasonably, deems necessary to give full force and effect to the provisions of this Section 4.6; and
- (f) pay all reasonable costs and expenses incurred by the Agent in connection with the preparation, execution and registration of all agreements, documents and instruments, including any amendments to the Security, made in connection with this Section 4.6.

4.7 Discharge of Security.

The Agent and the Lenders will discharge the Security at the Borrower's expense forthwith after all of the Obligations under the Credit Facilities and the Documents and the Swap Indebtedness has been unconditionally and irrevocably paid or satisfied in full.

4.8 Security for Swap Documents with Former Lenders.

- (a) If a Lender ceases to be a Lender under this Agreement (a "**Former Lender**"), all Swap Indebtedness owing to such Former Lender and its Affiliates under Swap Documents entered into while such Former Lender was a Lender shall remain secured by the Security, subject to the terms hereof, to the extent that such Swap Indebtedness was secured by the Security prior to such Lender becoming a Former Lender and, subject to the following provisions of this Section 4.8. For certainty, any Swap Indebtedness under Hedging Agreements entered into with a Former Lender or an Affiliate thereof after the Former Lender has ceased to be a Lender shall not be secured by the Security. Notwithstanding the foregoing, while any Obligations remain outstanding under any Credit Facility, no Former Lender or any Affiliate thereof shall have any right to cause or require the enforcement of the Security or any right to participate in any decisions relating to the Security, including any decisions relating to the enforcement or manner of enforcement of the Security or decisions relating to any amendment to, waiver under, release of or other dealing with all or any part of the Security; for certainty, the sole right of a Former Lender and its Affiliates with respect to the Security while any Obligations remain outstanding under the Credit Facilities is to share, on a *pari passu* basis, in any proceeds of realization and enforcement of the Security.
- (b) Subject to Section 4.7, if any Swap Document remains outstanding after the Obligations are otherwise fully paid and satisfied and the Credit Facilities are cancelled, the Agent shall be entitled to discharge the Security; provided that:
 - (i) at the request of any Swap Lender, but subject to paragraph (iii) below, the Borrower agrees to enter into margin arrangements with such Swap Lender under which the Borrower will be required to provide such Swap Lender with a pledge of cash or marketable securities or other form of

security acceptable to such Swap Lender, in form and in an aggregate amount as required by such Swap Lender;

- (ii) at the request of any Swap Lender (which request may be made at any time after the Amendment and Restatement Date), but subject to paragraph (iii) below, the Borrower agrees to amend its ISDA Master Agreement with such Swap Lender to reflect the provisions of paragraph (i) above;
- (iii) the provisions of paragraph (i) and (ii) above shall survive repayment of the Obligations and termination of the Credit Facilities; and
- (iv) any Swap Lender may elect to expressly override the provisions in paragraphs (i) and (ii) above in its ISDA Master Agreement (or in any amendment thereto) by expressly contemplating the discharge of the Security and the consequences thereof; provided that no such election shall affect the rights of any other Swap Lender.

ARTICLE 5 FUNDING AND OTHER MECHANICS

5.1 Funding of Accommodations.

Subject to Section 5.2 and Article 9, all Advances requested by the Borrower will be made available by deposit of the applicable funds (which in the case of Bankers' Acceptances will be the Net Proceeds) into the Borrower's Account for value on the Banking Day, or the LIBOR Banking Day in the case of a LIBOR Based Loan, as the case may be, on which the Advance is to take place.

5.2 Notice Provisions.

Drawdowns under the Credit Facilities will be made available to the Borrower and the Borrower will be entitled to effect a Rollover or Conversion where permitted hereunder, in each case on the requested Banking Day or LIBOR Banking Day, as the case may be, provided, other than for an overdraft Advance under the Operating Facility where no notice is required, a Notice of Borrowing or Notice of Rollover or Notice of Conversion, as applicable, is received by the Agent from the Borrower as follows:

- (a) with respect to a Drawdown, Rollover or Conversion of or into a Canadian Prime Rate Loan or a U.S. Base Rate Loan, at least one (1) Banking Day prior to such Advance, provided notice is received by the Agent no later than 12:00 noon (Toronto time) on the Banking Day immediately preceding the requested Drawdown Date or the date of Rollover or Conversion, as applicable;
- (b) with respect to a Drawdown, Rollover or Conversion of or into a Banker's Acceptance or BA Equivalent Loan, at least two (2) Banking Days prior to such Advance, provided notice is received by the Agent no later than 11:00 a.m.

(Toronto time) on the Banking Day immediately preceding the requested Drawdown Date or the date of Rollover or Conversion, as applicable;

- (c) with respect to a Drawdown, Rollover or Conversion of or into a LIBOR Based Loan, at least three (3) LIBOR Banking Days prior to such Advance, provided notice is received by the Agent no later than 12:00 noon (Toronto time) on the third LIBOR Banking Day immediately preceding the Drawdown Date or the date of Rollover or Conversion, as applicable; and
- (d) with respect to Advances under the Operating Facility by way of Letters of Credit, at least three (3) Banking Days prior to such Advance, provided notice is received by the Operating Lender, in each case no later than 12:00 noon (Toronto time) on the third Banking Day immediately preceding the requested issuance date.

Any of the notices referred to in the foregoing paragraphs of this Section 5.2 may, subject to Section 18.2, be given by the Borrower, at its sole risk, to the Agent by telephone and in such case will be followed by the Borrower delivering to the Agent on the same day the written notice required hereunder confirming such instructions.

5.3 Irrevocability.

A Notice of Borrowing, Notice of Rollover or Notice of Conversion when given by the Borrower will be irrevocable and will oblige the Borrower, the Agent and the Lenders to take the action contemplated herein and therein on the date specified therein, provided that, any such notice will not be binding on the Lender who makes a determination under Section 11.2.

5.4 Rollover or Conversion of Accommodations.

- (a) Subject to Section 5.2, Article 8 and Article 9, the Borrower will be entitled to effect a Rollover of one type of Accommodation into the same type of Accommodation or to effect a Conversion of one type of Accommodation into another type of Accommodation, in each case under the same Credit Facility and on the terms herein provided.
- (b) Subject to Section 8.1(b), if the Borrower fails to give the Agent a duly completed Notice of Rollover or Notice of Conversion if and as required by Section 5.2, or if in giving such notice the Borrower fails to provide for the Rollover or Conversion of all of the Advances then maturing, the Borrower will be deemed to have irrevocably elected to convert such maturing Advances, or that part of such maturing Advances which the Borrower has failed to provide for in such notice, as the case may be, into a Canadian Prime Rate Loan with respect to a Cdn. Dollar Advance or a U.S. Base Rate Loan with respect to a U.S. Dollar Advance under the same Credit Facility.
- (c) No Conversion of a Bankers' Acceptance will be made prior to its Maturity Date.

5.5 Agent's Obligations.

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

5.6 Lenders' Obligations.

Each Syndicated Facility Lender will, prior to 12:00 noon (Toronto time) on the proposed date on which an Advance under the Syndicated Facility is to take place (other than by way of Bankers' Acceptances, in which case prior to 2:00 p.m. (Toronto time)), credit the account of the Agent specified in the Agent's notice given pursuant to Section 5.5 with such Lender's Rateable Portion of such Advance, and upon receipt of the funds by the Lenders, the Agent will make available to the Borrower the amount so credited.

5.7 Exchange Rate Fluctuations.

Subject to Section 5.8, if as a result of currency fluctuation the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount owing to the Lenders under the applicable Credit Facility exceeds the Commitment Amount under the applicable Credit Facility (the "Excess"), the Borrower will forthwith pay the Excess to the Agent as a Principal Repayment for the benefit of the Lenders to be shared by the Lenders under such Credit Facility on a *pro rata* basis. If the Excess represents an amount which is less than 3% of the then current Commitment Amount under the applicable Credit Facility, then the Borrower will only be required to repay the Excess on the earlier of (a) 30 days thereafter and (b) on the date of the next Rollover or Conversion under such Credit Facility.

5.8 Excess Relating to LIBOR, Letters of Credit and Bankers' Acceptances.

If to pay an Excess it is necessary to repay an Advance made by way of Bankers' Acceptance, Letter of Credit or a LIBOR Based Loan, prior to the Maturity Date thereof, the Borrower will not be required to repay such Advances until the Maturity Date applicable thereto, provided, however, that at the request of the Agent, the Borrower will forthwith pay the Excess to the Agent, for deposit into an escrow account maintained by and in the name of the Agent for the benefit of the Lenders and the Parties agree to enter into an agreement reasonably requested by the Agent to evidence such arrangement. The Excess will be held by the Agent for set-off against future Obligations owing by the Borrower to the Lenders in respect of such Excess, if any, and, pending such application, such amounts will bear interest for the Borrower's account at the rate payable by the Agent in respect of deposits of similar amounts and for similar periods of time. The deposit of the Excess by the Borrower with the Agent as herein provided will not operate as a repayment of the Aggregate Principal Amount until such time as the Excess is actually paid to the Lenders as a Principal Repayment.

5.9 Failure of a Lender to Fund.

- (a) Unless the Agent has actual notice that a Lender has not made or will not make available to the Agent for value on a Drawdown Date the applicable amount required from such Lender pursuant to Section 5.6, the Agent shall be entitled to assume that such amount has been or will be received from such Lender when so due and the Agent may (but shall not be obliged to), in reliance upon such assumption, make available to the Borrower a corresponding amount (except that no such amount shall be made available to the Borrower in the case of a deemed Advance). If such amount is not in fact received by the Agent from such Lender on such Drawdown Date and the Agent has made available a corresponding amount to the Borrower on such Drawdown Date as aforesaid (or is deemed to have made an Advance to the Borrower in such amount) although it is under no obligation to do so, such Lender shall pay to the Agent on demand an amount equal to the aggregate of the applicable amount required from such Lender pursuant to Section 5.6 plus an amount equal to the product of (i) the rate per annum applicable to overnight deposits made with the Agent for amounts approximately equal to the amount required from such Lender multiplied by (ii) the amount that should have been paid to the Agent by such Lender on such Drawdown Date and was not, multiplied by (iii) a fraction, the numerator of which is the number of days that have elapsed from and including such Drawdown Date to but excluding the date on which the amount is received by the Agent from such Lender and the denominator of which is 365 or 366, as applicable, in the case of all Advances. A certificate of the Agent containing details of the amount owing by a Lender under this Section 5.9(a) shall be binding and conclusive in the absence of manifest error. If any such amount is not in fact received by the Agent from such Lender on such Drawdown Date, the Agent shall be entitled to recover from the Borrower, on demand, the related amount made available by the Agent to the Borrower as aforesaid together with interest thereon at the applicable rate per annum payable by the Borrower hereunder. The failure of any Lender to make its Rateable Portion of the applicable Advance will not relieve any other Lender of its obligation, if any, hereunder to make its Rateable Portion of such Advance on the date that such Advance is to take place, but no Lender will be responsible for the failure of any other Lender to provide its Rateable Portion of any such Advance under the applicable Credit Facility.
- (b) Notwithstanding the provisions of Section 5.9(a), if any Lender fails to make available to the Agent its Rateable Portion of any Advance, which for greater certainty includes a deemed Advance hereunder (such Lender being herein called the “**Non-Paying Lender**”), the Agent shall forthwith give notice of such failure by the Non-Paying Lender to the Borrower (except where such failure relates to a deemed Advance) and to the other Lenders. The Agent shall then forthwith give notice to the other Lenders that any Lender may make available to the Agent all or any portion of the Non-Paying Lender’s Rateable Portion of such Advance (but in no way shall any other Lender or the Agent be obliged to do so) in the place of the Non-Paying Lender. If more than one Lender gives notice that it is prepared to make funds available in the place of a Non-Paying Lender in such

circumstances and the aggregate of the funds which such Lenders (herein collectively called the “**Contributing Lenders**” and individually called the “**Contributing Lender**”) are prepared to make available exceeds the amount of the Advance which the Non-Paying Lender failed to make, then each Contributing Lender shall be deemed to have given notice that it is prepared to make available its Rateable Portion of such Advance based on the Contributing Lenders’ relative commitments to advance in such circumstances. If any Contributing Lender makes funds available in the place of a Non-Paying Lender in such circumstances, then the Non-Paying Lender shall pay to any Contributing Lender making the funds available in its place, forthwith on demand, any amount advanced on its behalf together with interest thereon at the rate applicable to such Advance from the date of advance to the date of payment, against payment by the Contributing Lender making the funds available of all interest received in respect of the Advance from the Borrower. The failure of any Lender to make available to the Agent its Rateable Portion of any Advance as required herein shall not relieve any other Lender of its obligations to make available to the Agent its Rateable Portion of any Advance as required herein.

- (c) Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, either as a result of being a Non-Paying Lender or otherwise, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:
- (i) the standby fees payable pursuant to Section 3.10(g) shall cease to accrue on the unused portion of the Individual Commitment Amount of such Defaulting Lender;
 - (ii) a Defaulting Lender shall not be included in determining whether, and the Individual Commitment Amount and the Rateable Portion of the Aggregate Principal Amount of such Defaulting Lender shall not be included in determining whether, all Lenders or the Majority Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 17.16), provided that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that affects such Defaulting Lender differently than other affected Lenders shall require the consent of such Defaulting Lender;
 - (iii) subject to Section 5.9(b), for the purposes of any Advance requested hereunder while there is a Defaulting Lender, each Lender’s Rateable Portion thereof shall be calculated based on such Lender’s Individual Commitment Amount relative to the Commitment Amount reduced by the Individual Commitment Amount of the Defaulting Lender;
 - (iv) the Agent may require such Defaulting Lender to pay to the Agent for deposit into an escrow account maintained by and in the name of the

Agent an amount equal to such Defaulting Lenders' maximum contingent obligations hereunder to the Agent;

- (v) the Agent may withhold any payments owing to such Defaulting Lender for set-off against such Defaulting Lender's existing or reasonably foreseeable future obligations hereunder; and
- (vi) for the avoidance of doubt, the Borrower shall retain and reserve its other rights and remedies respecting each Defaulting Lender.

ARTICLE 6 DRAWDOWN UNDER THE CREDIT FACILITIES

6.1 Conditions Precedent to Each Drawdown.

The Lenders' obligation to provide Advances will be subject to the following conditions precedent being met, unless waived in writing by the Lenders:

- (a) on the initial Advance hereunder, the Borrower will have complied, or caused to be complied, with the deliveries required under Section 2.1;
- (b) the Security shall remain duly perfected and registered;
- (c) except in the case of an overdraft borrowing under the Operating Facility, the appropriate Notice of Borrowing, Notice of Rollover or Notice of Conversion will have been delivered in accordance with the notice provisions provided in Section 5.2;
- (d) no Event of Default will have occurred and be continuing or would result from such Advance or from the application of the proceeds therefrom;
- (e) subject to Section 12.2, each of the representations and warranties set out in Article 12 will be true and correct with the same effect as if such representations and warranties had been made on the date of such Advance;
- (f) in the case of any Advances by way of a Drawdown, no Default or Borrowing Base Shortfall will have occurred and be continuing; and
- (g) the notice with respect to a Hostile Acquisition if required to be given pursuant to Section 6.2 will have been provided by the Borrower and the other provisions of Section 6.2, if applicable, will have been complied with.

6.2 Hostile Acquisitions.

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

- (a) at least 10 Banking Days prior to the delivery to the Agent of a Notice of Borrowing made in connection with a Hostile Acquisition, the president or chief financial officer of the Borrower will notify the Agent in writing (who will then notify the Lenders) of the particulars of the Hostile Acquisition in sufficient detail to enable each Lender to determine, in each Lender's sole discretion, whether it will permit a Drawdown to be utilized for such Hostile Acquisition;
- (b) if a Lender decides not to fund an Advance to be utilized for such Hostile Acquisition, then upon such Lender so notifying the Agent in writing (who will then notify the Borrower), such Lender (a "**Non-Participating Lender**") will have no obligation to fund such Advance notwithstanding any other provision of this Agreement to the contrary, provided that each other Lender that is not a Non-Participating Lender shall have an obligation to provide its Rateable Portion of the Advance that it has agreed to participate in and, at its option, may provide such further portion of the Advance requested by the Borrower, including a portion of the Advance not funded by a Non-Participating Lender, as it may agree to in its sole discretion, in any case up to the amount of its Individual Syndicated Facility Commitment Amount and in accordance with the terms and conditions of this Agreement; and
- (c) each Lender will use reasonable commercial efforts to notify the Agent in writing as soon as practicable (and in any event within 2 Banking Days of receipt of the particulars thereof from the Agent) of its decision whether or not to fund a proposed Hostile Acquisition and if no such notice is delivered to the Agent in such 2 Banking Day period, such Lender will be deemed to have elected not to fund.

6.3 Adjustment of Rateable Portion.

If a Non-Participating Lender elects not to participate in a Drawdown under the Syndicated Facility for a Hostile Acquisition, the Drawdown will be reduced by the Non-Participating Lenders' Rateable Portion thereof and the allocation among all Lenders who are not Non-Participating Lenders (each, a "**Participating Lender**") of interest and other fees payable by the Borrower hereunder, including standby fees, will be adjusted so as to reflect the non-participation by the Non-Participating Lender in the Drawdown, and thereafter the Rateable Portion of each Participating Lender, for such purposes only, will reflect the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount under the Syndicated Facility then funded by each Participating Lender based on the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount under the Syndicated Facility of all Participating Lenders after taking into account the non-participation by the Non-Participating Lender in the requested Drawdown. Notwithstanding the adjustment of the Rateable Portion pursuant to this Section 6.3, there will be no reduction in the Individual Syndicated Facility Commitment Amount of each Non-Participating Lender.

6.4 Subsequent Drawdowns.

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

6.5 Prepayment.

As an alternative to the provisions of Section 6.4, the Borrower will also be entitled, subject to the prepayment provisions herein contained but without obligation to make prepayments to all Lenders under the Syndicated Facility, to reduce the Aggregate Principal Amount owing to the Participating Lenders under the Syndicated Facility until the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amounts owing to all Syndicated Facility Lenders are again in proportion to their respective Rateable Portions.

ARTICLE 7 CALCULATION OF INTEREST AND FEES

7.1 Records.

The Agent will maintain records, in written or electronic form, evidencing all Advances and all other Obligations owing by the Borrower to the Agent and each Lender under this Agreement. The Agent will enter in such records details of all amounts from time to time owing, paid or prepaid by the Borrower to it hereunder. In addition, each Lender will maintain records, in written or electronic form, evidencing all Advances and other Obligations owing by the Borrower to such Lender. The information entered in such records will constitute *prima facie* evidence of the Obligations of the Borrower to the Agent and each Lender under the Documents. In the event of a conflict between the records of the Agent and a Lender maintained pursuant to this Section 7.1, the records of the Agent shall prevail, absent manifest error. The Operating Lender will maintain records, in written or electronic form, evidencing all Advances it has made in respect of the Operating Facility.

7.2 Payment of Interest and Fees.

- (a) Interest. Except as expressly stated otherwise herein, all Canadian Prime Rate Loans, U.S. Base Rate Loans and LIBOR Based Loans from time to time outstanding will bear interest, as well after as before maturity, default and judgment, with interest on overdue interest, at the applicable rates as prescribed under Section 3.10 or Section 18.10. Interest payable at a variable rate will be adjusted automatically without notice to the Borrower whenever there is a variation in such rate.
- (b) Calculation of Interest and Fees. Interest on Canadian Prime Rate Loans and U.S. Base Rate Loans will accrue and be calculated but not compounded daily and be payable monthly in arrears on the first Banking Day of each month for the immediately preceding month, or, after notice to the Borrower, on such other

Banking Day as is customary for the Agent having regard to its then existing practice. Interest on Canadian Prime Rate Loans, U.S. Base Rate Loans and Letter of Credit Fees will be calculated on the basis of a 365 or 366 day year, as applicable.

- (c) Interest Act (Canada). For the purposes of the *Interest Act* (Canada) and any other applicable Laws which may hereafter regulate the calculation or computation of interest on borrowed funds, the annual rates of interest and fees applicable to Canadian Prime Rate Loans, U.S. Base Rate Loans, Bankers' Acceptances and Letters of Credit, respectively, are the rates as determined hereunder multiplied by the actual number of days in a period of one year commencing on the first day of the period for which such interest or stamping fee is payable and divided by 365 or 366, as applicable.
- (d) LIBOR Based Loans. Interest on LIBOR Based Loans will accrue and be calculated but not compounded daily and be payable at the end of each applicable LIBOR Period, provided that, where the LIBOR Period exceeds 3 months, interest will be calculated and payable every 3 months during the term of the LIBOR Period and on the last day of the applicable LIBOR Period. Interest on LIBOR Based Loans will be calculated on the basis of the actual number of days in each LIBOR Period divided by 360. For the purposes of the *Interest Act* (Canada) and any other applicable Laws, the annual rates of interest applicable to LIBOR Based Loans are the rates as determined hereunder multiplied by the actual number of days in a period of one year commencing on the first day of the period for which such interest is payable and divided by 360.

7.3 Payment of BA Stamping Fee.

The Borrower will pay to the Agent for the account of the Lenders under the applicable Credit Facility the applicable BA Stamping Fee under Section 3.10(a) with respect to Bankers' Acceptances on the date of acceptance thereof by the Lenders. Payment of the BA Stamping Fee may be made by way of set-off as provided in Section 9.4.

7.4 Calculation and Payment of Letter of Credit Fees.

Letter of Credit Fees will be calculated on the basis of a year of 365 or 366 days, as applicable, and for such period of time as the applicable Letter of Credit remains outstanding. The Borrower shall, on the first Banking Day following the end of each Fiscal Quarter and on the maturity date of the Letter of Credit pay in arrears to the Operating Lender, in relation to each such Letter of Credit, a fee in respect of each Letter of Credit outstanding during any portion of such Fiscal Quarter equal to the Letter of Credit Fee specified in Section 3.10(a)(v), such fee to be payable in the currency of issue and determined for a period equal to the number of days during such Fiscal Quarter that each such Letter of Credit was outstanding. The minimum issuance fee at the date hereof is [Redacted] in the applicable currency.

7.5 Debit Authorization.

The Borrower authorizes and directs the Agent and the Operating Lender, in their discretion, to automatically debit, by mechanical, electronic or manual means, the bank accounts of the Borrower maintained by it for amounts that are due and payable under this Agreement.

7.6 Conversion to Another Currency.

A Conversion of an Advance from one currency to another currency may be made only by the repayment of such existing Advance in the same currency as such existing Advance and the request of a new Advance in another currency.

7.7 Maximum Rate of Return.

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

7.8 Waiver of *Judgment Interest Act* (Alberta).

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

7.9 Deemed Reinvestment Not Applicable.

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

ARTICLE 8
GENERAL PROVISIONS RELATING TO LIBOR BASED LOANS

8.1 General.

- (a) The aggregate principal amount of each Advance by way of a LIBOR Based Loan will be at least U.S. \$5,000,000 and in multiples of U.S. \$100,000 for any amount in excess thereof, and each LIBOR Based Loan will have a term to maturity of 1, 2, 3 or 6 months, or as otherwise agreed by the Lenders.
- (b) If the Borrower elects to Drawdown by way of a LIBOR Based Loan, effect a Rollover of a LIBOR Based Loan or a Conversion of an Accommodation into a LIBOR Based Loan, the Borrower will specify in its Notice of Borrowing, Notice of Rollover or Notice of Conversion, as applicable, the LIBOR Period (which will begin and end on a LIBOR Banking Day) applicable to such LIBOR Based Loan. If the Borrower fails, as required hereunder, to select a LIBOR Period for any proposed LIBOR Based Loan, then the applicable LIBOR Period will be approximately one month as determined by the Agent.
- (c) Any amount owing by the Borrower in respect of any LIBOR Based Loan which is not paid at maturity in accordance with this Agreement will, as and from its Maturity Date, be deemed to be outstanding as a U.S. Base Rate Loan.

8.2 Early Termination of LIBOR Periods.

If the early termination of any LIBOR Based Loan is required hereunder, the Borrower will pay to the Lenders all expenses and out-of-pocket costs incurred by the Lenders as a result of the early termination of the LIBOR Based Loan, including expenses and out-of-pocket costs incurred due to early redemption of offsetting deposits. If in the sole discretion of a Lender, acting reasonably, any such early termination cannot be effected, the LIBOR Based Loan will not be terminated and the Borrower will continue to pay interest to the applicable Lenders, at the rate per annum applicable to such LIBOR Based Loan for the remainder of the applicable LIBOR Period. A written statement of the Agent as to the aggregate amount of such expenses and out of pocket costs will be *prima facie* evidence of the amount thereof.

8.3 Inability to Make LIBOR Based Loans.

If at any time subsequent to the giving of a Notice of Borrowing or any Notice of Rollover or Notice of Conversion to the Agent by the Borrower with regard to any requested LIBOR Based Loan:

- (a) the Agent (acting reasonably) determines that by reason of circumstances affecting the London Interbank Eurodollar Market, adequate and fair means do not exist for ascertaining the rate of interest with respect to, or deposits are not available in sufficient amounts in the ordinary course of business at the rate determined hereunder to fund, a requested LIBOR Based Loan during the ensuing LIBOR Period selected;

- (b) the Agent (acting reasonably) determines that the making or continuing of the requested LIBOR Based Loan by the Lenders has been made impracticable by the occurrence of an event which materially adversely affects the London Interbank Eurodollar Market generally; or
- (c) the Agent is advised by Lenders holding at least 25% of the Syndicated Facility Commitment Amount of all Lenders hereunder by written notice (each, a “**Lender LIBOR Suspension Notice**”), such notice received by the Agent no later than 2:00 p.m. (New York time) on the third LIBOR Banking Day prior to the date of the requested Drawdown, Rollover or Conversion, as the case may be, that such Lenders have determined (acting reasonably and in good faith) that LIBOR will not or does not represent the effective cost to such Lenders of United States Dollar deposits in such market for the relevant LIBOR Period,

then the Agent shall give notice thereof to the Lenders and the Borrower as soon as possible after such determination or receipt of such Lender LIBOR Suspension Notice, as the case may be, and the Borrower shall, within one Banking Day after receipt of such notice and in replacement of the Notice of Borrowing, Notice of Rollover or Notice of Conversion, as the case may be, previously given by the Borrower, give the Agent a Notice of Borrowing or a Notice of Conversion, as the case may be, which specifies the Advance of a U.S. Base Rate Loan or the Conversion of the relevant LIBOR Based Loan on the last day of the applicable LIBOR Period into a U.S. Base Rate Loan. In the event the Borrower fails to give, if applicable, a valid replacement Notice of Conversion with respect to the maturing LIBOR Based Loans which were the subject of a Notice of Rollover, such maturing LIBOR Based Loans shall be converted on the last day of the applicable LIBOR Period into U.S. Base Rate Loans as if a Notice of Conversion had been given to the Agent by the Borrower pursuant to the provisions hereof. In the event the Borrower fails to give, if applicable, a valid replacement Notice of Borrowing with respect to an Advance originally requested by way of a LIBOR Based Loan, then the Borrower shall be deemed to have requested an Advance by way of a U.S. Base Rate Loan in the amount specified in the original Notice of Borrowing and, on the originally requested date of Advance, the Lenders (subject to the other provisions hereof) shall make available the requested amount by way of a U.S. Base Rate Loan.

ARTICLE 9 BANKERS' ACCEPTANCES

9.1 General.

Each bankers' acceptance draft tendered by the Borrower for acceptance by a Lender will be in a form acceptable to the accepting Lenders, acting reasonably, and the Advance in respect thereof under (a) the Syndicated Facility will be in a principal amount of not less than Cdn. \$5,000,000 and in multiples of Cdn. \$100,000 for any amounts in excess thereof, and (b) the Operating Facility will be in a principal amount of not less than Cdn. \$1,000,000 and in multiples of Cdn. \$100,000 for any amounts in excess thereof, and will, in each case, have terms of 1, 2, 3 or 6 months, unless otherwise agreed to by the accepting Lenders.

9.2 Terms of Acceptance by the Lenders.

- (a) Payment. The Borrower will provide for payment to the Agent for the benefit of the Lenders of each Bankers' Acceptance at its maturity, either by payment of the face amount thereof or, subject to Section 7.6, through the utilization of an Accommodation in accordance with this Agreement, or through a combination thereof. The Borrower waives presentment for payment of Bankers' Acceptances by the Lenders and will not claim from the applicable Lenders any days of grace for the payment at maturity of Bankers' Acceptances. Any amount owing by the Borrower in respect of any Bankers' Acceptance which is not paid at maturity in accordance with this Agreement, will, as and from its maturity date, be deemed to be outstanding as a Canadian Prime Rate Loan under the Operating Facility or the Syndicated Facility, as applicable.
- (b) Power of Attorney. To facilitate the procedures contemplated in this Agreement, the Borrower appoints each Lender from time to time as the attorney-in-fact of the Borrower to execute, endorse and deliver on behalf of the Borrower drafts or depository bills in the form or forms prescribed by such Lender for bankers' acceptances denominated in Canadian Dollars (each such executed draft or depository bill which has not yet been accepted by a Lender being referred to as a "**Draft**"). Each bankers' acceptance executed and delivered by a Lender on behalf of the Borrower as provided for in this Section 9.2(b) will be as binding upon the Borrower as if it had been executed and delivered by a duly authorized officer of the Borrower. The foregoing appointment will cease to be effective three Banking Days following receipt by the Lender in question of a notice from the Borrower revoking such appointment provided that any such revocation will not affect Bankers' Acceptances previously executed and delivered by a Lender pursuant to such appointment.
- (c) Depository Bills. It is the intention of the Parties that pursuant to the *Depository Bills and Notes Act* (Canada) ("**DBNA**"), all Bankers' Acceptances accepted by the Lenders under this Agreement will be issued in the form of a "depository bill" (as defined in the DBNA), deposited with a "clearing house" (as defined in the DBNA), including The Canadian Depository for Securities Limited or its nominee CDS & Co. ("**CDS**"). In order to give effect to the foregoing, the Agent will, subject to the approval of the Borrower and the Lenders, establish and notify the Borrower and the Lenders of any additional procedures, consistent with the terms of this Agreement, as are reasonably necessary to accomplish such intention, including:
- (i) any instrument held by the Agent for purposes of Bankers' Acceptances will have marked prominently and legibly on its face and within its text, at or before the time of issue, the words "This is a depository bill subject to the *Depository Bills and Notes Act* (Canada)";
 - (ii) any reference to the authentication of the Bankers' Acceptance will be removed; and

- (iii) any reference to the “bearer” will be removed and such Bankers’ Acceptances will not be marked with any words prohibiting negotiation, transfer or assignment of it or of an interest in it.

9.3 BA Equivalent Loans.

In lieu of accepting bankers’ acceptance drafts on any Drawdown Date, or any date of Rollover or Conversion, as applicable, each Non-BA Lender will make a BA Equivalent Loan. Any BA Equivalent Loan will be made on the relevant Drawdown Date, or any date of Rollover or Conversion, as applicable, and its Maturity Date will be the Maturity Date of the corresponding Bankers’ Acceptances. The amount of each BA Equivalent Loan will be equal to the Discount Proceeds of the corresponding Bankers’ Acceptances calculated on the basis that the applicable Lenders were not Non-BA Lenders and were therefore required to purchase such Bankers’ Acceptances. On the Maturity Date of a BA Equivalent Loan, the Borrower will pay to the Non-BA Lender an amount equal to the face amount of the Bankers’ Acceptance which such Non-BA Lender would have accepted in lieu of making a BA Equivalent Loan if it were not a Non-BA Lender. All provisions of this Agreement with respect to Bankers’ Acceptances will apply to BA Equivalent Loans provided that stamping fees with respect to a BA Equivalent Loan will be calculated on the basis of the amount with respect to such BA Equivalent Loan which the Borrower is required to pay on the Maturity Date.

9.4 General Mechanics.

- (a) Purchase. Unless such Lender makes a BA Equivalent Loan pursuant to the terms of Section 9.3, upon acceptance of a Bankers’ Acceptance by a Lender, such Lender will purchase, or arrange for the purchase of, each Bankers’ Acceptance from the Borrower at the BA Discount Rate applicable to such Lender for such Bankers’ Acceptance accepted by it and provide to the Agent the Discount Proceeds for the account of the Borrower. The stamping fee payable by the Borrower to a Lender in respect of each Bankers’ Acceptance by such Lender will be set off against the Discount Proceeds payable by such Lender under this Section 9.4.
- (b) Rollovers. In the case of a Rollover of maturing Bankers’ Acceptances, each Lender under the applicable Credit Facility, in order to satisfy the continuing liability of the Borrower to the Lender for the face amount of the maturing Bankers’ Acceptances, will retain for its own account the Net Proceeds of each new Bankers’ Acceptance issued by it in connection with such Rollover and the Borrower will, on the Maturity Date of the maturing Bankers’ Acceptances, pay to the Agent for the benefit of the Lenders under the applicable Credit Facility an amount equal to the difference between the face amount of the maturing Bankers’ Acceptances and the aggregate Net Proceeds of the new Bankers’ Acceptances.
- (c) Conversion to BA’s. In the case of a Conversion from a Canadian Prime Rate Loan into an Accommodation by way of Bankers’ Acceptances, each Lender under the applicable Credit Facility, in order to satisfy the continuing liability of the Borrower to each Lender for the amount of the Canadian Prime Rate Loan

being converted, will retain for its own account the Net Proceeds of each new Bankers' Acceptance issued by it in connection with such Conversion and the Borrower will, on the date of issuance of the Bankers' Acceptances pay to the Agent for the benefit of the Lenders under the applicable Credit Facility an amount equal to the difference between the amount of the Canadian Prime Rate Loan being converted including any accrued interest thereon, owing to the Lenders under the applicable Credit Facility and the Net Proceeds of such Bankers' Acceptances.

- (d) Conversion from BA's. In the case of a Conversion of an Accommodation by way of Bankers' Acceptances into a Canadian Prime Rate Loan, each Lender, in order to satisfy the liability of the Borrower to each Lender for the face amount of the maturing Bankers' Acceptances, will record the obligation of the Borrower to it as a Canadian Prime Rate Loan under the applicable Credit Facility, unless the Borrower provides for payment to the Agent for the benefit of the Lenders under the applicable Credit Facility of the face amount of the maturing Bankers' Acceptance in some other manner acceptable to the Lenders.
- (e) Rounding. In the case of an issue of Bankers' Acceptances, the Agent will round allocations amongst the Lenders to ensure that each Bankers' Acceptance issued has a face amount which is a whole number multiple of Cdn. \$100,000 (and such rounded allocations shall constitute the Lenders' respective Rateable Portions for the purposes of this Agreement).

9.5 Escrowed Funds.

Upon the request of the Agent after the occurrence and during the continuance of an Event of Default, upon cancellation and termination of this Agreement or if required in connection with outstanding Banker's Acceptances accepted by a Lender whose Individual Commitment Amount is being terminated in accordance with the terms hereof, the Borrower will forthwith pay to the Agent for deposit into an escrow account maintained by and in the name of the Agent for the benefit of the Lenders, an amount equal to the Lenders' maximum potential liability under then outstanding Bankers' Acceptances (the "**Escrow Funds**"). The Escrow Funds will be held by the Agent for set-off against future Obligations owing by the Borrower to the applicable Lenders in respect of such Bankers' Acceptances and pending such application will bear interest for the Borrower's Account at the rate payable by the Agent in respect of deposits of similar amounts and for similar periods of time. If the Escrow Funds are deposited as a result of the occurrence of an Event of Default and such Event of Default is either waived or cured in compliance with the terms of this Agreement, then the remaining Escrow Funds if any, together with any accrued interest to the date of release, will be released to the Borrower. The deposit of the Escrow Funds by the Borrower with the Agent as herein provided will not operate as a repayment of the Aggregate Principal Amount until such time as the Escrow Funds are actually paid to the Lenders as a Principal Repayment.

9.6 Market Disruption.

If:

- (a) the Agent (acting reasonably) makes a determination, which determination shall be conclusive and binding upon the Borrower, and notifies the Borrower, that there no longer exists an active market for Bankers' Acceptances accepted by the Lenders; or
- (b) the Agent is advised by Lenders holding at least 25% of the Commitment Amount of all Lenders hereunder by written notice (each, a "**Lender BA Suspension Notice**") that such Lenders have determined (acting reasonably and in good faith) that the BA Discount Rate will not or does not accurately reflect the cost of funds of such Lenders or the discount rate which would be applicable to a sale of Bankers' Acceptances accepted by such Lenders in the market;

then:

- (c) the right of the Borrower to request Bankers' Acceptances or BA Equivalent Loans from any Lender shall be suspended until the Agent determines that the circumstances causing such suspension no longer exist, and so notifies the Borrower and the Lenders;
- (d) any outstanding Notice of Borrowing requesting an Advance by way of Bankers' Acceptances or BA Equivalent Loans shall be deemed to be a Notice of Borrowing requesting an Advance by way of Canadian Prime Rate Loans in the amount specified in the original Notice of Borrowing;
- (e) any outstanding Notice of Conversion requesting a Conversion of an Advance by way of Bankers' Acceptances or BA Equivalent Loans shall be deemed to be a Notice of Conversion requesting a Conversion of such Advances into an Advance by way of Canadian Prime Rate Loans; and
- (f) any outstanding Notice of Rollover requesting a Rollover of an Advance by way of Bankers' Acceptances or BA Equivalent Loans, shall be deemed to be a Notice of Conversion requesting a Conversion of such Advances into an Advance by way of Canadian Prime Rate Loans.

The Agent shall promptly notify the Borrower and the Lenders of any suspension of the Borrower's right to request Advances by way of Bankers' Acceptances or BA Equivalent Loans and of any termination of any such suspension. A Lender BA Suspension Notice shall be effective upon receipt of the same by the Agent if received prior to 2:00 p.m. (Toronto time) on a Banking Day and if not, then on the next following Banking Day, except in connection with an outstanding Notice of Drawdown, Notice of Conversion or Notice of Rollover, in which case the applicable Lender BA Suspension Notice shall only be effective with respect to such outstanding Notice of Drawdown, Notice of Conversion or Notice of Rollover if received by the Agent prior to 2:00 p.m. (Toronto time) two Banking Days prior to the proposed date of Advance, date of Conversion or date of Rollover (as applicable) applicable to such outstanding Notice of Drawdown, Notice of Conversion or Notice of Rollover, as applicable.

ARTICLE 10
LETTERS OF CREDIT

10.1 General.

- (a) Availability. Each Letter of Credit will be made available by the Operating Lender and each Letter of Credit (including all documents and instruments required to be presented thereunder) will be satisfactory in form and substance to the Operating Lender, acting reasonably. No Letter of Credit will be issued (or will be renewable at the option of the beneficiary thereunder) for a term in excess of one year, or will require payment in any currency other than Canadian Dollars and the Aggregate Principal Amount owing under the Operating Facility with respect to the face amount of outstanding Letters of Credit shall at no time exceed Cdn. \$15,000,000 (or such greater amount up to the Operating Facility Commitment Amount, as the Operating Lender may agree).

- (b) Fees and Charges. As a condition of the issuance or renewal of any Letter of Credit, the Borrower will pay to the Operating Lender the issuance or renewal fee specified Section 3.10(a) on the day of issue. The Borrower will also pay to the Operating Lender its customary administrative charges in respect of the issue, amendment, renewal or transfer of such Letter of Credit, and each drawing made under such Letter of Credit.

- (c) Condition to Advance. The Operating Lender shall only issue a Letter of Credit if the following conditions have been satisfied:
 - (i) the Operating Lender shall have received an executed LC Application specifying:
 - (A) the proposed date of issuance (which shall be a Banking Day at least 3 Banking Days following the date of such request);
 - (B) the expiry date thereof;
 - (C) the name and address of the beneficiary thereof;
 - (D) whether the Letter of Credit is a Financial LC or a Performance LC; provided that in the case of any dispute, the Operating Lender shall determine whether a Letter of Credit is a Financial LC or a Performance LC in accordance with its usual and customary practices;
 - (E) the face amount and currency thereof; and
 - (F) the terms and conditions of the requested Letter of Credit and other relevant details; and

- (ii) the Operating Lender shall have received such other customary administrative documents as it shall have reasonably requested as a condition to the issuance of such Letter of Credit.

In the event of any conflict or inconsistency between the terms of an LC Application and such other documents and this Agreement, the terms of this Agreement shall prevail and any liability of the Borrower in respect of Letters of Credit shall be governed by this Agreement irrespective of the provisions of any LC Application or such other documents. The Operating Lender will determine whether a Letter of Credit is a Financial LC or a Performance LC in accordance with its customary practices.

- (d) Drawing under Letters of Credit. In the event of any request for a drawing under any Letter of Credit, the Borrower shall reimburse the Operating Lender on demand by the Operating Lender, in the relevant currency, an amount, in same day funds, equal to the amount of such drawing (for greater certainty, failure to reimburse the Operating Lender as provided in this sentence shall not constitute a Default or Event of Default). If the Borrower does not (i) make any payment required by the preceding sentence from the proceeds of an Accommodation obtained under this Agreement or otherwise, or (ii) notify the Operating Lender prior to 1:00 p.m. (Toronto time) on the second Banking Day following receipt by the Borrower of the notice from the Operating Lender referred to in the first sentence of this paragraph that the Borrower intends to reimburse the Operating Lender for the amount of such drawing with funds other than the proceeds of Advances:
 - (i) the Borrower shall be deemed to have given a Notice of Borrowing to the Operating Lender to make a Canadian Prime Rate Loan (irrespective of whether any other applicable conditions precedent specified herein have been satisfied), on the third Banking Day following the date on which such notice is provided by the Operating Lender to the Borrower in an amount equal to the amount of such drawing; and
 - (ii) subject to the terms and conditions of this Agreement (including those set forth in Article 6), the Operating Lender shall, on the next Banking Day following the date of such drawing, make such Advance in accordance with Article 3 and it shall apply the proceeds thereof to the reimbursement of the Operating Lender for the amount of such drawing.

The Borrower agrees to accept each such Canadian Prime Rate Loan and hereby irrevocably authorizes and directs the Operating Lender to apply the proceeds thereof in payment of the liability of the Borrower with respect to such required payment.

- (e) Cash Collateral. If any Letter of Credit is outstanding on the date the Credit Agreement is cancelled, or at any time that an Event of Default occurs or a domestic or foreign court issues any judgment or order restricting or prohibiting

payment by the Operating Lender under such Letter of Credit or extending the liability of the Operating Lender to make payment under such Letter of Credit beyond the expiry date specified therein, the Borrower will forthwith upon demand by the Operating Lender pay to the Operating Lender funds in the applicable currency in the undrawn amount of the Letter of Credit and such funds (together with interest thereon) will be held by the Operating Lender for payment of any liability under such Letter of Credit so long as the Operating Lender has or may in any circumstances have any liability under such Letter of Credit, and shall bear interest at the Operating Lender's then prevailing rate payable by it in respect of deposits of similar amounts and of similar periods of time. Any balance of such funds and interest remaining at such time as the Operating Lender does not have and may never have any liability under such Letter of Credit will nevertheless continue to be held by the Operating Lender, if and so long as any Default or Event of Default is continuing, as security for the remaining liabilities of the Borrower hereunder.

- (f) Obligations Absolute. The obligation of the Borrower to reimburse the Operating Lender for Advances made under any Letter of Credit shall be unconditional and irrevocable and shall be fulfilled strictly in accordance with the terms of this Agreement under all circumstances, including:
- (i) any lack of validity or enforceability of any Letter of Credit;
 - (ii) the existence of any claim, set-off, defence or other right which the Borrower may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons for whom any such transferee may be acting), the Operating Lender, any Lender or any other Person, whether in connection with this Agreement, the Documents, the transactions contemplated herein and therein or any unrelated transaction (including any underlying transaction between the Borrower and the beneficiary of such Letter of Credit);
 - (iii) any incapacity, disability or lack or limitation of status or of power of the Borrower or the beneficiary of any Letter of Credit;
 - (iv) any breach of contract or other dispute between the Borrower and the Operating Lender, the beneficiary of any Letter of Credit or any other Person;
 - (v) any payment by the Operating Lender under any Letter of Credit if such payment does not breach the standards of reasonable care specified in the Uniform Customs or disentitle the Operating Lender to reimbursement under ISP98, in each case as stated on its face to be applicable to the respective Letter of Credit); or
 - (vi) the fact that a Default or an Event of Default shall have occurred and be continuing.

(g) Indemnification; Nature of Lenders' Duties.

- (i) In addition to amounts payable as elsewhere provided in this Article 10, the Borrower hereby agrees to protect, indemnify, pay and save the Operating Lender and its directors, officers, employees, agents and representatives harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable legal fees and expenses) which the indemnitee may incur or be subject to as a consequence, direct or indirect, of the issuance of any Letter of Credit, other than as a result of the breach of the standards of reasonable care specified in the Uniform Customs or where the Operating Lender would not be entitled to the foregoing indemnification under ISP98, in each case as stated on its face to be applicable to such Letter of Credit.
- (ii) As between the Borrower, on the one hand, and the Operating Lender, on the other hand, the Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit issued hereunder by, the respective beneficiaries of such Letters of Credit and, without limitation of the foregoing, the Operating Lender shall not be responsible for:
 - (A) the invalidity or insufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;
 - (B) errors in interpretation of technical terms;
 - (C) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; and
 - (D) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit;

None of the above shall affect, impair or prevent the vesting of any of the Operating Lender' rights or powers hereunder. No action taken or omitted by the Operating Lender under or in connection with any Letter of Credit issued by it or the related certificates, if taken or omitted in good faith, shall put the Operating Lender under any resulting liability to the Borrower (provided that the Operating Lender acts in accordance with the standards of reasonable care specified in the Uniform Customs and otherwise as may be required under ISP98, in each case as stated on its face to be applicable to the respective Letter of Credit).

- (iii) The Borrower agrees that neither the Operating Lender nor its officers, directors, employees or agents will assume liability for, or be responsible

for, and the Borrower hereby indemnifies and holds harmless any such Person from any losses or claims resulting from, the following: (A) the use which may be made of any Letter of Credit; (B) any acts or omissions of the beneficiary of any Letter of Credit including the application of any payment made to such beneficiary; (C) the form, validity, sufficiency, correctness, genuineness or legal effect of any document or instrument relating to any Letter of Credit which on its face complies with requirements of the Letter of Credit, even if such document or instrument should in fact prove to be in any respect invalid, insufficient, inaccurate, fraudulent or forged; (D) the failure of any document or instrument to bear any reference or adequate reference to any Letter of Credit; (E) any failure to note the amount of any draft on any Letter of Credit or on any related document or instrument; (F) any failure of the beneficiary of any Letter of Credit to meet the obligations of such beneficiary to the Borrower or any other Person other than the Operating Lender; (G) any errors, inaccuracies, omissions, interruptions or delays in transmission or delivery of any messages, directions or correspondence by mail, facsimile or otherwise, whether or not they are in cipher; any inaccuracies in the translation of any messages, directions or correspondence or for errors in the interpretation of any technical terms; (H) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect; (I) acting in reliance upon any notice, consent, certificate, statement or other writing (which may be a bank wire, telex, facsimile or similar writing) appearing on its face to be in compliance with the terms and conditions of the Letter of Credit; or (J) any failure by the Operating Lender to make payment under any Letter of Credit as a result of any Law, control or restriction rightfully or wrongfully exercised or imposed by any domestic or foreign court or Administrative Body or as a result of any other cause beyond the control of the Operating Lender or its officers, directors or employees or agents. This Section 10.1(g)(iii) will survive the termination of this Agreement; provided that nothing in this Agreement shall exonerate the Operating Lender for its gross negligence or wilful misconduct (as determined by a final, non-appealable judgment of a court of component jurisdiction).

(h) General.

- (i) The Operating Lender may accept as complying with the terms of any Letter of Credit any document or instrument required by such Letter of Credit to be completed, signed, presented or delivered by or on behalf of any beneficiary thereunder which has been completed, signed, presented or delivered by a receiver, trustee in bankruptcy, assignee for the benefit of creditors, secured party or other like Person believed in good faith by the Operating Lender to be lawfully entitled to the property of such beneficiary, and the Operating Lender may make payments under such Letter of Credit to such Person. The provisions of this Article 10 are for

the sole benefit of the Operating Lender and the Persons indemnified under Section 10.1(f) and may not be relied on by any other Person.

- (ii) Each Letter of Credit, except as specifically provided therein, and subject to any provision hereof to the contrary, will be subject to the Uniform Customs current at the time of issuance of such Letter of Credit.
- (iii) For the purpose of calculating the Aggregate Principal Amount in respect of a Letter of Credit and for any other relevant provision of this Agreement, the amount of Accommodation constituted by any Letter of Credit at any time will be the maximum amount which the Operating Lender may in all circumstances be required to pay pursuant to the terms thereof at such time.
- (iv) The Operating Lender shall maintain records showing the undrawn and unexpired amount of each Letter of Credit outstanding hereunder and showing for each Letter of Credit issued hereunder:
 - (A) the dates issuance and expiration thereof;
 - (B) the amount thereof; and
 - (C) the date and amount of all payments made thereunder.
- (v) The Operating Lender shall make copies of such records available to the Borrower upon its request.

ARTICLE 11 INCREASED COSTS

11.1 Changes in Law.

- (a) If, after the date hereof, due to either:
 - (i) the introduction of, or any change in, or in the interpretation of any Law, whether having the force of law or not, resulting in the imposition or increase of reserves, deposits or similar requirements by any central bank or Administrative Body charged with the administration thereof;
 - (ii) imposition on any Lender to maintain any capital adequacy or additional capital requirements in respect of any Advances or commitments hereunder, or any other condition with respect to this Agreement; or
 - (iii) the compliance with any guideline or request from any central bank or other Administrative Body which a Lender, acting reasonably, determines that it is required to comply with,

there will be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining an Accommodation, or there will be any reduction in the effective return to such Lender thereunder, then, subject to Section 11.1(b), the Borrower will, within 5 Banking Days after being notified by such Lender of such event, pay to such Lender, quarterly in arrears, that amount (the “**Additional Compensation**”) which such Lender, acting reasonably, determines will compensate it, after taking into account all applicable Taxes, and all interest and other amounts received, for any such increased costs or reduced returns incurred or suffered by such Lender.

- (b) If Additional Compensation is payable pursuant to Section 11.1(a), the Borrower will have the option to convert the Accommodation to another type of Accommodation in accordance with the terms of this Agreement, in respect of which no further Additional Compensation will be payable or prepay any amount of the applicable Credit Facility owed to the Lender entitled to receive the Additional Compensation, subject always to Section 9.5 without obligation to make a corresponding prepayment to any other Lender. If the Additional Compensation relates to outstanding Bankers’ Acceptances under the applicable Credit Facility, such Lender may require the Borrower to deposit in an interest bearing cash collateral account with such Lender such amount as may be necessary to fully satisfy the contingent obligations of such Lender for all outstanding Bankers’ Acceptances in accordance with the arrangements similar to those set out in Section 9.5.
- (c) Notwithstanding anything contained in this Section 11.1, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and all requests, rules, regulations, guidelines and directives thereunder or issued in connection therewith and all requests, rules, regulations, guidelines and directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority or any United States, Canadian or foreign regulatory authority) (collectively, the “**New Rules**”) shall, in each case, be deemed a “change in Law” under Section 11.1(a)(i) regardless of the date enacted, adopted or issued but only to the extent (i) applicable to a Lender claiming Additional Compensation, (ii) materially different from that in effect on the date hereof, and (iii) such New Rules have general application to substantially all banks and their affiliates within the jurisdiction in which such Lender operates.

11.2 Changes in Circumstances.

Notwithstanding anything to the contrary herein or in any of the other Documents contained, if on any date a Lender determines in good faith, which determination will be conclusive and binding on the Parties, and provided notice is given to the Agent and the other Lenders and to the Borrower that its ability to maintain, or continue to offer any Accommodation has become unlawful or impossible due to:

- (a) any change in applicable Law, or in the interpretation or administration thereof by authorities having jurisdiction in the matter; or
- (b) any material adverse change in or the termination of the London Interbank Eurodollar Market for Eurodollars; or
- (c) the imposition of any condition, restriction or limitation upon such Lender which is outside of its control,

then in any such case, the Borrower will forthwith repay to such Lender all principal amounts affected thereby, together with all unpaid interest accrued thereon to the date of repayment and all other expenses incurred in connection with the termination of any such Accommodation, including any expenses resulting from the early termination of any LIBOR Period relating thereto in accordance with Section 8.2, without any obligation to make a corresponding prepayment to any other Lender. The Borrower may utilize other forms of Accommodations not so affected in order to make any required repayment and after any such repayment, the Borrower may elect to re-borrow the amount repaid by way of some other Accommodation upon complying with applicable requirements thereof.

11.3 Application of Sections 11.1 and 11.2.

If a Lender exercises its discretion under either Section 11.1 or 11.2, then concurrently with a notice from such Lender to the Lenders and the Borrower requiring compliance with the applicable Section, such Lender will provide the Borrower (with a copy to the Agent and the other Lenders) with a certificate in reasonable detail outlining the particulars giving rise to such notice, confirming that its actions are consistent with actions concurrently taken by such Lender with respect to similar type provisions affecting other borrowers of such Lender in comparable circumstances and certifying (with reasonable supporting detail) the increased costs, if any, payable by the Borrower thereunder, which will be *prima facie* evidence thereof and binding on the Parties.

11.4 Limitations on Additional Compensation.

Sections 11.1 and 11.2 will not apply to a Lender with respect to any event, circumstance or change of the nature and kind of which such Lender had actual knowledge on the Amendment and Restatement Date. A Lender will not be entitled to Additional Compensation to the extent such increase in costs or reduction in return is reflected in or recovered by an increase in the interest or other amounts payable hereunder (other than pursuant to Section 11.1) or relates to any period which is more than 120 days prior to such Lender becoming aware such Additional Compensation was owing.

11.5 Taxes.

All payments to be made by Loan Parties pursuant to the Documents are to be made without set-off, deduction, compensation or counterclaim and free and clear of and without deduction for or on account of any Tax (which for greater certainty does not include Taxes on the overall income of a Lender). If any such Tax is deducted or withheld from any payments under the Documents, Loan Parties shall promptly remit to the Agent for the Lenders benefit in

the currency in which such payment was made, the equivalent of the amount of Tax so deducted or withheld together with the relevant receipt addressed to the Agent. If any Loan Party is prevented by operation of Law or otherwise from paying, causing to be paid or remitting such Tax, the interest or other amount payable under the Documents will be increased to such rates as are necessary to yield and remit to the Lenders the principal sum advanced or made available together with interest at the rates specified in the Documents after provision for payment of such Tax. The Borrower agrees to indemnify the Agent and each Lender for (i) the full amount of Taxes of any relevant taxing jurisdiction on amounts payable under this Section 11.5 paid by the Agent and such Lender, and (ii) any reasonable expenses arising therefrom or with respect thereto, in each case whether or not such Taxes were correctly or legally imposed or asserted by the relevant taxing jurisdiction; provided the Agent or a Lender, as the case may be, provides the Borrower with a written statement thereof setting forth in reasonable detail the basis and calculation of such amounts. Payment under this Section 11.5 shall be made within thirty (30) days after the date such Lender or the Agent makes a written demand therefor. Notwithstanding anything herein to the contrary, the Borrower shall not be required pursuant to this Section 11.5 to pay any additional amount to, or to indemnify, any Lender or the Agent, as the case may be, the extent that such Lender or the Agent becomes subject to Taxes subsequent to the Amendment and Restatement Date (or, if later, the date such Lender or the Agent becomes a party to this Agreement) as a result of a change in the place of organization or residence of such Lender or the Agent, a change in the lending office of such Lender, or a change in the principal office of such Lender or the Agent, except to the extent that such Lender or the Agent was entitled, at the time of the change in place of organization, residence or the change in its lending office, to receive additional amounts from the Borrower pursuant to this Section 11.5 (and provided, that nothing in this Section 11.5 shall be construed as relieving the Borrower from any obligation to make such payments or indemnification in the event of a change in applicable Law).

ARTICLE 12

REPRESENTATIONS AND WARRANTIES OF THE BORROWER

12.1 Representations and Warranties.

The Borrower hereby represents and warrants to the Lenders as of the Amendment and Restatement Date that:

- (a) Incorporation, Organization and Power. Each Loan Party has been duly incorporated, amalgamated or formed, as applicable, and is validly existing under the Law of its jurisdiction of incorporation, amalgamation or formation as applicable, and is duly registered to carry on business in each jurisdiction in which the nature of any material business carried on by it or the character of any material property owned or leased by it makes such registration necessary, and each Loan Party has full corporate or partnership power and capacity, as applicable, to enter into and perform its obligations under the Documents to which it is a party, and to carry on its business as currently conducted.
- (b) Authorization and Status of Agreements. Each Document to which the Borrower and any other Loan Party is a party delivered pursuant hereto has been duly authorized, executed and delivered by it and does not conflict with or contravene

or constitute a default or create a Lien, other than a Lien which is a Permitted Encumbrance and other than a conflict, contravention, default or a Lien which could not be reasonably be expected to have a Material Adverse Effect, under:

- (i) its constating documents or bylaws or any resolution of its Directors;
 - (ii) any agreement or document to which it is a party or by which any of its property is bound, including the Second Lien Financing Agreement and any “Documents” (as such term is defined in the Second Lien Financing Agreement); or
 - (iii) any applicable Law.
- (c) Enforceability. Each of the Documents to which any Loan Party is a party constitutes a valid and binding obligation of any Loan Party, as applicable, and is enforceable against it in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar statutes affecting the enforcement of creditors’ rights generally and by general principles of equity.
- (d) Security. The Security constitutes a valid first security interest and first floating charge on the assets of the Loan Parties, subject only to Permitted Encumbrances which under applicable Law rank in priority thereto.
- (e) Litigation. There are no actions, suits or proceedings at Law or before or by any Administrative Body existing or pending, or to the Borrower’s knowledge threatened, to which any Loan Party is, or to the Borrower’s knowledge is threatened to be made, a party and the result of which could, if adversely determined, reasonably be expected to have a Material Adverse Effect.
- (f) Judgments; Etc. No Loan Party is subject to any judgment, order, writ, injunction, decree or award, or to any restriction, rule or regulation (other than customary or ordinary course restrictions, rules and regulations consistent or similar with those impose on other Persons engaged in similar businesses) which has not been stayed, or of which enforcement has not been suspended which could reasonably be expected to have a Material Adverse Effect.
- (g) Environmental Law. Each Loan Party has in all material respects (i) obtained all permits, licenses and other authorizations which are required under Environmental Law; and (ii) is in compliance with Environmental Law and with the terms and conditions of all such permits, licenses and authorizations.
- (h) Environmental Condition of Property. The property or any part thereof owned, operated or controlled by the Borrower, either directly or through a Subsidiary:
- (i) is not, to the knowledge of the Borrower, the subject of any outstanding claim, charge or order from an Administrative Body alleging violation of Environmental Law or, if subject to any such claim, charge or order, the

Borrower, either directly or through a Subsidiary, is taking all such remedial, corrective or other action required under the claim, charge or order or is diligently and in good faith contesting the validity thereof; and

- (ii) complies, with respect to each of its use and operation, in all material respects with Environmental Law and with the terms and conditions of all permits, licenses and other authorizations which are required to be obtained under applicable Environmental Law.
- (i) Title to Properties. Each Loan Party has good and valid title to its Borrowing Base Properties, subject only to Permitted Encumbrances and to minor defects of title which in the aggregate do not materially affect its rights of ownership therein or the value thereof or to which the Lenders have consented to in writing. Each Loan Party is entitled to charge its interests in the Borrowing Base Properties in favour of the Agent and the Lenders as provided in this Agreement without the need to obtain any consent of or release from any other Person which has not been obtained and such Borrowing Base Properties are not held in trust by any such Loan Party for any other Person.
- (j) Operation of Properties. To the best of the Borrower's knowledge, information and belief, after due enquiry, all of the oil, gas and other wells of each Loan Party have been drilled, completed, shut-in and abandoned, as applicable, (and they have abandoned such wells if they were required by Law to have been abandoned), in accordance with applicable Law, the oil and gas properties of each Loan Party have been operated in accordance with applicable Law and the facilities, plants and equipment in respect of all of the Borrower's and each other Loan Parties' properties have been and will continue to be operated and maintained, as the case may be, in a good and workmanlike manner in accordance with sound industry practice and in accordance with all applicable Law, except, in each case, to the extent that the failure to do any of the foregoing could not be reasonably expected to have a Material Adverse Effect.
- (k) Financial Condition. The most recent consolidated financial statements of the Borrower heretofore or contemporaneously delivered to the Agent and the Lenders hereunder were prepared in accordance with GAAP and such consolidated financial statements present fairly in all material respects the Borrower's consolidated financial position as at the date thereof. Since the date of such financial statements, there has been no occurrence of any event or circumstance which could reasonably be expected to have a Material Adverse Effect.
- (l) Information. All written factual information (excluding, for certainty, any projections included therein) heretofore or contemporaneously furnished by or on behalf of any Loan Party to the Agent or the Lenders in connection with the Loan Parties, the Borrowing Base Properties and the Credit Facilities is true and accurate in all material respects and the Borrower is not aware of any omission of

any material fact which renders such factual information incomplete or misleading in any material way.

- (m) No Breach of Orders, Licences or Statutes. No Loan Party is in breach of:
- (i) any order, approval or mandatory requirement or directive of any Administrative Body;
 - (ii) any governmental licence or permit; or
 - (iii) any applicable Law,
- the breach of which could reasonably be expected to have a Material Adverse Effect.
- (n) Pension. Each Loan Party has in all respects, complied with the contractual provisions and applicable Laws relating to each Pension Plan to which any Loan Party is a party or is otherwise bound, if any, except to the extent failure to comply could not reasonably be expected to have a Material Adverse Effect, all amounts due and owing under any such Pension Plan have been paid in full, and to the knowledge of the Borrower, no deficiency exists (whether or not waived) under any such Pension Plan that could reasonably be expected to have a Material Adverse Effect.
- (o) No Default. No Default or Event of Default has occurred and is continuing.
- (p) Insurance. Each Loan Party has in full force and effect such policies of insurance in such amounts issued by such insurers of recognized standing covering the property of each Loan Party in accordance with prudent industry standards as required by Section 13.1(g).
- (q) Approvals. All regulatory approvals, consents, permits and licenses necessary for any Loan Party to carry on its business, as currently carried on, and all approvals and consents necessary for it to enter into the Documents to which it is a party and perform its obligations thereunder have, in each case, been obtained and are in good standing except to the extent that failure to so obtain could not be reasonably expected to have a Material Adverse Effect.
- (r) Payment of Taxes. Each Loan Party has filed all tax returns which are required to be filed and has paid all Taxes (including interest and penalties) which are due and payable, unless such payment is in good faith disputed, and has made all appropriate provision in respect thereof in accordance with GAAP, except, in either case, to the extent that a failure to do so could not reasonably be expected to have a Material Adverse Effect.
- (s) Remittances. All of the remittances required to be made by any Loan Party to the applicable federal, provincial, municipal or state governments have been made, are currently up to date and there are no outstanding arrears, except to the extent

that a failure to do so could not reasonably be expected to have a Material Adverse Effect.

- (t) Loan Party Information. As at the Amendment and Restatement Date (both before and after the Post-Closing Amalgamation), the Borrower has no Subsidiaries other than as set out in Schedule H and the jurisdictions of incorporation or creation, as applicable, the location of the businesses and assets of the Loan Parties and the trade names of each, if any, used in such locations is set forth in Schedule H.
- (u) Liens. No Loan Party has any Liens on its property, other than Permitted Encumbrances.
- (v) Indebtedness. No Loan Party has any Indebtedness, other than Permitted Indebtedness. Any such Permitted Indebtedness has not been subject to any Lien, except for Permitted Encumbrances, or assigned or otherwise transferred (absolutely, contingently, directly, indirectly or otherwise) to any Person other than pursuant to the Security.
- (w) Wholly-Owned Status. Each of the Material Subsidiaries are direct or indirect wholly-owned Subsidiaries of the Borrower.
- (x) Solvency. No Loan Party is an “insolvent person” as defined in and for purposes of the *Bankruptcy and Insolvency Act* (Canada).
- (y) Location. The chief executive office of the each Loan Party is in the Province of Alberta.

12.2 Acknowledgement.

The Borrower acknowledges that the Agent and the Lenders are relying upon the representations and warranties in this Article 12 in making the Credit Facilities available to the Borrower and that the representations and warranties contained in Sections 12.1, except for the representation and warranty contained in Section 12.1(t), will be deemed to be restated in every respect effective on the date each and every Advance is made except for Advances which are Rollovers or Conversions in which case only Section 12.1(o) will be deemed to be restated; and effective on the date of any Swap Document the representation and warranty contained in Section 12.1(o) will be deemed to be restated.

12.3 Survival and Inclusion.

The representations and warranties in this Article 12 shall survive until this Agreement has been terminated. All statements, representations and warranties contained in any Compliance Certificate, Environmental Certificates, Closing Certificates, the other Documents or in any instruments delivered by or on behalf of the Borrower or a Material Subsidiary pursuant to this Agreement or the other Documents shall constitute statements, representations and warranties made by the Borrower to the Agent and the Lenders under this Agreement.

ARTICLE 13 COVENANTS OF THE BORROWER

13.1 Affirmative Covenants.

While any Obligations under any Credit Facility are outstanding or any Accommodation under any Credit Facility remains available:

- (a) Punctual Payment. The Borrower will pay or cause to be paid all Obligations and other amounts payable under the Documents punctually when due.
- (b) Use of Credit Facilities. The Borrower will use the Credit Facilities only in accordance with Section 3.8.
- (c) Legal Existence. Subject to Section 13.4(h) and except in connection with the Post-Closing Amalgamation, the Borrower will do or will cause to be done all things necessary to preserve and keep in full force and effect each Loan Party's existence in good standing as a corporation under the Law of its jurisdiction of formation.
- (d) Material Adverse Claims. The Borrower will, and will cause each other Loan Party to, except for Permitted Encumbrances, do all things necessary to defend, protect and maintain its property from all material adverse claims where the failure to do so in the opinion of the Lenders, acting reasonably, threatens the intended priority or validity of the Security as herein provided, or could reasonably be expected to have a Material Adverse Effect.
- (e) Operation of Properties. The Borrower will, and will cause each other Loan Party to, operate its respective property, or, if it is not the operator, use reasonable efforts to ensure that such property is operated, in accordance with sound industry practice and in accordance in all respects with applicable Law, except to the extent failure to do so could not reasonably be expected to have a Material Adverse Effect.
- (f) Performance of Agreements. The Borrower will, and will cause each other Loan Party to, perform its obligations under the Documents to which it is a party and all other all agreements relating to the Borrowing Base Properties, including payment of rentals, royalties, Taxes or other charges in respect thereof which are necessary to maintain all such agreements in good standing in all respects, except to the extent failure to so perform could not reasonably be expected to have a Material Adverse Effect, provided that this covenant will not restrict their right to surrender leases or terminate agreements which are uneconomic to maintain.
- (g) Insurance. The Borrower will, and will cause each other Loan Party to, maintain adequate insurance in respect of its material property, including all wellhead equipment and other plant and equipment according to prudent industry standards, and will provide the Agent with copies of all insurance policies relating thereto if so requested. At the Agent's request, all such property insurance policies will

contain a loss payable clause and mortgage clause in favour of the Agent on behalf of the Lenders and the Swap Lenders.

- (h) Environmental Audit. If the Agent, acting reasonably, determines that any Loan Party's obligations or other liabilities in respect of matters dealing with the protection or contamination of the Environment or the maintenance of health and safety standards, whether contingent or actual, could reasonably be expected to have a Material Adverse Effect then, at the request of the Agent, the Borrower will, and will cause each of the other Loan Parties to, assist the Agent in conducting an environmental audit of the property which is the subject matter of such contingent or actual obligations or liabilities, by an independent consultant selected by the Agent. The reasonable costs of such audit will be for the account of the Borrower, provided that the Agent will carry out such audit in consultation with the Borrower to expedite its completion in a cost effective manner. Should the result of such audit indicate that any Loan Party is in breach, or with the passage of time will be in breach, of any Environmental Law and such breach or potential breach has or could reasonably be expected to have, in the opinion of the Lenders, acting reasonably, a Material Adverse Effect, and without in any way prejudicing or suspending any of the rights and remedies of the Agent and the Lenders under the Documents, the Borrower will, and will cause the other Loan Parties to, forthwith commence and diligently proceed to rectify or cause to be rectified such breach or potential breach, as the case may be, and will keep the Lenders fully advised of the actions it intends to take and has taken to rectify such breach or potential breach and the progress it is making in rectifying same. The Agent will be permitted to retain, for the account of the Borrower (to the extent such account is reasonable), the services of a consultant to monitor any Loan Party's compliance with this Section 13.1(h).
- (i) Payment of Taxes. The Borrower will, and will cause each other Loan Party to, duly file on a timely basis all Tax returns required to be filed by any of them, and duly and punctually pay all Taxes and other governmental charges levied or assessed against any of them or their property, except, in either case, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.
- (j) Remittances. The Borrower will, and will cause each other Loan Party to, make all of the remittances required to be made by any Loan Party to the applicable federal, provincial or municipal governments and keep such remittances up to date, except to the extent that a failure to do so could not reasonably be expected to have a Material Adverse Effect.
- (k) Inspection of Property; Books and Records; Discussions. The Borrower will, and will cause each other Loan Party to, maintain books and records of account in accordance with GAAP and all applicable Laws; and permit representatives of the Agent no more than once a year while no Default, Event of Default or Borrowing Base Shortfall exists and at any time while a Default, Event of Default or Borrowing Base Shortfall exists (in each case at the Borrower's expense and at

any other time at the Agent's expense) to visit and inspect any property of any Loan Party and to examine and make abstracts from any of the books and records of each Loan Party at any reasonable time during normal business hours and upon reasonable request and notice, and subject to the health and safety requirements of each Loan Party, and to discuss the business, property, condition (financial or otherwise) and prospects of the Loan Parties with their senior officers and (in the presence of such representatives, if any, as it may designate) with its independent chartered accountants.

- (l) Comply with Law and Maintain Permits. The Borrower will, and will cause each other Loan Party to, comply with applicable Laws and obtain and maintain all permits, licenses, consents and approvals necessary to the ownership of its property and to the conduct of its business in each jurisdiction where it carries on business or owns property, including those issued or granted by Administrative Bodies, except to the extent failure to do so could not reasonably be expected to have a Material Adverse Effect.
- (m) Subsidiary Security. Except as permitted by Section 13.1(n) in connection with the Post-Closing Amalgamation, the Borrower will cause each Material Subsidiary to provide the Agent with a guarantee and the other Security listed in Section 4.1 in form and substance satisfactory to the Agent within 10 days after any such Subsidiary becoming a Material Subsidiary, together with such supporting documentation and legal opinions as the Agent may reasonably require.
- (n) Post-Closing Amalgamation. The Borrower will cause the Post-Closing Amalgamation to occur no later than 3 Banking Days after the Amendment and Restatement Date and it will provide the Agent with a certified copy of the updated articles of amalgamation of Amalco promptly after the completion of the Post-Closing Amalgamation; provided that if it does not occur by such date, the Borrower will cause Ravenwood to provide the Agent with a guarantee and the other Security listed in Section 4.1 in form and substance satisfactory to the Agent by such date, together with such supporting documentation and legal opinions as the Agent may reasonably require.

13.2 Financial Covenants.

While any obligations or indebtedness under the Second Lien Financing Agreement remain outstanding, the Borrower covenants with the Agent and the Lenders that:

- (a) at the end of each Fiscal Quarter, the Working Capital Ratio of the Borrower will not be less than 1.0:1.0;
- (b) at every Borrowing Base Redetermination Date and, upon the Agent's request, one further time per calendar year or at any time that the following ratios are required to be tested under the Second Lien Financing Agreement, in each case, based on the then current Reserve Report, commencing with the Reserve Report

dated effective December 31, 2014, and after giving effect to any material acquisitions or dispositions not reflected therein:

- (i) the Proved Asset Coverage Ratio of the Borrower will not be less than 1.25:1.0; and
- (ii) the PDP Asset Coverage Ratio of the Borrower will not be less than 1.0:1.0,

provided that: (A) on each such date, the Borrower will provide an officer's certificate to the Agent certifying the calculation of each such ratio, and (B) if any such threshold is increased under the Second Lien Financing Agreement, the corresponding threshold hereunder will automatically be deemed to be increased by the same amount.

13.3 Reporting Covenants.

While any Obligations under any Credit Facility are outstanding or any Accommodation under any Credit Facility remains available:

- (a) Financial Statements. Within 60 days after the end of each of the first three Fiscal Quarters during each Fiscal Year and within 120 days after the end of each Fiscal Year, the Borrower will furnish to the Agent (in sufficient copies for each of the Lenders) a copy of its quarterly unaudited consolidated financial statements and with respect to its Fiscal Year end, its annual audited consolidated financial statements.
- (b) Annual Budget. Forthwith following approval thereof by its Directors and, in any event, within 120 days after the end of each Fiscal Year, the Borrower will furnish to the Agent (in sufficient copies for each of the Lenders) a copy of the Borrower's consolidated annual budget, including the estimated annual provision for site restoration and abandonment costs associated with its and oil and gas properties.
- (c) Borrowing Base Properties. In connection with any redetermination of the Borrowing Base as provided for in this Agreement, the Borrower will provide:
 - (i) by April 30 of such year, an independent economic and reserve evaluation report covering the then applicable Borrowing Base Properties, in form satisfactory to the Lenders, acting reasonably, prepared, in the case of such independent reports, by an engineering firm acceptable to the Lenders, dated as of December 31 of the preceding year;
 - (ii) the Majority Lenders may request, to the extent it is reasonably necessary to make a Borrowing Base Determination, an independent economic reserve and evaluation report covering the Borrowing Base Properties (in addition to the report required pursuant to clause (i) above), if the Majority Lenders have determined to redetermine the Borrowing Base as provided

for in Section 3.11(b); and in either case the Borrower shall provide the same at the Borrower's expense within a reasonable time of such request; and

- (iii) prior to September 30 of each year, an internally prepared economic and reserve evaluation update report covering the then current Borrowing Base Properties together with lease operating statements, net revenue statements and any other information reasonably required by the Lenders, with such update to be effective as of June 30 of that year (provided that if and to the extent such report is required to be prepared by an independent engineering firm under the Second Lien Financing Agreement, then the report required by this clause (iii) shall also be prepared by an independent engineering firm).
- (d) Notice of Environmental Damage. The Borrower will, forthwith upon acquiring knowledge thereof, notify the Agent of the discovery of any Contaminant or of any Release of a Contaminant into the Environment from or upon the land or property owned (either individually or jointly), operated or controlled by any Loan Party which could reasonably be expected to have a Material Adverse Effect.
- (e) Compliance Certificate and Environmental Certificate. Within (i) 60 days after the end of each of the first three Fiscal Quarters, and (ii) 120 days after the end of each Fiscal Year, the Borrower will furnish to the Agent (in sufficient copies for each of the Lenders) a Compliance Certificate and an Environmental Certificate.
- (f) Additional Environmental Information. The Borrower will upon the request of the Agent make available for discussion with the Agent or its nominee at all reasonable times the individuals who were involved in the preparation of any Environmental Certificate.
- (g) Notice of Default or Event of Default. The Borrower will notify the Agent of the occurrence of any Default or Event of Default forthwith upon becoming aware thereof and specify in such notice the nature of the event and the steps taken or proposed to be taken to remedy the same.
- (h) Notice of Legal Proceedings. The Borrower will, forthwith upon becoming aware thereof, notify the Agent of the commencement of any legal or administrative proceedings against any Loan Party which, if adversely determined against any Loan Party could reasonably be expected to have a Material Adverse Effect.
- (i) Notice of Change of Control. The Borrower will, forthwith upon becoming aware thereof, notify the Agent of any Change of Control.
- (j) Second Lien Financing Agreement. The Borrower will promptly furnish to the Agent copies of all notices given or received and all reports delivered by any Loan Party pursuant to or in connection with the Second Lien Financing

Agreement to the extent such notices and reports are not already provided to the Agent in accordance with this Agreement.

- (k) Other Information. The Borrower will provide to the Agent such other documentation and information concerning the Loan Parties or their respective properties as may be requested by the Lenders, acting reasonably.

13.4 Negative Covenants.

While any Obligations under any Credit Facility are outstanding or any Accommodation under any Credit Facility remains available:

- (a) Limitation on Indebtedness, Liens and Distributions. The Borrower will not, and will not permit Material Subsidiaries to:
 - (i) incur Indebtedness, except for Permitted Indebtedness;
 - (ii) provide or permit a Lien over any of its property, except for Permitted Encumbrances; or
 - (iii) make any Distribution, other than Permitted Distributions.
- (b) Limitation on Exchange Rate Swap Contracts. The Borrower will not, and will not permit any other Loan Party to, enter into any contract for the sale, purchase, exchange or future delivery of foreign currency (whether or not the subject currency is to be delivered or exchanged) or any hedging contract, forward contract, swap agreement, futures contract, or other foreign exchange protection agreement or option with respect to any such transaction, in each case designed to hedge against fluctuations in foreign exchange rates (collectively, the “**Exchange Rate Swap Contracts**”) if the term of any such Exchange Rate Swap Contract exceeds three years or if the aggregate amount hedged under all Exchange Rate Swap Contracts at the time such Exchange Rate Swap Contract is entered into and after giving effect thereto exceeds 75% of the aggregate of the Loan Parties’ forecasted U.S. Dollar revenues for the applicable term thereof (based on forecasts approved by the board of Directors of the Borrower).
- (c) Limitation on Interest Rate Swap Contracts. The Borrower will not, and will not permit any other Loan Party to, enter into any contract for a rate swap, rate cap, rate floor, rate collar, forward rate agreement, futures or other rate protection agreement or option with respect to any such transaction, designed to hedge against fluctuations in interest rates (collectively, the “**Interest Rate Swap Contracts**”) if the term of any such Interest Rate Swap Contract exceeds three years or if the aggregate amounts hedged under all Interest Rate Swap Contracts at the time the Interest Rate Swap Contract is entered into and after giving effect thereto exceeds 50% of the Canadian Dollar Exchange Equivalent of Aggregate Principal Amount of the Syndicated Facility.

- (d) Limitation on Commodity Swap Contracts. The Borrower will not, and will not permit any other Loan Party to, enter into any contract for a commodity swap or other protection agreement or option designed to protect against fluctuations in commodity prices (which, for greater certainty, includes both physically and financially settled hedges) (collectively, the “**Commodity Swap Contracts**”) if the term of any such Commodity Swap Contract exceeds four years or the aggregate amounts hedged under all Commodity Swap Contracts at the time such contract is entered into and after giving effect thereto exceeds 70% for the first and second year of the term of such Commodity Swap Contract and 50% for the third and fourth years thereof of the average daily production of (i) crude oil, (ii) natural gas liquids, and (iii) natural gas (determined in each case on a commodity by commodity basis (net of royalties) of the Loan Parties during the immediately preceding Fiscal Quarter, as adjusted for acquisitions and divestitures during such Fiscal Quarter in a manner satisfactory to the Agent, acting reasonably.
- (e) Limitation on Hedging Agreements. The Borrower will not, and will not permit any other Loan Party to, enter into or maintain any Exchange Rate Swap Contract, Interest Rate Swap Contract, Commodity Swap Contract and any other derivative agreement or other similar agreement or arrangements (collectively, the “**Hedging Agreements**”), unless such Hedging Agreement is entered into for hedging purposes only in the ordinary course of business and not for speculative purposes. For greater certainty, no Material Subsidiary may enter into a Hedging Agreement until the Borrower has provided a guarantee in respect of any such Material Subsidiary to the Agent, in form and substance acceptable to the Agent, acting reasonably.
- (f) Repayment of Second Lien Indebtedness. Notwithstanding the terms of the Second Lien Financing Agreement, (i) the Borrower will not satisfy any payment obligations (in respect of either interest, principal or premium) under the Second Lien Indebtedness during the continuance of a Default or an Event of Default or if the effect of any such payment could reasonably be expected to result in a Default or Event of Default, and (ii) the Borrower will not make any optional prepayment of the Second Lien Indebtedness (or any portion thereof) if: (A) at the time of making such prepayment, there is an Aggregate Principal Amount outstanding hereunder; or (B) the aggregate amount of optional prepayments of the Second Lien Indebtedness exceeds ten percent (10%) of the original principal amount thereof; provided that the foregoing limitations shall not apply if (x) such optional prepayments are funded entirely by equity and (y) no Default or Event of Default exists at the time of the prepayment thereof.
- (g) Change in Constating Documents. The Borrower will not, and will not permit any other Loan Party to, amend any of its constating documents or by-laws in a manner that would materially prejudice the rights and interests of the Lenders under the Documents.
- (h) Mergers, Amalgamation and Consolidations. The Borrower will not, and will not permit any other Loan Party to, merge, amalgamate or consolidate with, or wind-

up or dissolve into, another Person, except for any such transaction between one or more Loan Parties.

- (i) Change in Business, Name, Location, Fiscal Year. The Borrower will not, and will not permit any other Loan Party to, (i) change in any material respect the nature of their business or operations from the exploration for, and development, production, transportation and marketing of, petroleum, natural gas and related products in the Western Canadian Sedimentary Basin, (ii) change its corporate or partnership name, as applicable, trade name or locations of business from those set forth in Schedule H (except in connection with the Post-Closing Amalgamation), or (iii) change its fiscal year end without giving the Agent 15 days prior written notice thereof. The Borrower will notify the Agent of the creation of any Subsidiary and the ownership thereof within 10 days after any such creation.
- (j) Asset Dispositions. Other than for Permitted Dispositions, the Borrower will not, and will not permit any other Loan Party to, directly or indirectly, make any sale, exchange, lease, transfer or other disposition of any of its properties to any Person without the prior written consent of all of the Lenders.
- (k) Financial Assistance or Capital Contributions. The Borrower will not, and will not permit any other Loan Party to, provide any guarantee, loans or other financial assistance to any Person (other than another Loan Party) or make any contributions of capital or any other forms of equity investment in any Person (other than another Loan Party), in each case, in an aggregate amount that at any time exceeds the Threshold Amount.
- (l) Material Investments. The Borrower will not, and will not permit any other Loan Party to, make material investments or enter into ventures of a material nature which are outside the scope of their normal course of business.
- (m) Transactions with Affiliates. The Borrower will not, and will not permit any other Loan Party to, except as specifically permitted hereunder, enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any of its shareholders or with any Affiliate, or with any of its or their directors or officers, or enter into, assume or suffer to exist any employment, consulting or analogous agreement or arrangement with any such shareholder or Affiliate or with any of its directors or officers, except a transaction or agreement or arrangement which is in the ordinary course of business of a Loan Party and which is upon fair and reasonable terms not less favourable to the applicable Loan Party than it would obtain in comparable arms-length transaction.
- (n) Second Lien Financing Agreement Amendments. The Borrower will not amend, restate, supplement or otherwise modify the Second Lien Financing Agreement except for those amendments, restatements, supplements or other modifications that are permitted to be made under the Intercreditor Agreement.

13.5 Most Favoured Lender

If at any time the Second Lien Financing Agreement or any other Second Lien Document includes: (a) any one or more covenants or events of default that are not provided for in the Documents (other than affirmative covenants as to reporting obligations provided in the Second Lien Financing Agreement on the date hereof) taking into account the different relevant circumstance between the Second Lien Financing Agreement and the Second Lien Lenders and the Documents and the Lenders, or (b) any one or more covenants or events of default that are more restrictive, taken as a whole, than the same or similar covenants or events of default provided in this Agreement or the other Documents taking into account the different relevant circumstances between the Second Lien Financing Agreement and the Second Lien Lenders and the Documents and the Lenders, then: (i) such additional or more restrictive covenants or events of default shall upon notice from the Agent be incorporated by reference in this Agreement as if set forth fully herein, *mutatis mutandis*, and no such provision may thereafter be waived, amended or modified under this Agreement except pursuant to the provisions of Section 17.16, and (ii) the Loan Parties shall promptly, and in any event within ten (10) days after entering into any such additional or more restrictive covenants or events of default so advise the Agent in writing. Thereafter, upon the request of the Majority Lenders, the Majority Lenders shall enter into an amendment to this Agreement evidencing the incorporation of such additional or more restrictive covenants or events of default, it being agreed that any failure to make such request or to enter into any such amendment shall in no way qualify or limit the incorporation by reference described in clause (i) of the immediately preceding sentence.

ARTICLE 14 EVENTS OF DEFAULT

14.1 Event of Default.

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

- (a) Failure to Pay. If the Borrower makes default in the due and punctual payment of (i) any principal amount owing under the Documents, as and when the same becomes due and payable, whether at maturity or otherwise; or (ii) interest, fees or other amounts not constituting principal owing under the Documents, as and when the same become due and payable, whether at maturity or otherwise and such default continues for a period of 2 Banking Days.
- (b) Incorrect Representations. If any representation or warranty made by any Loan Party in any Document proves to have been incorrect when so made or deemed to have been repeated as herein provided.
- (c) Breach of Financial Covenant. If the Borrower fails to satisfy or perform any covenant in Section 13.2.
- (d) Breach of Covenants. Except for an Event of Default set out elsewhere in this Section 14.1, if any Loan Party defaults in the performance or observance of any covenant, obligation or condition to be observed or performed by it pursuant to

any of the Documents, and such default continues for a period of 30 days after notice thereof is given to the Borrower by the Agent.

- (e) Insolvency. If a judgment, decree or order of a court of competent jurisdiction is entered against any Loan Party, (i) adjudging any Loan Party bankrupt or insolvent, or approving a petition seeking its reorganization or winding-up under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous Law, or (ii) appointing a receiver, trustee, liquidator, or other Person with like powers, over all, or substantially all, of the property of any Loan Party or (iii) ordering the involuntary winding up or liquidation of the affairs of any Loan Party or (iv) appointing any receiver or other Person with like powers over all, or substantially all, of the property of any Loan Party, unless, in any such case, such judgment, petition, order or appointment is stayed and of no effect against the rights of the Lenders within 30 days of its entry.
- (f) Winding-Up. If, (i) except as permitted by Section 13.4(h), an order or a resolution is passed for the dissolution, winding-up, reorganization or liquidation of any Loan Party, pursuant to applicable Law, including the *Business Corporations Act* (Alberta), or (ii) if any Loan Party institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous Law, or (iii) any Loan Party consents to the filing of any petition under any such Law or to the appointment of a receiver, or other Person with like powers, over all, or substantially all, of the Borrower's or any Material Subsidiary's property, or (iv) any Loan Party makes a general assignment for the benefit of creditors, or becomes unable to pay its debts generally as they become due, or (v) any Loan Party takes or consents to any action in furtherance of any of the aforesaid purposes.
- (g) Swap Documents. The occurrence of a demand, event of default or other termination event under any Swap Document after the expiry of any applicable grace period thereunder.
- (h) Second Lien Indebtedness. The occurrence of an event of default under the Second Lien Financing Agreement.
- (i) Other Indebtedness. Any Loan Party fails to make any payment of principal, interest or other amount in regard to any other Indebtedness, which for the purpose of this Section 14.1(i) includes Indebtedness, obligations and liabilities under each Hedging Agreement that is not a Swap Document whatsoever owed by it after the expiry of any applicable grace period in respect thereof, to any Person, where the outstanding principal amount of such other Indebtedness is more than the Threshold Amount.

- (j) Other Defaults. Any Loan Party defaults in the observance or performance of any non-monetary obligation, covenant or condition to be observed or performed by it pursuant to any agreement to which it is a party or by which any of its property is bound, where such default could reasonably be expected to have a Material Adverse Effect and such default continues for a period of 30 days after notice is given to the Borrower by the Agent.
- (k) Adverse Proceedings. The occurrence of any action, suit or proceeding against or affecting any Loan Party before any court or before any Administrative Body which, if successful, could reasonably be expected to have a Material Adverse Effect, unless the action, suit, or proceedings is contested diligently and in good faith and, in circumstances where a lower court or tribunal has rendered a decision adverse to it, any Loan Party, as applicable, is appealing such decision, and has provided a reserve in respect thereof in accordance with GAAP.
- (l) Material Lien. The property of any Loan Party having a fair market value in excess of the Threshold Amount, in the aggregate, shall be seized (including by way of execution, attachment, garnishment or distraint) or any Lien thereon shall be enforced, or such property shall become subject to any charging order or equitable execution of a court, or any writ of enforcement, writ of execution or distress warrant with respect to obligations in excess of the Threshold Amount, in the aggregate, shall exist in respect of any Loan Party or such property, or any sheriff; civil enforcement agent or other Person shall become lawfully entitled to seize or distrain upon any such property under the *Civil Enforcement Act* (Alberta), the *Workers' Compensation Act* (Alberta), the *Personal Property Security Act* (Alberta) or any other applicable Laws whereunder similar remedies are provided, and in any case such seizure, execution, attachment, garnishment, distraint, charging order or equitable execution, or other seizure or right, shall continue in effect and not be released or discharged for more than 30 days.
- (m) Judgment. A judgment is obtained against any Loan Party for an amount in excess of the Threshold Amount, in the aggregate, which remains unsatisfied and undischarged for a period of 30 days during which such judgment shall not be on appeal or execution thereof shall not be effectively stayed.
- (n) Cessation of Business. Except as permitted by Section 13.4(h), any Loan Party ceases or proposes to cease carrying on business, or a substantial part thereof, or makes or threatens to make a bulk sale of its property.
- (o) Enforceability of Documents. If any material provision of any Document shall at any time cease to be in full force and effect, be declared to be void or voidable or shall be repudiated, or the validity or enforceability thereof shall at any time be contested by any Loan Party or if any Lien constituted pursuant to the Security ceases to have the priority contemplated in the Documents.
- (p) Qualified Auditor Report. If the audited financial statements that are required to be delivered to the Agent pursuant to Section 13.3(f) contain a qualification that is

not acceptable to the Majority Lenders, acting reasonably, and, if unacceptable, such qualification is not rectified or otherwise dealt with to the satisfaction of the Majority Lenders within a period of 30 days after the delivery of such financial statements.

- (q) Change of Control. If a Change of Control occurs.
- (r) Borrowing Base Shortfall. If at any time there exists a Borrowing Base Shortfall that has not been eliminated in accordance with Section 3.6(c).
- (s) Material Adverse Effect. If a Material Adverse Effect has occurred and is continuing.

14.2 Remedies.

Upon the occurrence of an Event of Default which has not been waived, the Agent (on the direction of the Majority Lenders or in the case of an Event of Default under Sections 14.1(e) or 14.1(f) automatically without notice) shall forthwith terminate any further obligation to make Advances and declare all Obligations owing under the Credit Facilities together with unpaid accrued interest thereon and any other amounts owing under the Documents, contingent or otherwise, to be immediately due and payable, whereupon the Borrower will be obligated without any further grace period to forthwith pay such amounts and the Agent and the Lenders may exercise any and all rights, remedies, powers and privileges afforded by applicable Law or under any and all other instruments, documents and agreements made to assure payment and performance of the obligations of the Loan Parties under the Documents.

14.3 Attorney in Fact.

The Borrower hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Borrower and in the name of the Borrower or in its own name, from time to time in the Agent's discretion, for the purpose of carrying out the terms of the Documents, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of the Documents and which the Borrower being required to take or execute has failed to take or execute; provided that this power of attorney will not be effective until the occurrence and during the continuance of any Event of Default and only if the Borrower fails to do something it is required to do on a timely basis. The Borrower hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable until all of the Obligations have been unconditionally and irrevocably paid and performed in full. The Borrower also authorizes the Agent, at any time and from time to time, to execute any endorsements, assignments or other instruments of conveyance or transfer pursuant to the Security after an Event of Default and only if the Borrower fails to do so on a timely basis. If requested by the Agent, the Borrower will cause each Material Subsidiary to constitute and appoint the Agent and any officer or agent

thereof, with full power of substitution, as its true and lawful attorney-in-fact in accordance with the foregoing provisions of this Section 14.3.

14.4 Application of Proceeds.

Except as otherwise agreed to by all of the Lenders in their sole discretion or as otherwise expressly provided for herein, all (i) payments made by or on behalf of the Borrower or a Material Subsidiary under the Documents after acceleration pursuant to Section 14.2, and (ii) proceeds resulting from any realization or enforcement of the Security, including by way of foreclosure, will be applied and distributed by the Agent or any nominee thereof in the following manner (but subject at all times to the terms of the Intercreditor Agreement):

- (a) firstly, in full and final payment of any amounts due and payable by way of recoverable expenses, including all out-of-pocket realization and enforcement costs and all legal costs and disbursements (on a solicitor and his own client full indemnity basis);
- (b) secondly, in full and final payment of all accrued and unpaid interest, BA Stamping Fees, Letter of Credit Fees and standby fees in connection with the Credit Facilities, on a *pro rata* basis;
- (c) thirdly, in full and final payment of the Aggregate Principal Amount under the Credit Facilities, the Cash Management Obligations and the Permitted Swap Indebtedness, on a *pro rata* basis;
- (d) fourthly, in full and final payment of all other Obligations (other than Swap Indebtedness in excess of Permitted Swap Indebtedness) owing under the Documents;
- (e) fifthly, in full and final payment of all Swap Indebtedness in excess of Permitted Swap Indebtedness; and
- (f) finally, if there are any amounts remaining and subject to applicable Law, to the Borrower, except as otherwise provided for in the Intercreditor Agreement.

14.5 Set Off.

The Borrower agrees that, upon the occurrence and continuance of an Event of Default, in addition to (and without limitation of) any right of set off, bankers' lien, counterclaim or other right or remedy that any Lender may otherwise have, each Lender will be entitled, at its option, to offset any and all balances and deposits held by it for the account of any Loan Party at any of its offices or branches, in any currency, against any and all amounts owed by any Loan Party to such Lender hereunder (regardless of whether any such balances are then due or payable to any Loan Party) or to a Swap Lender in connection with any Swap Indebtedness, in which case such Lender will promptly notify the Borrower and the Agent thereof; provided that such Lender's failure to give any such notice will not affect the validity thereof. Any Person purchasing an interest in the obligations of the Borrower as contemplated herein may exercise all rights of set-off, bankers' lien, counterclaim or similar rights with respect to such interest as fully

as if such obligations had been originally incurred to such Person and such Person were the holder thereof. The rights of the Lenders under this Section 14.5 are in addition to the other rights and remedies which the Lenders may have. Nothing contained in the Documents will require any Lender to exercise any right, or will affect the right of any Lender to exercise and retain the benefits of exercising any right, with respect to any indebtedness or obligation of the Borrower existing otherwise than pursuant to the Documents.

ARTICLE 15 CONFIDENTIALITY

15.1 Non-Disclosure.

All information, including any information relating to a Hostile Acquisition, other than information that is required by Law to be disclosed by the Party receiving the information to any Administrative Body of competent jurisdiction, including any central bank or other banking regulatory authority and any official bank examines or regulators, will be held by the Parties in the strictest confidence and will not be disclosed to any Person, except as provided in Sections 15.2 and 15.3, provided that the confidential nature of the information is made known or ought to have been known by the disclosing Party.

15.2 Exceptions.

Section 15.1 does not apply to information:

- (a) of a Party where that Party consents in writing to its disclosure;
- (b) which becomes part of the public domain without breach of Section 15.1;
- (c) received from a third party without restriction on further disclosure and without breach of Section 15.1;
- (d) in connection with the exercise of any remedies hereunder or under the other Documents or any suit, action or proceeding relating to the enforcement of its rights hereunder or thereunder;
- (e) developed independently without breach of Section 15.1; or
- (f) to the extent required to be disclosed by order or direction of a court or Administrative Body of competent jurisdiction.

15.3 Permitted Disclosures by the Agent or the Lenders.

Confidential information received by the Agent or a Lender may be disclosed to their respective Affiliates (including Swap Lenders), the Agent or any other Lender, including any financial institution which desires to become a Lender hereunder or any actual or prospective counterparty to any securitization, swap or derivative transaction relating to any Loan Party (provided that in the case of any Participant, prospective lender or actual or prospective counterparty any such Person has entered into confidentiality covenants with the Agent and the

Borrower substantially the same as those contained in this Article 15) and to their respective employees, auditors, accountants, legal counsel, geologists, engineers and other consultants and financial advisors retained such Parties on a need to know basis and subject to the obligation to maintain confidentiality.

ARTICLE 16 ASSIGNMENT

16.1 Assignment of Interests.

Except as expressly permitted under this Article 16, this Agreement and the rights and obligations hereunder will not be assignable, in whole or in part, by the Borrower without the prior written consent of all of the Lenders.

16.2 Assignment by the Lenders.

Each Lender will have the right to sell or assign in minimum portions of \$5,000,000 (with such Lender, where such sale or assignment is not of all of such Lender's Individual Syndicated Facility Commitment Amount or Operating Facility Commitment Amount, as applicable, retaining an Individual Syndicated Facility Commitment Amount or Operating Facility Commitment Amount, as applicable, of at least \$5,000,000) such Lender's Individual Commitment Amount to one or more Persons acceptable to the Borrower and the Agent, acting reasonably, provided that at and after the time of the assignment, the Borrower will not be under any obligation to pay by way of withholding tax or otherwise any greater amount (other than as a result of a change in the BA Discount Rate) than it would have been obliged to pay if the Lender had not made an assignment and the assignor Lender and the assignee Lender shall have entered into appropriate indemnity arrangements with respect to any Bankers Acceptances outstanding as of the effective date of such assignment. An assignment fee of [REDACTED] for each such assignment (other than to an Affiliate of a Lender) will be payable to the Agent by the assigning Lender. In the event of such sale or assignment, the Borrower, the Agent and the other Lenders will execute and deliver all such agreements, documents and instruments as the Agent or Lender may reasonably request to effect and recognize such sale or assignment, including an Assignment Agreement. Notwithstanding the foregoing, (a) the minimum portion condition noted above shall not apply during an Event of Default which is continuing, (b) a Lender may sell or assign its Individual Commitment Amount to an Affiliate thereof without the consent of the Agent or the Borrower (provided that, at and after the time of the assignment, the Borrower will not be under any obligation to pay by way of withholding tax or otherwise any greater amount (other than as a result of a change in the BA Discount Rate) than it would have been obliged to pay if the Lender had not made an assignment) and (c) no consent of the Borrower will be required if an assignment occurs during a Default or Event of Default which is continuing or if made between financial institutions who, at the relevant time, are already Lenders.

16.3 Effect of Assignment.

To the extent that any Lender sells or assigns any portion of its Individual Commitment Amount pursuant to Section 16.2 and such new Lender or new Lenders, as the case

may be, has executed and delivered to the Borrower and the Agent an Assignment Agreement, such Lender will be relieved and forever discharged of any and all of its covenants and obligations under the Documents in respect of that portion of its Individual Commitment Amount so sold or assigned from and after the date of such Assignment Agreement and the Borrower's recourse under the Documents in respect of such portion so sold or assigned from and after the date of the Assignment Agreement for matters arising thereunder from and after the date of the Assignment Agreement will be to such new Lender or new Lenders only, as the case may be, and their successors and permitted assigns.

16.4 Participations.

Any Lender may at any time sell to one or more financial institutions or other Persons (each of such financial institutions and other Persons being herein called a "**Participant**") participating interests in any of the Advances, commitments, or other interests of such Lender hereunder, provided, however, that:

- (a) no participation contemplated in this Section 16.4 will relieve such Lender from its commitments or its other obligations hereunder or under any other Document;
- (b) such Lender will remain solely responsible for the performance of its commitments and such other obligations as if such participation had not taken place;
- (c) the Agent will continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each of the other Documents;
- (d) no Participant will have any rights (through a right of consent or approval or otherwise) to require such Lender to take or refrain from taking any action hereunder or under any other Document;
- (e) the Borrower will not be required to pay any amount hereunder that is greater than the amount which it would have been required to pay had no participating interest been sold; and
- (f) in the case of any outstanding Bankers' Acceptance, the Participants execute an indemnity agreement in respect of such Bankers' Acceptances.

ARTICLE 17 ADMINISTRATION OF THE CREDIT FACILITY

17.1 Authorization and Action.

- (a) Authorization and Action. Each Lender hereby irrevocably appoints and authorizes the Agent to be its agent in its name and on its behalf and to exercise such rights or powers granted to the Agent or the Lenders under the Documents to the extent specifically provided therein and on the terms thereof, together with such powers and authority as are reasonably incidental thereto. As to any matters

not expressly provided for by the Documents, the Agent will not be required to exercise any discretion or take any action, but will be required to act or to refrain from acting (and will be fully indemnified and protected by the Lenders to the greatest extent permitted by Law in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions will be binding upon all Lenders, provided however that the Agent will not be required to take any action which, in the opinion of the Agent, might expose the Agent to liability in such capacity, which could result in the Agent incurring any costs and expenses, or which is contrary to the spirit and intent of this Agreement.

- (b) Lenders' Determination. Where the provisions of this Agreement provide that any waiver of or any amendment to any provision of the Documents may be made or any action, consent or other determination in connection with the Documents may be taken or given, with the consent or agreement of the Lenders or the Majority Lenders (in accordance with Section 17.16), then any such waiver, amendment, action, consent or determination so made, so taken or so given with the consent or agreement of the Lenders or the Majority Lenders, as applicable, will be binding on all of the Lenders and all of the Lenders will cooperate in all ways necessary or desirable to implement and effect such waiver, amendment, action, consent or determination.
- (c) Deemed Non-Consent. If the Agent delivers a notice to a Lender requesting advice from such Lender as to whether it consents or objects to any matter in connection with the Documents, then, except as otherwise expressly provided herein, if such Lender does not deliver to the Agent its written consent or objection to such matter within 10 Banking Days of the delivery of such notice by the Agent to such Lender, such Lender will be deemed not to have consented thereto upon the expiry of such 10 Banking Day period.
- (d) Release and Discharge of Security. Each Lender hereby irrevocably authorizes the Agent to execute and deliver such releases and no-interest letters as may be required in connection with any disposition of assets by any Loan Party in respect of which the Agent has received an officer's certificate of the Borrower certifying that such disposition is permitted hereunder, together with any other information from the Borrower reasonably required by the Agent, if any, to satisfy itself that any such disposition is permitted hereunder.

17.2 Procedure for Making Advances.

- (a) Pro Rata Advances. Subject to Sections 3.5, 6.3 and 6.4, all Advances under a Credit Facility made by the Lenders will be made in accordance with each Participating Lender's Rateable Portion of such Advance.
- (b) Instructions from Borrower. Other than with respect to overdraft borrowings under the Operating Facility, the Lenders, through the Agent, will make Advances under a Credit Facility available to the Borrower as required hereunder by debiting the account of the Agent to which each Lender's Rateable Portion in

respect of such Credit Facility of such Advances have been credited in accordance with Section 5.6 (or causing such account to be debited) and, in the absence of other arrangements agreed to by the Agent and the Borrower in writing, by transferring (or causing to be transferred) like funds in accordance with the instructions of the Borrower as set forth in the Notice of Borrowing, Notice of Rollover or Notice of Conversion, as the case may be, in respect of each Advance under a Credit Facility, provided that the obligation of the Agent hereunder will be limited to taking such steps as are in keeping with its normal banking practice and which are commercially reasonable in the circumstances to implement such instructions, and the Agent will not be liable for any damages, claims or costs which may be suffered by the Borrower or any of the Lenders and occasioned by the failure of such funds to reach their designated destination, unless such failure is due to the gross negligence or wilful misconduct of the Agent.

- (c) Assumption Respecting Availability. Unless the Agent has been notified by a Lender within 1 Banking Day prior to an anticipated Advance under a Credit Facility that such Lender will not make available to the Agent its Rateable Portion of such Advance, the Agent may assume, without any enquiry required on its part, that such Lender has made or will make such portion of the Advance available to the Agent on the date such Advance is to take place, in accordance with the provisions hereof and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent such Lender will not have so made its Rateable Portion of an Advance under the applicable Credit Facility available to the Agent, such Lender agrees to pay to the Agent, forthwith on demand, such Lender's Rateable Portion of the Advance and all reasonable costs and expenses incurred by the Agent in connection therewith together with interest thereon (at the rate payable thereunder by the Borrower in respect of such Advance) for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Agent, provided however, that if such Lender fails to so pay, the Borrower covenants and agrees that without prejudice to any rights the Borrower may have against such Lender, it will repay the amount of such Lender's Rateable Portion of the Advance (without duplication) to the Agent for the account of the Agent after receipt of the certificate referred to below and forthwith after demand therefor by the Agent. The amount payable to the Agent pursuant hereto will be as set forth in a certificate delivered by the Agent to such non-paying Lender and the Borrower (which certificate will contain reasonable details of how the amount payable is calculated) and will be conclusive and binding, for all purposes, in the absence of manifest error. If such Lender makes the payment to the Agent as required herein, the amount so paid will constitute such Lender's Rateable Portion of the Advance under the applicable Credit Facility for purposes of this Agreement. The failure of any Lender to make its Rateable Portion of the Advance will not relieve any other Lender of its obligation, if any, hereunder to make its Rateable Portion of the Advance on the date that such Advance is to take place, but no Lender will be responsible for the failure of any other Lender to provide its Rateable Portion of any Advance under the applicable Credit Facility.

17.3 Remittance of Payments.

Forthwith after receipt of any payment by the Borrower hereunder, and subject to Section 14.4, the Agent, if and to the extent a Lender is entitled thereto, will remit to such Lender its Rateable Portion of such payment, provided that, if the Agent, on the assumption that it will receive on any particular date a payment of principal, interest or fees hereunder, remits to a Lender its Rateable Portion of such payment and the Borrower fails to make such payment, each such Lender agrees to repay to the Agent forthwith on demand such Lender's Rateable Portion of any such payment, together with all reasonable costs and expenses incurred by the Agent in connection therewith and interest thereon at the rate and calculated in the manner customarily applicable to interbank payments for each day from the date such amount is remitted to such Lender. The exact amount of the repayment required to be made by a Lender pursuant hereto will be set forth in a certificate delivered by the Agent to such Lender, which certificate will be conclusive and binding for all purposes in the absence of manifest error.

17.4 Redistribution of Payment.

Each Lender agrees that, subject to Section 14.4:

- (a) If it exercises any right of counter-claim, set off, bankers' lien or similar right with respect to any property of the Borrower or if under applicable Law it receives a secured claim, the security for which is a debt owed by it to the Borrower, it will apportion the amount thereof proportionately between:
 - (i) amounts outstanding at such time owed by the Borrower to such Lender under this Agreement, which amounts will be applied in accordance with this Section 17.4; and
 - (ii) amounts otherwise owed to it by the Borrower, provided that any cash collateral account held by such Lender as collateral for a letter of credit or bankers' acceptance (including a Bankers' Acceptance) issued or accepted by such Lender on behalf of the Borrower may be applied by such Lender to such amounts owed by the Borrower to such Lender pursuant to such letter of credit or in respect of any such bankers' acceptance without apportionment.
- (b) If it receives, through the exercise of a right or the receipt of a secured claim described in Section 17.4(a) or otherwise, payment of a proportion of the aggregate amount of principal, interest and fees due to it hereunder which is greater than the proportion received by any other Lender in respect of the aggregate amount of principal, interest and fees due in respect of a Credit Facility (having regard to the respective proportionate amounts advanced as Advances by each of the Lenders under such Credit Facility), the Lender receiving such proportionately greater payment will purchase a participation (which will be deemed to have been done simultaneously with receipt of such payment) in that portion of the applicable Credit Facility of the other Lenders so that their respective receipts will be pro rata to their respective Rateable Portions, provided

however that, if all or part of such proportionately greater payment received by such purchasing Lender is otherwise recovered by it, such purchase will be rescinded and the purchase price for such participation will be returned to the extent of such recovery, but without interest. Such Lender will exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section 17.4 to share in the benefits of any recovery on such secured claims.

- (c) If it does any act or thing permitted by Sections 17.4(a) or 17.4(b), it will promptly provide full particulars thereof to the Agent.
- (d) Except as permitted under Sections 17.4(a) or 17.4(b), no Lender will be entitled to exercise any right of counter-claim, set off, bankers' lien or similar right without the prior written consent of the other Lenders.

17.5 Duties and Obligations.

The Agent or any of its directors, officers, agents or employees (and, for purposes hereof, the Agent will be deemed to be contracting as agent for and on behalf of such Persons) will not be liable to any Lender for any action taken or omitted to be taken by it under or in connection with the Documents, except for its own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, the Agent:

- (a) may assume that there has been no assignment or transfer by the Lenders of their rights under the Documents, unless and until the Agent receives a duly executed Assignment Agreement from such Lender;
- (b) may consult with counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and will not be liable for any action taken or omitted to be taken in good faith by it in accordance with or reliance upon the advice of such counsel, accountants or experts;
- (c) will incur no liability under or in respect of the Documents by acting upon any notice, consent, certificate or other instrument or writing believed by it to be genuine and signed or sent by the apparently proper Person or by acting upon any representation or warranty of the Borrower made or deemed to be made hereunder;
- (d) may assume that no Default or Event of Default has occurred and is continuing unless it has actual knowledge to the contrary; and
- (e) may rely, as to any matter of fact which might reasonably be expected to be within the knowledge of any Person, upon a certificate signed by or on behalf of such Person.

Further, the Agent (i) does not make any warranty or representation to any Lender nor will it be responsible to any Lender for the accuracy or completeness of the data made available to any of the Lenders in connection with a Credit Facility, or for any statements,

warranties or representations (whether written or oral) made in connection with a Credit Facility, (ii) will not have any duty to ascertain or to enquire as to the performance or observance of any of the terms, covenants or conditions of the Documents on the part of any Loan Party or to inspect the property (including books and records) of any Loan Party, and (iii) will not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of the Documents or any other instrument or document furnished pursuant hereto or thereto.

17.6 Prompt Notice to the Lenders.

Notwithstanding any other provision herein, the Agent agrees to provide to the Lenders, with copies where appropriate, all information, notices and reports required to be given to the Agent by the Borrower hereunder, promptly upon receipt of same, excepting therefrom information and notices relating solely to the role of the Agent hereunder.

17.7 Agent and Agent Authority.

With respect to its Rateable Portion of a Credit Facility and the Advances made by it as a Lender thereunder, as applicable, the Agent will have the same rights and powers under the Documents as any other Lender and may exercise the same as though it were not the Agent. The Agent may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower, its Subsidiaries, their respective shareholders or any Person owned or controlled by any of them and any Person which may do business with any of them, all as if the Agent was not serving as Agent, and without any duty or obligation to account therefor to the Lenders.

17.8 Lenders' Credit Decisions.

It is understood and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Loan Parties. Accordingly, each Lender confirms with the Agent that it has not relied, and will not hereafter rely, on the Agent (a) to check or inquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Borrower or any other Person under or in connection with the Credit Facilities (whether or not such information has been or is hereafter distributed to such Lender by the Agent) or (b) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of any of the Loan Parties. Each Lender acknowledges that copies of the Documents have been made available to it for review and each Lender acknowledges that it is satisfied with the form and substance of the Documents. A Lender will not make any independent arrangement with the Borrower for the satisfaction of any Obligations owing to it under the Documents without the written consent of the other Lenders.

17.9 Indemnification.

The Lenders hereby agree to indemnify the Agent and its directors, officers, agents and employees (to the extent not reimbursed by the Borrower) in accordance with their respective Rateable Portions, from and against any and all liabilities, obligations, losses,

damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent or its directors, officers, agents and employees in any way relating to or arising out of the Documents or any action taken or omitted by the Agent under or in respect of the Documents in its capacity as Agent, provided that no Lender will be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its Rateable Portion of any reasonable out-of-pocket expenses (including legal fees, on a solicitor and his own client full indemnity basis) incurred by the Agent in connection with the preservation of any right of the Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under, the Documents, to the extent that the Agent is not reimbursed for such expenses by the Borrower. This indemnity will survive the termination of the other provisions of this Agreement as a separate and continuing covenant of the Lenders.

17.10 Successor Agent.

The Agent may, as hereinafter provided, resign at any time by giving 30 days' notice (the "**Resignation Notice**") thereof to the Lenders and the Borrower. The remaining Lenders, with the consent of the Borrower, such consent not to be unreasonably withheld, will forthwith upon receipt of the Resignation Notice unanimously appoint a successor administrative agent (the "**Successor Agent**") to assume the duties hereunder of the resigning Agent. Upon the acceptance of any appointment as administrative agent hereunder by a Successor Agent, such Successor Agent will thereupon succeed to and become vested with all the rights, powers, privileges and duties as administrative agent under the Documents of the resigning Agent. Upon such acceptance, the resigning Agent will be discharged from its further duties and obligations as agent under the Documents, but any such resignation will not affect such resigning Agent's obligations hereunder as a Lender, including for its Rateable Portion of the Commitment Amount. After the resignation of the Agent as administrative agent hereunder, the provisions of this Article 17 will continue to enure to its benefit as to any actions taken or omitted to be taken by it while it was the administrative agent of the Lenders hereunder. Notwithstanding the foregoing, if the remaining Lenders fail to appoint a Successor Agent within 30 days of receipt of the Resignation Notice, the resigning Agent may and with the approval of the Borrower prior to an Event of Default, such approval not to be unreasonably withheld, appoint a Successor Agent from among the Lenders.

17.11 Taking and Enforcement of Remedies.

Except as otherwise provided herein, each Lender hereby acknowledges that, to the extent permitted by applicable Law, rights and remedies provided under the Documents to the Lenders are for the benefit of the Lenders collectively and not severally and further acknowledges that its rights and remedies thereunder are to be exercised not severally but collectively through the Agent upon the decision of the Lenders (with the required majority or unanimity as herein provided), regardless of whether acceleration of Obligations hereunder was made, and accordingly, notwithstanding any of the provisions contained herein, each of the Lenders hereby covenants and agrees that it will not be entitled to take any action with respect to the Credit Facilities, including any acceleration of Obligations thereunder, but that any such

action will be taken only by the Agent with the prior written direction of the Lenders (with the required majority or unanimity as herein provided). Notwithstanding the foregoing, in the absence of written instructions from the Lenders, and where in the sole opinion of the Agent the exigencies of the situation warrant such action, the Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the circumstances. Each of the Lenders hereby covenants and agrees that it has not heretofore and will not seek, take, accept or receive any security for any of the Obligations of the Borrower under the Documents and will not enter into any agreement with any of the Parties relating in any manner whatsoever to the Credit Facilities, unless all of the Lenders will at the same time obtain the benefit of any such security or agreement, as the case may be.

17.12 Reliance Upon Agent.

The Borrower will be entitled to rely upon any certificate, notice or other document or other advice, statement or instruction provided to it by the Agent pursuant to the Documents, and the Borrower will be entitled to deal with the Agent with respect to matters under the Documents which the Agent is authorized hereunder to deal with, without any obligation whatsoever to satisfy itself as to the authority of the Agent to act on behalf of the Lenders and without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document or other advice, statement or instruction provided to them by the Agent, notwithstanding any lack of authority of the Agent to provide the same.

17.13 Agent May Perform Covenants.

If the Borrower fails to perform any covenant on its part herein contained, the Agent may give notice to the Borrower of such failure and if, within 10 days of such notice (or after the expiry of such other time or cure period as may be required in this Agreement), such covenant remains unperformed, the Agent on behalf of the Lenders may, in its sole discretion but need not, perform any such covenant capable of being performed by it and, if the covenant requires the payment or expenditure of money, the Agent may make such payment or expenditure and all sums so expended will be forthwith payable by the Borrower to the Agent on behalf of the Lenders and will bear interest at the interest rate applicable to Canadian Prime Rate Loans plus 2% per annum.

17.14 No Liability of Agent.

The Agent, in its capacity as agent of the Lenders under the Documents, will have no responsibility or liability to the Borrower or the Lenders on account of the failure of any Lender to perform its obligations hereunder, or to any Lender on account of the failure of the Borrower to perform its obligations under the Documents.

17.15 Nature of Obligations under this Agreement.

- (a) Obligations Separate. The obligations of each Lender and the Agent under this Agreement are separate. The failure of any Lender to carry out its obligations hereunder will not relieve the other Lenders, the Agent or the Borrower of any of their respective obligations hereunder.

- (b) No Liability for Failure by Other Lenders. Neither the Agent nor any Lender will be liable or otherwise responsible for the obligations of any other Lender hereunder.

17.16 Lender Consent.

- (a) Unanimity. Notwithstanding anything herein to the contrary and without limiting in any way the context of any provision in this Agreement requiring the consent, approval, action or agreement of all Lenders, the following matters will require the approval, consent or agreement, as the context requires, of all Lenders:
- (i) the reduction or forgiveness of any Obligations payable by any Loan Party to the Lenders under the Credit Facilities or under any of the Documents;
 - (ii) the postponement of any maturity date of any Obligations of the Loan Parties to the Lenders or under any of the Documents;
 - (iii) any decrease to the margins and fees set forth in Section 3.10;
 - (iv) the release or discharge of the Security, or any part thereof, unless otherwise expressly permitted or provided in this Agreement or any change in the ranking or priority of the Security;
 - (v) any change in the nature of Advances;
 - (vi) any change to the covenants referred to in Sections 3.1, 3.2, 3.4, 3.6, 3.8, 3.9, 3.11(b), 3.11(c), 6.1, 6.2, 13.1(a), 13.4(a), 13.4(j) or 14.4;
 - (vii) any waiver of the Events of Default described in Sections 14.1(e), 14.1(f), 14.1(n) or 14.1(r);
 - (viii) any amendment to this Section 17.16(a);
 - (ix) any change to the definition of “Majority Lenders”, “Majority Revolving Lenders” or “LIBOR Period”; and
 - (x) any other provision hereof which specifically requires the approval, consent or agreement of the all of the Lenders,

except in any such case to the extent related to the Operating Facility (other than an increase to the Operating Facility Commitment Amount) where only the consent, approval, action or agreement of the Operating Lender is required.

- (b) Majority Consent. Subject to Section 17.16(a), any waiver of or any amendment to any provision of the Documents and any action, consent or other determination in connection with the Documents will bind all of the Lenders if such waiver, amendment, action, consent or other determination is agreed to in writing by the Majority Lenders.

17.17 Departing Lenders.

If a Lender: (a) is a Non-Agreeing Lender; (b) is a Defaulting Lender; (c) seeks Additional Compensation in accordance with Article 11; (d) requires the Borrower to deduct withholding Taxes under Section 11.5 in respect of amounts owing to it in accordance with the terms thereof; (e) provides a notice that it is unable to maintain or continue to offer any Accommodation pursuant to Section 11.2; (f) is a Non-Conforming Borrowing Base Lender; or (g) refuses to give timely consent to an amendment, modification or waiver of this Agreement that, pursuant to Section 17.16(a), requires consent of all the Lenders (and the consent of the Majority Lenders has been given with respect thereto) (a “**Non-Consenting Lender**”) (collectively, the “**Departing Lenders**”), then the Borrower may either:

- (a) replace the Departing Lender with another financial institution acceptable to the Agent, acting reasonably, who purchases at par (or such lesser amount as may be agreed to by the Departing Lender) the Aggregate Principal Amount owing to the Departing Lender and such Lender’s entire Individual Commitment Amount and assumes the Departing Lender’s Individual Commitment Amount and all other obligations of the Departing Lender hereunder, provided that prior to or concurrently with such replacement:
 - (i) the Departing Lender shall have received payment in full of all principal, interest, fees and other amounts through such date of replacement (or such lesser amount as may be agreed to by the Departing Lender) and a release from any further obligations to make Advances under the Documents after the date of such replacement;
 - (ii) the assignment fee required to be paid by Section 16.2 shall have been paid to the Agent;
 - (iii) all of the requirements for such assignment contained in Section 16.2 shall have been satisfied, including, the consent of the Agent and the receipt by the Agent of such agreements, documents and instruments as the Agent may reasonably require; and
 - (iv) in the case of a Departing Lender who is a Non-Consenting Lender, each assignee consents, at the time of such assignment, to each matter in respect of which such Non-Consenting Lender was a Non-Consenting Lender and the Borrower also requires each other Lender that is a Non-Consenting Lender to assign the Aggregate Principal Amount owing to it and its Individual Commitment Amount; or
- (b) elect to terminate the Departing Lender’s Individual Commitment Amount, in which case the Commitment Amount shall be reduced by an amount equal to the amount of any Individual Commitment Amount so cancelled (provided that prior to or concurrently with such cancellation the Departing Lender shall have received payment in full of all principal, interest, fees and other amounts through such date of cancellation (including breakage and other costs in accordance with

Section 8.2, the provision of Escrow Funds to the Agent on behalf of such Lender in respect of outstanding Bankers' Acceptances accepted by such Lender and cash collateralization in full of any contingent obligations in respect of any outstanding Letters of Credit if such Lender is the Operating Lender) (or such lesser amount as may be agreed to by the Departing Lender) and a release from any further obligations to make Advances under the Documents after such termination);

provided that, in either case, no Default or Event of Default exists at such time and if there is more than one Lender that qualifies as a Departing Lender under any of the criteria identified above, then all Departing Lenders under such criteria shall be treated rateably with each such other Departing Lender.

ARTICLE 18 MISCELLANEOUS

18.1 Notices.

Unless otherwise provided in the Documents, any notice, consent, determination, demand or other communication required or permitted to be given or made thereunder, will be in writing and will be sufficiently given or made if:

- (a) left at the relevant address set forth below; or
- (b) by facsimile or sent by other means of recorded electronic communication; and
 - (i) if to the Agent, addressed to the Agent at:

The Toronto-Dominion Bank
77 King Street West, 25th Floor
Toronto, Ontario
M5K 1A2

Facsimile: [REDACTED]
Attention: [REDACTED]

- (ii) if to a Lender, addressed to the Lender at its respective address on file with the Agent.
 - (iii) if to the Borrower, or to any Material Subsidiary, addressed to the Borrower at:

Petrus Resources Ltd.
Suite 2400, 240-4th Ave S.W.
Calgary, Alberta T2P 4H4

Facsimile: [REDACTED]
Attention: Chief Financial Officer

- (c) The Parties each covenant to accept service of judicial proceedings arising under the Documents at its respective address set forth herein.
- (d) Any notice or other communication given or made in accordance with this Section 18.1 will be deemed to have been received on the day of delivery if delivered as aforesaid or on the day of receipt of same by facsimile or other recorded means of electronic communication, as the case may be, provided such day is a Banking Day and that such notice is received prior to 12:00 noon local time and, if such day is not a Banking Day or if notice is received after 12:00 noon local time, on the first Banking Day thereafter.
- (e) Each Party may change its address and facsimile number for purposes of this Section 18.1 by notice given in the manner provided in this Section 18.1 to the other Parties.
- (f) Any notice given under any of the Documents to the Agent will be deemed to also be given to and received by the Agent in its capacity as Lender.

18.2 Telephone Instructions.

Any verbal instructions given by the Borrower in relation to this Agreement will be at the risk of the Borrower and neither the Agent nor the Lenders will have any liability for any error or omission in such verbal instructions or in the interpretation or execution thereof by the Agent or a Lender, as the case may be, provided that the Agent or Lender, as the case may be, acted without gross negligence in the circumstances. The Agent will notify the Borrower of any conflict or inconsistency between any written confirmation of such verbal instructions received from the Borrower and the said verbal advice as soon as practicable after the conflict or inconsistency becomes apparent to the Agent.

18.3 No Partnership, Joint Venture or Agency.

Except as expressly provided for herein, the Parties agree that nothing contained in this Agreement nor the conduct of any Party will in any manner whatsoever constitute or be intended to constitute any Party as the agent or representative or fiduciary of any other Party nor constitute or be intended to constitute a partnership or joint venture among the Parties or any of them, but rather each Party will be separately responsible, liable and accountable for its own obligations under the Documents, or any conduct arising therefrom and for all claims, demands, actions and causes of action arising therefrom. The Parties agree that no Party will have the authority or represent that it has, or hold itself out as having, the authority to act for or assume any obligation or responsibility on behalf of any other Party, save and except as may be expressly provided for in this Agreement.

18.4 Judgment Currency.

- (a) Deficiency. If, for the purposes of obtaining judgment in any court or any other related purpose hereunder, it is necessary to convert an amount due hereunder in the currency in which it is due (the “**Original Currency**”) into another currency (the “**Second Currency**”), the rate of exchange applicable will be the daily noon

day rate quoted by the Bank of Canada on the relevant date to purchase in Calgary, Alberta the Original Currency with the Second Currency and includes any premium and costs of exchange payable by the purchaser in connection with such purchase. Each Party (the “**First Party**”) agrees that its obligation in respect of any Original Currency due from it to another Party hereunder will, notwithstanding any judgment or payment in the Second Currency, be discharged only to the extent that on the Banking Day following the receipt of any sum so paid in the Second Currency, the other Parties may, in accordance with normal banking procedures, purchase in the Calgary, Alberta foreign exchange market the Original Currency with the amount of the Second Currency so paid; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the First Party agrees that the deficiency will be a separate and continuing obligation of it, independent from its obligations under this Agreement, and will constitute in favour of the other Parties a cause of action which will continue in full force and effect notwithstanding any such judgment, or order to the contrary, and the First Party agrees, notwithstanding any such payment or judgment, to indemnify the other Parties against any such loss or deficiency. The Borrower acknowledges and agrees that any indebtedness, obligations or liabilities it may incur or suffer under this Section 18.4(a) will form part of the Obligations and will be secured by the Security unless earlier discharged as provided herein.

- (b) Excess. The Lenders through the Agent will pay to the Borrower the amount, if any, after netting out all amounts due by the Borrower under Section 18.4(a), which the Lenders may realize in excess of what is owed to them by virtue of the conversion of the Original Currency into the Second Currency.

18.5 Environmental Indemnity.

The Borrower hereby indemnifies and holds harmless each of the Agent and the Lenders, including their respective directors, officers, employees and agents (collectively, the “**Indemnified Parties**”), for any costs, losses, damages, expenses, judgments, suits, claims, awards, fines, sanctions and liabilities whatsoever (including any reasonable costs or expenses of defending or denying the same and including the reasonable costs or expenses of preparing any environmental assessment report or other such reports) (in this Section 18.5 collectively a “**Claim**”) suffered or incurred by an Indemnified Party, arising out of, or in respect of:

- (a) the Release of any Contaminant into the Environment from or into any property, owned, operated or controlled, directly or indirectly, by the Borrower or otherwise in which the Borrower, or any Subsidiary, has an interest; and
- (b) the remedial action, if any, required to be taken by the Agent or the Lenders in respect of any such Release,

except in such cases where and to the extent that such Claims arise from the gross negligence or wilful misconduct of the Indemnified Parties. The provisions of this Section 18.5 shall survive repayment of the Obligations of the Borrower. Other than for costs and expenses incurred by the

Indemnified Parties for investigating, defending or denying a Claim or preparing any necessary environmental assessment report or other reports in connection with any Claim (the reasonable costs thereof to be paid forthwith by the Borrower on demand therefor), the Indemnified Parties will not request indemnification from the Borrower unless an Indemnified Party is required by Law, based on the advice of such Indemnified Party's counsel, to honour a Claim or any part thereof. During the continuation of an Event of Default, the Indemnified Parties will be entitled, but not obligated, to negotiate any settlement of a Claim in consultation with the Borrower, and any such settlement will be binding on the Parties, provided that the Borrower will not be liable for any settlement of any action without its written consent, such consent not to be unreasonably withheld. Notwithstanding the foregoing, the Borrower, at its option by notice to the Lenders, may assume carriage at any time of any proceedings giving rise to a Claim, including choice of counsel.

18.6 General Indemnity.

In addition to any liability of the Borrower to the Lenders under any other provision hereof, the Borrower will and does hereby indemnify each Indemnified Party and hold each Indemnified Party harmless against any losses, claims, costs, damages or liabilities (including reasonable out-of-pocket expenses and reasonable legal fees on a solicitor and his own client full indemnity basis) incurred by the same as a result of or in connection with: (a) any cost or expense incurred by reason of the liquidation or re-deployment in whole or in part of deposits or other funds required by any Lender to fund any Bankers' Acceptance or to fund or maintain any Advance as a result of the Borrower's failure to complete a Drawdown or to make any payment, repayment or prepayment on the date required hereunder or specified by it in any notice given hereunder; (b) subject to permitted or deemed Rollovers and Conversions, the Borrower's failure to provide for the payment to the Agent for the account of the Lenders of the full principal amount of each Bankers' Acceptance on its maturity date; (c) the Borrower's failure to pay any other amount, including any interest or fees, due hereunder on its due date after the expiration of any applicable grace or notice periods; (d) the prepayment of any outstanding Bankers' Acceptance before the maturity date of such Bankers' Acceptance; (e) the Borrower's repayment or prepayment of a LIBOR Based Loan otherwise than on the last day of its LIBOR Period; (f) the Borrower's failure to give any notice required to be given by it to the Agent or the Lenders hereunder; (g) the failure of any Loan Party to make any other payment due hereunder or under any of the other Documents; (h) any inaccuracy of the Borrower's or any Material Subsidiary's representations and warranties contained in any Document; (i) any failure of the Borrower or any Material Subsidiary to observe or fulfill its covenants under any Document; (j) the occurrence of any Default or Event of Default; or (k) the use of the proceeds of any Credit Facility, including to pay the purchase price of any acquisition or to repay the Existing Loan Agreement; provided that this Section 18.6 will not apply to any losses, claims, costs, damages or liabilities that are found by a final, non-appealable judgment of a court of competent jurisdiction to arise by reason of the gross negligence or wilful misconduct of the Indemnified Party claiming indemnity hereunder. The provisions of this Section 18.5 shall survive repayment of the Obligations of the Borrower.

18.7 Further Assurances.

The Borrower will, from time to time forthwith at the Agent's request and at the Borrower's own cost and expense (to the extent reasonable), do, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, financing change statements, assignments, acts, matters and things which may be reasonably required by the Agent with respect to the Credit Facilities, the Security or any part thereof and to give effect to any provision of the Documents.

18.8 Waiver of Law.

To the extent legally permitted, the Borrower hereby irrevocably and absolutely waives the provisions of any applicable Law which may be inconsistent at any time with, or which may delay or limit in any way, the enforcement of the Documents in accordance with their terms.

18.9 Attornment and Waiver of Jury Trial.

The Parties hereto do hereby irrevocably:

- (a) submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to the Documents or any of the transactions contemplated thereby; and
- (b) to the extent legally permitted, waive any right they may have to, or to apply for, trial by jury in connection with any matter, action, proceeding, claim or counterclaim arising out of or relating to the Documents or any of the transactions contemplated thereby.

18.10 Interest on Payments in Arrears.

- (a) Except as otherwise provided in this Agreement, interest will be paid by the Parties as follows:
 - (i) on amounts for which any Party has actually incurred an out-of-pocket expense and for which another Party has an obligation under the Documents to reimburse such amounts to the Party incurring the expenses, interest will be payable on such amount at the interest rate then applicable to Canadian Prime Rate Loans plus 2% per annum from and including the day on which the amount was incurred to but excluding the day on which the amount is reimbursed if, commencing on the date which is 3 Banking Days following a demand for payment of the amount in accordance with the terms of the Documents, such expense has not been paid; and
 - (ii) on amounts payable by one Party to another Party under the Documents where such payment is in default but the non-payment of such amount has not required an actual out-of-pocket expense by the Party to whom such payment is due, at the interest rate then applicable to Canadian Prime Rate

Loans plus 2% per annum from and including the day on which the payment was due to, but excluding the day on which the payment is made whether before or after judgment, but if such payment is a reimbursement by the Lenders to the Borrower for overpayment by it to the Lenders or is in respect of an inadvertent underpayment by the Agent, the Lenders or the Borrower to another Party (based on information provided by such other Party), such interest will only be calculated from the date which is 3 Banking Days following a demand for payment by the Party entitled to it.

- (b) All interest referred to in this Section 18.10 will be simple interest calculated daily on the basis of a 365 or 366 day year, as applicable. For the purposes of the *Interest Act* (Canada), the annual rates of interest to which such rates are equivalent are the rates so determined multiplied by the actual number of days in a period of one Year commencing on the first day of the period for which such interest is payable and divided by 365 or 366, as applicable.

18.11 Anti-Money Laundering Legislation.

- (a) The Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” Laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, “**AML Legislation**”), the Lenders and the Agent may be required to obtain, verify and record information regarding the Borrower and Subsidiaries, their respective directors, authorized signing officers, direct or indirect shareholders or unitholders or other Persons in control of any Subsidiaries and the transactions contemplated hereby. The Borrower shall promptly: (i) provide all such information, including supporting documentation and other evidence, as may be requested by any Lender or the Agent, or any prospective assignee of a Lender or the Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence; and (ii) notify the recipient of any such information of any changes thereto.
- (b) If, upon the written request of any Lender, the Agent has ascertained the identity of the Borrower or any Subsidiary or any authorized signatories of the Borrower or any Subsidiary for the purposes of applicable AML Legislation on such Lender’s behalf, then the Agent:
 - (i) shall be deemed to have done so as an agent for such Lender, and this Agreement shall constitute a “written agreement” in such regard between such Lender and the Agent within the meaning of applicable AML Legislation; and
 - (ii) shall provide to such Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

- (c) Notwithstanding the preceding sentence, each of the Lenders agrees that the Agent has no obligation to ascertain the identity of the Borrower, or any Subsidiary or any authorized signatories of the Borrower or any Subsidiary, on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Borrower or any Subsidiary or any such authorized signatory in doing so.

18.12 Payments Due on Banking Day.

Whenever any payment hereunder will be due on a day other than a Banking Day, or in the case of LIBOR Based Loans a LIBOR Banking Day, such payment will be made on the next succeeding Banking Day, or LIBOR Banking Day, as applicable, and such extension of time will in such case be included in the computation of payment of interest thereunder.

18.13 Whole Agreement.

This Agreement and the other Documents constitute the entire agreement between the Agent and the Lenders on one hand and the Borrower on the other hand, and cancels and supersedes any other agreements, undertakings, declarations, representations and warranties, written or verbal among all such Parties in respect of the subject matter of this Agreement.

18.14 Counterparts.

The Documents may be executed in any number of counterparts (including by facsimile or other electronic transmission, including in .pdf format) and by different Parties in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same instrument.

[signature pages follow]

THIS AGREEMENT has been executed effective the date first written above.

PETRUS RESOURCES LTD.,

as Borrower

By: (Signed) _____

Name:

Title:

THE TORONTO-DOMINION BANK,
as Agent,

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

THE TORONTO-DOMINION BANK,
as Lender,

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE,
as Lender

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

ROYAL BANK OF CANADA,
as Lender

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

HSBC BANK CANADA,
as Lender

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

UNION BANK, CANADA BRANCH
as Lender

By: (Signed) _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014

DEFINITIONS

“**Accommodation**” means an accommodation referred to in Section 3.9.

“**Accounting Change**” means a change in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Canadian Institute of Chartered Accountants, and in all events includes changes resulting from the implementation of IFRS to the extent required by the Canadian Accounting Standards Board.

“**Accounting Change Notice**” means notice of an Accounting Change delivered by the Borrower, the Agent or the Majority Lenders, as applicable, as provided in Section 1.17.

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

“**Administrative Body**” means any domestic or foreign, national, federal, provincial, state, municipal or other local government or regulatory body and any division, agency, ministry, commission, board or authority or any quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing, and any domestic, foreign or international judicial, quasi-judicial, arbitration or administrative court, tribunal, commission, board or panel acting under the authority of any of the foregoing.

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

- (a) in respect of Accommodations other than Bankers’ Acceptances or Letters of Credit, the disbursement or credit of funds to, or to the credit of, the Borrower;
- (b) in respect of Bankers’ Acceptances, the acceptance by the Lenders of drafts issued under the Agreement by the Borrower and, where the Lenders are purchasing such drafts, the disbursement of the Net Proceeds to the Borrower as provided hereunder; or
- (c) in respect of Letters of Credit, the issuance of Letters of Credit hereunder.

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

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

“**Agent**” means, initially, TD or any successor to TD appointed as administrative agent pursuant to Section 17.10.

“**Aggregate Principal Amount**” means (i) where the context requires, the aggregate of the principal amount outstanding from time to time under the Syndicated Facility, including the face

amount of all unmatured Bankers' Acceptances issued thereunder; or (ii) where the context so requires, the aggregate of the principal amount outstanding from time to time under the Operating Facility, including the face amount of all unmatured Bankers' Acceptances and the undrawn amount of outstanding Letters of Credit issued thereunder; or (iii) where the context requires, the aggregate of the principal amount outstanding from time to time under the Credit Facilities, including the face amount of all unmatured Bankers' Acceptances and the undrawn amount of outstanding Letters of Credit issued thereunder.

"Agreement" or **"this Agreement"** means the agreement in writing dated the Amendment and Restatement Date between the Borrower, the Lenders and the Agent entitled "Amend and Restated Credit Agreement" inclusive of all Schedules, including this Schedule A, as amended, confirmed, replaced or restated from time to time and **"hereto"**, **"hereof"**, **"herein"**, **"hereby"** and **"hereunder"**, and similar expressions mean and refer to the Agreement and, unless the context otherwise requires, not to any particular Article, Section, paragraph or other subdivision thereof.

"Amalco" means Petrus Resources Ltd., a corporation amalgamated under the laws of the Province of Alberta pursuant to the Post-Closing Amalgamation.

"Amendment and Restatement Date" means October 8, 2014 or such other date agreed upon in writing between the Borrower and the Agent.

"Assignment Agreement" means an agreement whereby a financial institution becomes a Lender substantially in the form of Schedule E with the blanks completed.

"Available Cash Flow" means for any period:

- (a) the aggregate revenue of the Loan Parties from operations (including all net proceeds of any sales or other dispositions) for such period;

less

- (b) royalties and other contractual obligations, the payment of which and compliance with which are necessary to preserve and maintain its consolidated P&NG Rights for such period; and
- (c) its reasonable general and administrative and operating expenses for such period, including debt service; and
- (d) Taxes applicable to such period; and
- (e) any mandatory capital expenditure requirements as provided in the then most current independently and internally prepared economic reserve and evaluation report applicable to the Borrower's consolidated P&NG Rights or which a Loan Party has legally committed to make prior to being notified by the Agent of a Borrowing Base Shortfall.

“BA Discount Rate” means:

- (a) in relation to a Bankers’ Acceptance accepted by a Schedule I Lender, the CDOR Rate; and
- (b) in relation to a Bankers’ Acceptance accepted by a Schedule II Lender or by a Schedule III Lender, the lesser of:
 - (i) the discount rate then applicable to Bankers’ Acceptances as quoted by such non-Schedule I Lenders; and
 - (ii) the CDOR Rate plus 10 Basis Points per annum,provided that if both such rates are equal, then the “BA Discount Rate” applicable thereto shall be the rate specified in clause (i) above; and
- (c) in relation to a BA Equivalent Loan:
 - (i) made by a Schedule I Lender, the CDOR Rate; and
 - (ii) made by a Schedule II Lender or by a Schedule III Lender, the rate determined in accordance with subparagraph (b) of this definition; and
 - (iii) made by any other Lender, the CDOR Rate plus 10 Basis Points per annum.

“BA Equivalent Loan” means Canadian Dollar Accommodations made pursuant to Section 9.3.

“BA Stamping Fee” has the meaning attributed to it in Section 3.10(a)(iii).

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

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

“Banking Day” means any day, other than a Saturday or Sunday, on which banks are open for domestic and foreign exchange business in Calgary, Alberta, Toronto, Ontario and New York, New York.

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

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

“Borrower” means Petrus Resources Ltd. and its successors (including, after giving effect to the Post-Closing Amalgamation, Amalco) and permitted assigns.

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

“Borrower’s Counsel” means Burnet, Duckworth & Palmer LLP or another barrister or solicitor or firm of barristers and solicitors or other lawyers in an appropriate jurisdiction retained by the Loan Parties or employed by the Loan Parties and acceptable to the Agent, acting reasonably.

“Borrowing Base” means, initially, the amount set forth in Section 3.11(a), and thereafter, the amount determined or redetermined by the Lenders in their absolute discretion from time to time in accordance with Article 3, taking into consideration such factors as each Lender determines relevant, including the estimated future net revenue after income tax from the oil and gas properties and royalty interests of the Loan Parties from time to time (in each case after taking into account any Hedging Agreements to which any of them is a party and any royalties or other burdens applicable to such oil and gas properties) using the independently and internally prepared reserve and economic evaluation reports to be provided by the Borrower hereunder and each Lender’s then current projections of oil and gas prices and direct operating and capital costs and other assumptions affecting such estimated future net revenue in accordance with its customary practice for similar loans.

“Borrowing Base Determination” has the meaning attributed to it in Section 3.11(b).

“Borrowing Base Properties” means the Proved Reserves and other P&NG Rights and related properties and facilities of the Loan Parties which are given lending value in determining the Borrowing Base and identified as such, from time to time, to the Borrower by the Agent in accordance with Section 3.11.

“Borrowing Base Redetermination Date” means the date of each Borrowing Base Determination hereunder.

“Borrowing Base Shortfall” means at any time, that amount, if any, by which the Canadian Dollar Exchange Equivalent of the Aggregate Principal Amount under the Credit Facilities exceeds the Borrowing Base.

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

“Canadian Dollar Exchange Equivalent” means with reference to Canadian Dollars, the amount thereof expressed in Canadian Dollars, and with reference to any amount (the **“original amount”**) expressed in U.S. Dollars (the **“original currency”**), the amount expressed in Canadian Dollars on the date when such amount is being determined as herein provided, required to purchase the original amount of the original currency at the Noon Rate on the Banking Day immediately preceding the date such conversion is to be made.

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

“**Canadian Prime Rate**” means the variable rate of interest quoted by the Agent from time to time as the reference rate of interest which it employs to determine the interest rate it will charge for demand loans in Canadian Dollars to its customers in Canada and which it designates as its prime rate, provided that if such rate of interest is less than the then applicable rate quoted by the Agent for its one month Canadian Dollar bankers’ acceptances plus 100 Basis Points per annum (the “**Floor Rate**”), then the Canadian Prime Rate will equal the Floor Rate.

“**Canadian Prime Rate Loan**” means an Advance in Canadian Dollars which bears interest at a rate based on the Canadian Prime Rate.

“**Capital Adequacy Guidelines**” means Guideline A, dated January 1, 2012, entitled “Capital Adequacy Requirements (CAR) — Simpler Approaches” and Guideline A-I, dated January 1, 2013, entitled “Capital Adequacy Requirements (“CAR)” each issued by the Office of the Superintendent of Financial Institutions Canada and all other guidelines or requirements relating to capital adequacy issued by the Office of the Superintendent of Financial Institutions Canada or any other Administrative Body regulating or having jurisdiction with respect to any Lender, as amended, modified, supplemented, reissued or replaced from time to time.

“**Cash Management Arrangements**” means any arrangement entered into or to be entered into by some or all of the Loan Parties with the Operating Lender for the purpose of creating secured centralized operating accounts for the Loan Parties under which all Cash Management Obligations shall rank *pari passu* with the Obligations owed by the Loan Parties to the Lenders under the Documents.

“**Cash Management Obligations**” means any and all obligations of the Borrower and Material Subsidiaries resulting from or in connection with any Cash Management Arrangements.

“**CDOR Rate**” means the arithmetic average of the yields to maturity for bankers’ acceptances accepted by each Schedule I Lender quoted on the Reuter’s Canadian Dealer Offered Rate screen, at 10:00 a.m., (Toronto, Ontario time) on the applicable date on which an Advance shall take place, for bankers’ acceptances having a term the same as the term requested for each Bankers’ Acceptance issued pursuant to the applicable Advance.

“**CDS**” has the meaning attributed to it in Section 9.2(c).

“**Change of Control**” means if, after the Amendment and Restatement Date, any Person, acquires, directly or indirectly, alone or in concert with other Persons, over a period of time or at any one time, Voting Securities in the capital of the Borrower aggregating in excess of 50% of all of the then issued and outstanding Voting Securities of such Person.

“**Claim**” has the meaning attributed to it in Section 18.5.

“**Closing Certificates**” means, collectively, the officer’s certificates dated as of the Amendment and Restatement Date from the each Loan Party existing on such date (being the Borrower, Arriva and Ravenwood), which officer’s certificates shall include, among other things, certified copies of constating documents, certified copies of applicable resolutions and incumbency and will otherwise be in a form satisfactory to the Agent, acting reasonably.

“**Closing Opinions**” means the opinions of the Borrower’s Counsel in respect of the Borrower and the other Loan Parties, addressed to the Lenders, the Agent and its legal counsel in form satisfactory to the Lenders, acting reasonably.

“**COGEH Definitions**” means the definitions promulgated by the Canadian Oil and Gas Evaluation Handbook in effect from time to time.

“**Commodity Swap Contracts**” has the meaning attributed to it in Section 13.4(d).

“**Commitment Amount**” means the aggregate of the Operating Facility Commitment Amount and the Syndicated Facility Commitment Amount, as such amount may be increased pursuant to this Agreement.

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

“**Compliance Certificate**” means the certificate of the Borrower substantially in the form of Schedule D with the blanks completed.

“**Consolidated Net Tangible Assets**” means, as at any date of determination, all consolidated assets of the Borrower as shown in the most recent consolidated balance sheet of the Borrower, less the aggregate of the following amounts reflected upon such balance sheet:

- (a) all goodwill, deferred assets, trademarks, copyrights and other similar intangible assets; and
- (b) to the extent not already deducted in computing such assets and without duplication, depreciation, depletion, amortization, reserves and any other account which reflects a decrease in the value of an asset or a periodic allocation of the cost of an asset, provided that no deduction will be made under this paragraph (b) to the extent that such account reflects a decrease in value or periodic allocation of the cost of any asset referred to in paragraph (a) of this definition,

all as determined in accordance with GAAP.

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

“**Conversion**” means in relation to an Advance, a conversion of an Advance into another type of Advance made pursuant to the Agreement.

“**Conversion Date**” means, in respect of each Lender and each Credit Facility, the last day of the Revolving Period for such Lender under such Credit Facility, as any such Revolving Period may be extended pursuant to Section 3.3(b).

“**Credit Facilities**” means, collectively, the Syndicated Facility and the Operating Facility and “**Credit Facility**” means either of them.

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

“**Current Assets**” means on any date of determination, the consolidated current assets of the Borrower that would, in accordance with GAAP, be classified as of that date as current assets plus any undrawn availability under the Credit Facilities, less any non-cash amount required to be included in current assets as the result of the application of GAAP including non-cash commodity and interest rate hedges assets and liabilities.

“**Current Liabilities**” means, on any date of determination, the consolidated liabilities of the Borrower that would, in accordance with GAAP, be classified as of that date as current liabilities, excluding (a) non-cash obligations under GAAP including non-cash commodity and interest rate hedges assets and liabilities, and (b) the current portion of long-term Debt, including the Debt hereunder.

“**Debt**” means, as at any date of determination, all obligations, liabilities and Indebtedness of the Borrower which would, in accordance with GAAP, be classified upon a consolidated balance sheet of the Borrower for such date as Indebtedness for borrowed money and, whether or not so classified, shall include (without duplication):

- (a) Indebtedness for borrowed money;
- (b) obligations arising pursuant to bankers’ acceptances (including payment and reimbursement obligations in respect thereof);
- (c) obligations arising pursuant to letters of credit to the extent they support obligations which would otherwise constitute Debt within the meaning of this definition or indemnities issued in connection therewith;
- (d) obligations under guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the indebtedness for borrowed money of any other Person or the obligations of any other Person which would otherwise constitute Debt within the meaning of this definition and all other obligations incurred for the purpose of or having the effect of providing financial assistance to another Person in respect of indebtedness or such other obligations;
- (e) in respect of any capital lease, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the lease payments of the lessee, including all rent and payments to be made by the lessee in connection with the return of the leased property, during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended);
- (f) all obligations representing the deferred purchase price of any property for a period in excess of 90 days, and all obligations created or arising under any

conditional sales agreement or other title retention agreement, other than capital leases and operating leases;

- (g) deferred revenues relating to third party obligations;
- (h) the redemption amounts of any equity (each a “**Redeeming Party**”) where the holder of such equity has the option to require the redemption of such equity for cash or property, other than equity of any of the Redeeming Parties, and payment of the redemption amounts;
- (i) all losses actually incurred under any Hedging Agreements that are due and owing, but for certainty, Debt shall not include the impact of any mark to market unrealized losses in respect of Hedging Agreements recorded in accordance with GAAP; and
- (j) without duplication of any of the matters referenced above, obligations under sale lease-back transactions.

“**Debt to EBITDA Ratio**” means, as at the end of a Fiscal Quarter, the ratio of Debt as at the end of such Fiscal Quarter to EBITDA for the 12 months ending at the end of such Fiscal Quarter.

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

“**Defaulting Lender**” means any Lender or, in the case of paragraph (e) below, a Lender’s parent (being any person that directly or indirectly controls a Lender where control has the same meaning as in the definition of Affiliate):

- (a) that is a Non-Paying Lender;
- (b) that has failed to fund any payment or its portion of any Advances required to be made by it hereunder;
- (c) that has notified the Borrower (verbally or in writing) that it does not intend to or is unable to comply with any of its funding obligations under this Agreement or has made a public statement to that effect or to the effect that it does not intend to or is unable to fund advances generally under credit arrangements to which it is a party;
- (d) that has failed, within 3 Banking Days after request by the Borrower, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Advances; or
- (e) that becomes insolvent, has been deemed insolvent by a court of competent jurisdiction or any other Administrative Body, or becomes the subject of bankruptcy or insolvency proceedings.

“**Departing Lender**” has the meaning ascribed thereto in Section 17.17.

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

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

“**Discount Fraction**” means:

1

$$1 + (\text{the BA Discount Rate (expressed as a decimal)} \times \text{the number of days in the term of the Bankers' Acceptance divided by 365})$$

“**Discount Proceeds**” means the actual amount (based on the BA Discount Rate) received by the Borrower from the sale of a Bankers’ Acceptance hereunder without deduction for the stamping fee and which, in the case of a purchase of Bankers’ Acceptances by the Lenders, means an amount equal to the face amount of the Bankers’ Acceptances multiplied by the Discount Fraction (rounded up or down to the fifth decimal place with .000005 being rounded up).

“**Distribution**” means any:

- (a) payment of any dividend on or in respect of any shares, units or other ownership interests of any class in the capital of a Loan Party (including any thereof acquired through the exercise of warrants or rights of conversion, exchange or purchase);
- (b) redemption, retraction, purchase or other acquisition or retirement, in whole or in part, of shares, units or other ownership interests of any class in the capital of a Loan Party (including any thereof acquired through the exercise of warrants or rights of conversion, exchange or purchase);
- (c) payment of principal, interest or other amounts in whole or in part, of any Indebtedness of a Loan Party for borrowed money (including any Indebtedness incurred or assumed by a Loan Party pursuant to a capital lease or operating lease);
- (d) to (in the case of paragraphs (a) and (c) of this definition) or by or from (in the case of paragraph (b) of this definition) any shareholder or unitholder or any Affiliate of a shareholder or unitholder of a Loan Party (other than a Lender), whether made or paid in or for cash, property or both, or
- (e) transfer of any property for consideration of less than fair market value by a Loan Party to any shareholder or unitholder or to any Affiliate of a shareholder or unitholder of a Loan Party.

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

“**Draft**” has the meaning attributed to it in Section 9.2(a).

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

“**Drawdown Date**” means the date specified in a Notice of Borrowing or pursuant to Section 5.2 in the case of an overdraft borrowing as the date on which a Drawdown will occur and which date will be a Banking Day, and which in the case of a LIBOR Based Loan will be a LIBOR Banking Day.

“**EBITDA**” means, for any fiscal period and as determined in accordance with GAAP (on a consolidated basis) in respect of the Borrower:

- (a) all Net Income for such period; plus
- (b) Interest Expense to the extent deducted in determining such Net Income; plus
- (c) all amounts deducted in the calculation of such Net Income in respect of the provision for income taxes; plus
- (d) all amounts deducted in the calculation of such Net Income in respect of non-cash items, including depreciation, depletion, amortization (including amortization of goodwill and other intangibles), accretion, deferred income taxes, foreign currency obligations, non-cash losses resulting from marking-to-market the outstanding hedging and financial instrument obligations, non-cash compensation expenses, provisions for impairment of oil and gas assets and any other non-cash expenses for such period; plus
- (e) to the extent deducted in the calculation of such Net Income, losses from asset sales; plus
- (f) losses attributable to extraordinary and non-recurring losses, in each case to the extent deducted in the calculation of such Net Income;

less (on a consolidated basis), without duplication:

- (g) earnings attributable to extraordinary and non-recurring earnings and gains, in each case to the extent included in the calculation of such Net Income;
- (h) to the extent included in the calculation of such Net Income, gains from asset sales;
- (i) the net income of any Subsidiary of the Borrower which is not a Material Subsidiary, to the extent that the distribution by that Subsidiary of amounts of

such Net Income to the Borrower or to a Material Subsidiary is restricted by a contract, operation of law or otherwise;

- (j) all cash payments during such period relating to non-cash charges which were added back in determining EBITDA in any prior period; and
- (k) to the extent included in such Net Income, any other non-cash items increasing such Net Income for such period, including non-cash gains resulting from marking-to-market the outstanding hedging and financial instrument obligations for such period;

provided that for the purposes of this definition if a Loan Party makes a material acquisition (whether by amalgamation, asset or share acquisition or otherwise) at any time during the relevant period of calculation, such material acquisition shall be deemed to have been made on and as of the first day of such calculation period; and if a Loan Party makes a material disposition (whether by asset or share disposition or otherwise) at any time during the relevant period of calculation, or the assets cease to be owned by a Loan Party, such material disposition shall be deemed to have been made on and as of the first day of such calculation period, provided further that prior to making any adjustment to EBITDA for such acquisitions or dispositions, the Borrower must have first delivered to the Lenders all such relevant information in such detail as reasonably required by the Lenders (including supporting financial statements) relating to the acquisition or disposition certified by the president, chief executive officer, chief operating officer, chief financial officer or vice president-finance of the Borrower, and the Lenders, acting reasonably, must have approved same and the Lenders shall provide notice of this approval or non-approval within 15 days of receiving all of the requisite information.

“**Effective Date**” has the meaning attributed to it in Section 3.10(d).

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

“**Environmental Certificate**” means the certificate substantially in the form of Schedule C with the blanks completed.

“**Environmental Law**” means any Law relating, in whole or in part, to the protection or enhancement of the Environment, including occupational safety, product liability, public health, public safety and transportation or handling of dangerous goods.

“**Escrow Funds**” has the meaning attributed to it in Section 9.5.

“**Event of Default**” means an event specified in Section 14.1.

“**Excess**” has the meaning attributed to it in Section 5.7.

“**Exchange Rate Swap Contracts**” has the meaning attributed to it in Section 13.4(b).

“Existing Credit Agreement” means the credit agreement dated July 31, 2014 among the Borrower, TD, as agent, and the Existing Syndicated Lenders, as amended to the date hereof.

“Existing Operating Facility” means the operating facility provided by the Operating Lender pursuant to the Existing Credit Agreement.

“Existing Operating Lender” means TD as operating lender pursuant to the Existing Credit Agreement.

“Existing Ravenwood Loan Agreement” means the loan agreement dated December 2, 2010 among Ravenwood, as borrower, National Bank of Canada, as administrative agent thereunder, and the parties thereto as lenders, as the same has been amended to the date hereof.

“Existing Swaps” means any Hedging Agreements between a Loan Party and Canadian Imperial Bank of Commerce which were in place prior to the date of the Existing Credit Agreement which remains in force and effect on the Amendment and Restatement Date.

“Existing Syndicated Lenders” means all of the lenders under the Existing Credit Agreement.

“Existing Syndicated Obligations” has the meaning given to it in Section 1.16(b).

“Federal Funds Rate” means, for any day, the rate of interest per annum set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor, the “H.15(519)”) for such day opposite the caption “Federal Funds (Effective)”. If on any relevant day such rate is not yet published in H.15(519), the rate for such day will be the rate of interest per annum set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Bank of New York (including any successor, the “Composite 3:30 p.m. Quotations”) for such day under the caption “Federal Funds Effective Rate”. If on any relevant day the appropriate rate per annum for such day is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, the rate for such day will be the arithmetic mean of the rates per annum for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York time) on that day by each of three major brokers of Federal funds transactions in New York City, selected by the Agent in its sole discretion, acting reasonably.

“Federal Reserve Board” or **“Federal”** means the Board of Governors of the Federal Reserve System of the United States of America or any successor thereof.

“Financial LC” means a stand-by Letter of Credit if it serves as a payment guarantee of the Borrower’s financial obligations and is treated as a direct credit substitute for purposes of the Capital Adequacy Guidelines.

“First Party” has the meaning attributed to it in Section 18.4.

“Fiscal Quarter” means the three-month period commencing on the first day of each Fiscal Year and each successive three-month period thereafter during such Fiscal Year.

“**Fiscal Year**” means the Borrower’s fiscal year commencing on January 1 of each year and ending on December 31 of such year.

“**Floor Rate**” has the meaning attributed to it in the definition of Canadian Prime Rate.

“**Former Lender**” has the meaning attributed to it in Section 4.8.

“**GAAP**” means generally accepted accounting principles which are in effect from time to time in Canada.

“**Hedging Agreements**” has the meaning attributed to it in Section 13.4(e).

“**Hostile Acquisition**” means an acquisition, which is required to be reported to applicable securities regulatory authorities, of shares of a corporation where the board of directors of that corporation has not approved such acquisition nor recommended to the shareholders of the corporation that they sell their shares pursuant to the proposed acquisition or of units of a trust where the trustee or manager or administrator of that trust has not approved such acquisition nor recommended to the unitholders of the trust that they sell their units pursuant to the proposed acquisition or of units of a partnership where the board of directors of the general partner thereof has not approved such acquisition nor recommended to the partners of the partnership that they sell their units pursuant to the proposed acquisition.

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

“**includes**” means “includes without limitation” and “**including**” means “including without limitation”.

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

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

“**Indemnified Parties**” has the meaning attributed to it in Section 18.5.

“**Individual Commitment Amount**” means, from time to time, in respect of a Lender, that portion of the Commitment Amount which such Lender has severally agreed to make available

to the Borrower in accordance with the terms and conditions of the Agreement, subject to adjustment pursuant to the terms of the Agreement.

“Individual Syndicated Facility Commitment Amount” means, from time to time, in respect of a Lender, that portion of the Syndicated Facility Commitment Amount which such Lender has severally agreed to make available to the Borrower in accordance with the terms and conditions of this Agreement, subject to adjustment pursuant to the terms of this Agreement.

“Intercreditor Agreement” means the intercreditor agreement dated as of the date hereof among the Borrower, the Second Lien Agent, as agent on behalf of the Second Lien Lenders, and the Agent on behalf of the Lenders, as amended, restated or supplemented from time to time.

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

- (a) all interest accrued or payable in respect of such period, including capitalized interest and imputed interest with respect to lease obligations included as Debt;
- (b) all fees (including standby and commitment fees, acceptance fees in respect of bankers’ acceptances and fees payable in respect of letters of credit, letters of guarantee and similar instruments) accrued or payable in respect of such period, prorated (as required) over such period;
- (c) any difference between the face amount and the discount proceeds of any bankers’ acceptances, commercial paper and other obligations issued at a discount, prorated (as required) over such period;
- (d) the aggregate of all purchase discounts relating to the sale of accounts receivable in connection with any asset securitization program; and
- (e) all net amounts charged or credited to interest expense under any Interest Rate Swap Contracts in respect of such period.

“Interest Rate Swap Contracts” has the meaning attributed to it in Section 13.4(c).

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

“ISDA Master Agreement” means the 2002 International Swaps and Derivatives Association, Inc. Master Agreement (Multi Currency-Cross Border) as from time to time amended, restated or replaced by the International Swaps and Derivatives Association, Inc. and as used in this Agreement in relation to Swap Documents means the form of such agreement as entered into between a the Borrower or a Material Subsidiary and the applicable Swap Lender.

“ISP98” means the International Standby Practices ISP98, as published by the International Chamber of Commerce and in effect from time to time.

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

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

“**LC Application**” means the Operating Lender’s standard form of letter of credit application submitted to the Operating Lender by the Borrower requesting the Operating Lender to issue a Letter of Credit hereunder subject to such reasonable changes thereto as are requested by the Borrower and agreed to by the Operating Lender, each acting reasonably, in order to make the application and the Letter of Credit consistent with the provisions of this Agreement.

“**Lender BA Suspension Notice**” has the meaning attributed to it in Section 9.5.

“**Lender LIBOR Suspension Notice**” has the meaning attributed to it in Section 8.3.

“**Lenders**” means, initially the Operating Lender and the Syndicated Facility Lenders, and thereafter, each Lender which may become a Party to this Agreement, as a lender, by executing and delivering to the Agent an Assignment Agreement, and each of their respective successors and permitted assigns, and “**Lender**” means any one of them in such capacity.

“**Letters of Credit**” means letters of credit or letters of guarantee in Canadian Dollars or U.S. Dollars issued under the Operating Facility.

“**Letter of Credit Fee**” has the meaning attributed to it in Section 3.10(a)(v).

“**LIBOR**” means the rate per annum equal to the rate determined by the Agent to be the offered rate that appears on the page of the LIBOR 01 screen (or any successor thereto or other commercially available source providing quotations of LIBOR as designated by the Agent from time to time) that displays the average ICE Benchmark Administration Limited (or its successor) Interest Settlement Rate for deposits in U.S. Dollars (for delivery on the first day of the relevant LIBOR Period at 11:00 a.m. (London time), two (2) LIBOR Banking Days before the first day of the applicable LIBOR Period in an amount substantially equal to the LIBOR Based Loan and for a period equal to such LIBOR Period.

“**LIBOR Banking Day**” means any Banking Day on which commercial banks are open for international business (including dealings in U.S. Dollar deposits in the London interbank market) in London, England.

“**LIBOR Based Loan**” means an Advance in U.S. Dollars which bears interest at a rate based on the LIBOR.

“**LIBOR Period**” means a period of 1, 2, 3 or 6 months selected by the Borrower and readily available in the London Interbank Eurodollar Market, or such other period as may be agreed to by the Lenders.

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

“**Loan Parties**” means, collectively, the Borrower and the Material Subsidiaries.

“**Macquarie**” means Macquarie Bank Limited.

“**Majority Lenders**” means the Lenders holding, in aggregate, at least 66 2/3% of the aggregate of the Commitment Amount.

“**Majority Revolving Lenders**” means, in respect of the Credit Facilities, the Revolving Lenders holding, in aggregate, a minimum of 66 2/3% of the sum of the Commitment Amounts of all of the Lenders who are Revolving Lenders.

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the financial condition of the Loan Parties, taken as a whole;
- (b) a Loan Party’s ability to perform its obligations under the Documents or the validity or enforceability of a material provision of the Documents; or
- (c) the property, business, operations or liabilities of the Loan Parties, taken as a whole.

“**Material Subsidiary**” means, at any time, (a) a Subsidiary of the Borrower, the total assets of which (determined on an unconsolidated basis after excluding investments in and advances to the Borrower in accordance with GAAP) together with the assets of all other Subsidiaries that are not Material Subsidiaries exceeds 5% of the Consolidated Net Tangible Assets of the Borrower, and (b) any other Subsidiary that owns Borrowing Base Properties.

“**Maturity Date**” means the date, which must be a Banking Day, or a LIBOR Banking Day with respect to a LIBOR Based Loan, on which (i) the applicable LIBOR Period expires in respect of a LIBOR Based Loan, (ii) the expiry date of a Letter of Credit, (iii) the date a Bankers’ Acceptance matures, or the date on which a BA Equivalent Loan becomes due and payable.

“**Net Income**” means, for any period, the consolidated net income (loss) of the Borrower for such period before extraordinary items, calculated in accordance with GAAP.

“**Net Proceeds**” means the amount received by the Borrower from the sale of an Accommodation by way of Bankers’ Acceptance (or in the case of a BA Equivalent Loan, the amount of such BA Equivalent Loan), less the applicable BA Stamping Fee.

“**New Rules**” has the meaning attributed to it in Section 11.1(c).

“**Non-Agreeing Lender**” has the meaning attributed to it in Section 3.3(b)(iv).

“**Non-Agreeing Lender Commitment Amount**” has the meaning attributed to it in Section 3.3(b)(iv).

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

“**Non-Conforming Borrowing Base Lender**” has the meaning attributed to it in Section 3.11(d).

“**Non-Consenting Lender**” has the meaning ascribed thereto in Section 17.17.

“**Non-Participating Lender**” has the meaning attributed to it in Section 6.2(b).

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

“**Notice of Borrowing**” means, in relation to Advances by way of Drawdown, a notice by the Borrower to the Agent substantially in the form of Schedule F with the blanks completed.

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

“**Notification Date**” has the meaning attributed to it in Section 3.3(b)(i).

“**Obligations**” means, without duplication, the aggregate amount of all obligations, liabilities and indebtedness of the Loan Parties to the Agent or any Lender under the Documents (including the Aggregate Principal Amount under the Credit Facilities and all interest and fees thereon) and all obligations, contingent or otherwise, of any of the foregoing arising from any guarantee made by a Person in respect thereof.

“**Offer of Extension**” means a written offer by the Agent, on behalf of the Revolving Lenders other than the Non-Agreeing Lenders, to the Borrower to extend the Revolving Period to a date up to 364 days from acceptance by the Borrower of such offer, and setting forth the terms and conditions, if any, on which such extension is offered by the Revolving Lenders and may be accepted by the Borrower.

“**Oil and Gas Ownership Certificate**” the certificate of the Borrower substantially in the form of Schedule J with the blanks completed.

“**Operating Facility**” means the operating facility established from time to time in favour of the Borrower by the Operating Lender pursuant to Section 3.2.

“Operating Facility Commitment Amount” means Cdn. \$20,000,000 as it may be changed from time to time in accordance with the terms hereof.

“Operating Facility Termination Date” means the last day of the Term Period in respect of the Operating Facility.

“Operating Lender” means, initially, TD, or any other Lender which from time to time provides the Operating Facility to the Borrower.

“Original Currency” has the meaning attributed to it in Section 18.4.

“P&NG Rights” means all of the right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an “interest in land”, of a Loan Party at such time in and to any, or such as are stipulated, of the following, by whatever name the same are known:

- (a) rights to explore for, drill for, produce, take, save or market Petroleum Substances from or allocated to its lands or lands with which the same have been pooled or unitized;
- (b) rights to a share of the production of Petroleum Substances from or allocated to its lands or lands with which the same have been pooled or unitized;
- (c) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances from or allocated to its lands or lands with which the same have been pooled or unitized;
- (d) rights of any Loan Party in lands or documents of title related thereto, including leases, subleases, licenses, permits, reservations, rights and privileges; and
- (e) rights to acquire any of the above rights described in paragraphs (a) through (d) of this definition,

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

“Participant” has the meaning attributed to it in Section 16.4.

“Participating Lender” has the meaning attributed to it in Section 6.3.

“Parties” means the Borrower, the Agent and the Lenders and their respective successors and permitted assigns, and **“Party”** means any one of the Parties.

“PDP Asset Coverage Ratio” means the ratio of (a) PDP Present Value, to (b) Total Debt.

“PDP Present Value” means the present value (discounted at 10.0%) of future net revenues attributable to all Proved Developed Reserves from the Properties calculated based on the

Reserve Report most recently delivered to the Agent pursuant to Section 13.3(c). A percentage (as determined by the Agent in its sole and absolute discretion) of the PDNP Present Value for drilled oil and gas wells that have not yet been connected to enable sales will be added to PDP Present Value.

“PDNP Present Value” means the present value (discounted at 10.0%) of future net revenues attributable to all PDNP Reserves from the Properties calculated based on the Reserve Report most recently delivered to the Agent pursuant to Section 13.3(c).

“PDNP Reserves” means Proved Reserves which are categorized as “Developed non-producing reserves” in the COGEH Definitions.

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

“Performance LCs” means Letters of Credit which are not Financial LCs.

“Permitted Dispositions” means any:

- (a) sale or disposition of Borrowing Base Properties (and related tangibles) resulting from any pooling or unitization entered into in the ordinary course of business and in accordance with sound industry practice when, in the reasonable judgment of the Borrower, it is necessary to do so in order to facilitate the orderly exploration, development or operation of such Borrowing Base Properties;
- (b) sale or disposition in the ordinary course of business and in accordance with sound industry practice of tangible personal property forming part of the Borrowing Base Properties that is obsolete, no longer useful for its intended purpose or being replaced in the ordinary course of business;
- (c) sale or disposition of current production from Borrowing Base Properties made in the ordinary course of business;
- (d) sales or dispositions of Borrowing Base Properties and related tangibles made in the ordinary course of business for fair market value to third parties since the last determination of the Borrowing Base having an aggregate fair market value not exceeding the Threshold Amount since the last Borrowing Base Determination; and
- (e) subject to Section 13.4(j), sales or dispositions of Borrowing Base Properties between Material Subsidiaries or between the Loan Parties,

provided, in each case, that no Default or Event of Default has occurred and is continuing.

“Permitted Distribution” means:

- (a) a Distribution from one Loan Party to another Loan Party; and

- (b) a Distribution consented to by the Majority Lenders prior to the payment thereof.

“Permitted Encumbrances” means:

- (a) undetermined or inchoate Liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to Law against any of a Loan Party or in respect of which no steps or proceedings to enforce such Lien have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, any Lien which a Loan Party is in good faith contesting if such contest involves no risk of loss that could reasonably be expected to have a Material Adverse Effect and an adequate reserve in accordance with GAAP has been established by the Borrower;
- (b) Liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the joint operation of oil and gas properties or related production or processing facilities as security in favour of any other Person conducting the development or operation of the property to which such Liens relate, for any of the Loan Parties’ portion of the costs and expenses of such development or operation, provided such costs or expenses are not due or delinquent or if due or delinquent, any Lien which a Loan Party is in good faith contesting if such contest involves no risk of loss that could reasonably be expected to have a Material Adverse Effect and an adequate reserve in accordance with GAAP has been established by the Borrower;
- (c) to the extent a Lien is created thereby, a sale or disposition of oil and gas properties resulting from any pooling or unitization agreement entered into in the ordinary course of business when, in any of the Loan Parties’ reasonable judgment, it is necessary to do so in order to facilitate the orderly exploration, development or operation of such properties, provided that, a Loan Party’s resulting pooled or unitized interest is proportional (either on an acreage or reserve basis) to the interest contributed by it and is not materially less than a Loan Party’s interest in such oil and gas properties prior to such pooling or unitization and its obligations in respect thereof are not greater than its proportional share based on the interest acquired by it;
- (d) to the extent a Lien is created thereby, farmout interests or overriding royalty interests, net profit interests, reversionary interests and carried interests in respect of any of the Loan Parties’ P&NG Rights that are or were entered into with or granted to arm’s length third parties in the ordinary course of business and in accordance with sound industry practice;
- (e) Liens for penalties arising under non-participation provisions of operating agreements in respect of any of the Loan Parties’ P&NG Rights or related facilities, if such Liens could not reasonably be expected to have a Material Adverse Effect;

- (f) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by any Loan Party (including rights-of-way and servitudes for railways, sewers, drains, pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect;
- (g) any Lien or trust arising in connection with worker's compensation, employment insurance, pension and employment Law;
- (h) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit acquired by a Loan Party, or by any statutory provision to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
- (i) all reservations in the original grant from the Crown of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;
- (j) any right of first refusal in favour of any Person granted in the ordinary course of business with respect to all or any of the P&NG Rights or related facilities of a Loan Party;
- (k) public and statutory Liens not yet due and similar Liens arising by operation of Law;
- (l) the Security;
- (m) Liens granted in favour of the Second Lien Agent securing the Second Lien Indebtedness, subject to the terms of the Intercreditor Agreement;
- (n) the interest of any Person under any Purchase Money Lien, or capital lease to the extent the underlying obligation in respect thereof is Permitted Indebtedness; and
- (o) any Lien from time to time disclosed by the Borrower to the Agent and which is consented to by the Lenders.

“Permitted Indebtedness” means:

- (a) Obligations of the Loan Parties under the Credit Facilities or any of the Documents;
- (b) the Second Lien Indebtedness, subject to the terms of the Intercreditor Agreement;
- (c) Indebtedness of a Loan Party arising under Purchase Money Liens and capital leases which, in the aggregate, do not exceed the Threshold Amount; and

(d) Indebtedness of and Loan Party owing to another Loan Party.

“Permitted Swap Indebtedness” means Swap Indebtedness permitted by the provisions of Section 13.4(b), (c), (d) and (e) provided that if a Swap Lender does not have actual knowledge that such Swap Indebtedness was not permitted under such Section at the time the applicable Hedging Agreement was entered into by such Swap Lender, then such Swap Indebtedness will be deemed to be a Permitted Swap Indebtedness for purposes of Section 14.4.

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

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

“Post-Closing Amalgamation” means the amalgamation of Petrus Resources Ltd., Arriva Energy Inc. and Ravenwood that will take place on or after the Amendment and Restatement Date in accordance with Section 13.1(n).

“Pricing Table” means the pricing table set forth at the end of Section 3.10(a).

“Principal Repayment” means the repayment by or for and on behalf of the Borrower to the Lenders of all or a portion of any Aggregate Principal Amount outstanding to the Lenders under the applicable Credit Facility.

“Properties” means the Proved Reserves, Proved Developed Reserves, PUD Reserves, PDNP Reserves and related properties and facilities of the Loan Parties.

“Proved Asset Coverage Ratio” means the ratio of (a) Total Adjusted Present Value, to (b) Total Debt.

“Proved Developed Reserves” means “Proved Reserves” that are categorized as “Developed producing reserves”, as each such term is construed in the COGEH Definitions.

“Proved Reserves” has the meaning given to that term in the COGEH Definitions.

“PUD Present Value” means the present value (discounted at 10.0%) of future net revenues attributable to all PUD Reserves from the Properties calculated based on the Reserve Report most recently delivered to the Agent pursuant to Section 13.3(c).

“PUD Reserves” means Proved Reserves which are categorized as “Undeveloped reserves” in the COGEH Definitions.

“Purchase Money Lien” means a Lien, whether given to a vendor, lender or any other Person, securing indebtedness assumed or incurred as, or to provide, all or part of the purchase price or other acquisition cost of property, other than P&NG Rights, which Lien is limited exclusively to

such property and any proceeds thereof and any extension, renewal, refinancing or replacement thereof.

“**Purchasing Lender**” has the meaning attributed to it in Section 3.3(b)(iv).

“**Rateable Portion**” means, at any time and from time to time with respect to each Lender, Revolving Lender or Term Lender, as applicable, and each Credit Facility and subject to adjustment pursuant to Section 6.3:

- (a) in respect of the Syndicated Facility as the context requires:
 - (i) the proportion of the Individual Syndicated Facility Commitment Amount of such Syndicated Facility Lender relative to the Syndicated Facility Commitment Amount of all Syndicated Facility Lenders, Revolving Lenders or Term Lenders, as applicable, in respect of the Syndicated Facility; and
 - (ii) where applicable in circumstances where there are Syndicated Facility Lenders with different Syndicated Facility Termination Dates, the proportion of the Individual Syndicated Facility Commitment Amount of such Syndicated Facility Lender relative to the aggregate Individual Syndicated Facility Commitment Amounts of all Syndicated Facility Lenders having the same Syndicated Facility Termination Date as such Syndicated Facility Lender; and
- (b) in respect of the Operating Facility, the Rateable Portion for the Operating Lender shall be 100%; and
- (c) in respect of all Credit Facilities, the portion of the Individual Commitment Amount of a Lender relative to the Commitment Amount of all Lenders or Revolving Lenders or Term Lenders, as applicable,

provided that in respect of all Credit Facilities, the Rateable Portion of a Lender after an Event of Default has occurred and is continuing shall be the portion of the Aggregate Principal Amount owing to such Lender relative to the Aggregate Principal Amount owing to all Lenders.

“**Ravenwood**” means Ravenwood Energy Corp.

“**Ravenwood Acquisition**” means the acquisition by the Borrower of Ravenwood in accordance with the Ravenwood Pre-Acquisition Agreement.

“**Ravenwood Pre-Acquisition Agreement**” means the pre-acquisition agreement between the Borrower and Ravenwood dated August 1, 2014.

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

“Request for Offer of Extension” means a request by the Borrower for an offer by the Revolving Lenders to extend the Revolving Period pursuant to Section 3.1, substantially in the form of Schedule I, executed by a senior officer of the Borrower.

“Reserve Report” means the economic and reserve evaluation reports described in Sections 13.3(c)(i) and 13.3(c)(iii).

“Resignation Notice” has the meaning attributed to it in Section 17.10.

“Revolving Lender” has the meaning attributed to it in Section 3.3(b)(i).

“Revolving Period” means in respect of each Lender and each Credit Facility (i) initially, the period commencing upon the Amendment and Restatement Date and terminating on July 30, 2015, and (ii) each further period of up to 364 days for which the Revolving Period in respect of the then Revolving Lenders, and each Credit Facility, is extended at the request of the Borrower pursuant and subject to Section 3.3(b).

“Rollover” means, with respect to an Advance:

- (a) in relation to a LIBOR Based Loan, the continuation of all or any portion of such LIBOR Based Loan for an additional LIBOR Period subsequent to the initial or any subsequent LIBOR Period applicable thereto; and
- (b) in relation to maturing Banker’s Acceptances, the issuance of new Bankers’ Acceptances in respect of all or any portion of such Bankers’ Acceptances at their Maturity Date.

“Scheduled Borrowing Base Date” has the meaning attributed to it in Section 3.11(b).

“Second Lien Agent” means Macquarie and its successors and in such capacity.

“Second Lien Documents” means the Second Lien Financing Agreement and the other Documents (as defined in the Second Lien Financing Agreement), each as amended, supplemented, restated or otherwise modified from time to time.

“Second Lien Financing Agreement” means the financing agreement dated as of the Amendment and Restatement Date between the Borrower, the Second Lien Lenders and the Second Lien Agent, as agent for such lenders, as amended, restated or supplemented from time to time as permitted hereunder and under the Intercreditor Agreement.

“Second Lien Indebtedness” means the Indebtedness incurred by the Borrower from the Second Lien Lenders in the maximum principal amount of \$90,000,000 pursuant to the terms of the Second Lien Financing Agreement.

“Second Lien Lenders” means Macquarie and the other lenders from time to time under the lenders under the Second Lien Financing Agreement.

“**Security**” has the meaning attributed to it in Section 4.1 and includes any other Lien hereafter granted by the Borrower to secure the payment of the Obligations in connection with the Credit Facilities and any Swap Indebtedness.

“**Shortfall Notice**” has the meaning attributed to it in Section 3.6(c).

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

“**Successor Agent**” has the meaning attributed to it in Section 17.10.

“**Swap Documents**” has the meaning attributed to it in Section 4.1.

“**Swap Indebtedness**” means the actual Indebtedness or obligations of the Borrower to a Swap Lender under or pursuant to a Swap Document, including the Existing Swaps.

“**Swap Lender**” means any Lender or any Affiliate thereof that is a hedge provider under a Swap Document that is entered into prior to such Swap Lender ceasing to be a Lender (and for certainty, includes Canadian Imperial Bank of Commerce as the counterparty to the Existing Swaps). For greater certainty, any Person who enters into a Swap Document after such Person ceases to be a Lender is not a Swap Lender.

“**Syndicated Facility**” means the credit facility established in favour of the Borrower pursuant to Section 3.1.

“**Syndicated Facility Commitment Amount**” means initially Cdn. \$180,000,000, as it may be changed from time to time in accordance with the terms hereof.

“**Syndicated Facility Lenders**” means the lenders from time to time under the Syndicated Facility as set out in Schedule B.

“**Syndicated Facility Termination Date**” means, in respect of a Syndicated Facility Lender the last day of the Term Period in respect of the Syndicated Facility of such Syndicated Facility Lender.

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

“**TD**” means The Toronto-Dominion Bank, a Canadian chartered bank, and its successors and permitted assigns.

“**Term Lender**” means any Lender under a Credit Facility for which the Revolving Period has expired.

“**Term Period**” means, with respect to a Non-Agreeing Lender under a Credit Facility, the period commencing at 5:01 p.m. (Toronto time) on the Conversion Date in respect of such Credit Facility applicable to such Non-Agreeing Lender and expiring on the day which is one year thereafter.

“**Threshold Amount**” means 5% of the then current Borrowing Base.

“**Total Adjusted Present Value**” means an amount, based on the Reserve Report most recently delivered to the Agent pursuant to Section 13.3(c), equal to the sum of (a) the PDP Present Value (with no single oil and gas well comprising more than 25% of the PDP Present Value) plus (b) the PDNP Present Value plus (c) the PUD Present Value; provided that:

- (a) if the sum of PDNP Present Value plus the PUD Present Value exceeds 50% of the amount that would otherwise be the Total Adjusted Present Value, then the Total Adjusted Present Value will instead be an amount equal to twice the PDP Present Value; and
- (b) the Agent will, in consultation with the Borrower, make appropriate adjustments to the calculation of Total Adjusted Present Value to reflect material purchases, sales and discoveries of Petroleum Substances by the Borrower since the effective date of the Reserve Report most recently delivered to the Agent pursuant to Section 13.3(c).

“**Total Debt**” means, at any date, the Debt of the Borrower as of such day, and to the extent not otherwise included therein, any working capital deficit of the Borrower.

“**Uniform Customs**” means the Uniform Customs and Practice for Documentary Credits, 2007 Revision, International Chamber of Commerce Publication No. 600 or any amendments thereto current at the time of issuance of the applicable Letter of Credit.

“**U.S. Base Rate**” means the greater of (i) variable rate of interest quoted by the Agent from time to time as the reference rate of interest which it employs to determine the interest rate it will charge for demand loans in U.S. Dollars to its customers in Canada and which it designates as its “U.S. Base Rate”, (ii) the Federal Funds Rate plus 100 Basis Points, and (iii) 1% per annum above LIBOR for a LIBOR Period of one month (commencing on the date of determination or, if such day is not a Banking Day, commencing on the immediately preceding Banking Day).

“**U.S. Base Rate Loan**” means an Advance in U.S. Dollars which bears interest at a rate based on the U.S. Base Rate.

“**U.S. Dollars**” or “**U.S. \$**” each means such currency of the United States of America which, as at the time of payment or determination, is legal tender therein for the payment of public or private debts.

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

“**Working Capital Ratio**” means the ratio of Current Assets to Current Liabilities.

SCHEDULE B
PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014

COMMITMENTS OF LENDERS

Syndicated Facility

LENDER	INDIVIDUAL SYNDICATED FACILITY COMMITMENT AMOUNT
The Toronto-Dominion Bank	[REDACTED]
Canadian Imperial Bank of Commerce	[REDACTED]
Royal Bank of Canada	[REDACTED]
HSBC Bank Canada	[REDACTED]
Union Bank, Canada Branch	[REDACTED]
TOTAL :	Cdn. \$180,000,000

Operating Facility

LENDER	OPERATING FACILITY COMMITMENT AMOUNT
The Toronto-Dominion Bank	Cdn. \$20,000,000

SCHEDULE C
PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014

FORM OF ENVIRONMENTAL CERTIFICATE

TO: **THE TORONTO-DOMINION BANK (“TD”)**, as Agent for the Lenders under the Credit Agreement

Re: **PETRUS RESOURCES LTD.** – Amended and Restated Credit Agreement made as of October 8, 2014, between Petrus Resources Ltd., the Lenders, and TD as Agent for the Lenders (the “**Credit Agreement**”).

Date:

This certificate is delivered pursuant to Section [2.1(vii)/13.3(e)] of the Credit Agreement.

I, _____, am the duly appointed [insert name of office] of the Borrower and hereby certify in such capacity for and on behalf of the Borrower, and not in my personal capacity and without assuming any personal liability whatsoever, as follows:

1. The following certifications are made to the best of my knowledge after due enquiry. My due enquiry has been limited to discussions and correspondence with responsible officers and staff of the 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, and that matters reported on by such officers and staff are true and correct.
2. The following certifications in paragraphs 3 through 9 are qualified as to (i) the matters, if any, disclosed in Exhibit 1 hereto, and (ii) any breach of, or failure to comply with, any Environmental Laws, provided that the breach or failure to comply has not had, or could not reasonably be expected to have (whether on an individual or cumulative basis), a Material Adverse Effect.
3. The property of the Loan Parties is owned, leased, managed, controlled or operated, in compliance with Environmental Laws.
4. There are no existing, pending or threatened (by written notice):
 - (a) claims, complaints, notices or requests for information received from an Administrative Body by any Loan Party, or of which any Loan Party is otherwise aware, with respect to any alleged violation of or alleged liability under any Environmental Laws by any Loan Party; or
 - (b) stop, cleanup or preventative orders, direction or action requests, notice of which has been received from an Administrative Body by any Loan Party or of which any Loan Party is otherwise aware, relating to the Environment which as a result

thereof, requires any work, repair, remediation, cleanup, construction or capital expenditure with respect to any property owned, leased, managed, controlled or operated by any Loan Party.

5. Except in compliance with Environmental Laws, no Contaminant has been received, handled, used, stored, treated or shipped at or from, and there has been no discharge or Release of a Contaminant at, on, from or under any property owned, leased, managed, controlled or operated by any Loan Party, which could reasonably be expected to have a Material Adverse Effect.
6. None of the lands and facilities owned, leased, managed, controlled or operated by any Loan Party, have been used as a land fill site or, except in compliance with Environmental Laws, as a waste disposal site.
7. No condition exists, at, on or under any of the premises or facilities owned, leased, managed, controlled or operated by any Loan Party, which with the passage of time, or the giving of notice or both, has given rise to or could reasonably be expected to give rise to a violation or liability under any Environmental Laws.
8. No Loan Party is aware of any matter affecting the Environment which has had or could reasonably be expected to have a Material Adverse Effect.
9. The Borrower:
 - (a) has obtained and has caused each Material Subsidiary to obtain all permits, licenses and other authorizations (collectively the “**Permits**”) which are required under Environmental Laws and is in compliance with all terms and conditions of all Permits; and
 - (b) certifies that each of the Permits is in full force and effect and unrevoked as of the date of this certificate.

The undersigned officer acknowledges that the Lenders are relying on this certificate in connection with Advances made under the Credit Agreement.

Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

Dated as of the date first above written.

By: _____

Name:

Title:

EXHIBIT 1

NONE

SCHEDULE D
PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014

FORM OF COMPLIANCE CERTIFICATE

TO: **THE TORONTO-DOMINION BANK (“TD”)** as Agent for the Lenders under the Credit Agreement

Re: **PETRUS RESOURCES LTD.** – Credit Agreement made as of October 8, 2014, between Petrus Resources Ltd., the Lenders, and TD as Agent for the Lenders (as amended, restated, supplemented or modified from time to time, the “**Credit Agreement**”).

Date:

This Compliance Certificate is delivered pursuant to Section 13.3(e) of the Credit Agreement.

I, _____, am the duly appointed [**insert name of office**] of the Borrower and hereby certify in such capacity for and on behalf of the Borrower, and not in my personal capacity and without assuming any personal liability whatsoever, after making due inquiry:

- (a) This Compliance Certificate applies to the Fiscal [**Quarter/Year**] of the Borrower ending _____, _____ (the “**Calculation Date**”);
- (b) I am familiar with and have examined the provisions of the Credit Agreement and I have made such reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and each of its Material Subsidiaries as I have deemed necessary for purposes of this Compliance Certificate;
- (c) Based on the foregoing, no Default of Event of Default has occurred and is continuing except as previously disclosed in writing to the Agent pursuant to Section 13.3(a) of the Credit Agreement;
- (d) The cumulative proceeds received by the Borrower in respect of sales, conveyances and dispositions of Borrowing Base Properties or related facilities since the effective date of the last Borrowing Base Determination is \$ _____;
- (e) The Indebtedness of the Loan Parties under all swaps as at the Calculation Date is as follows:

- (i) Exchange Rate Swap Contracts – Cdn. \$ _____ and the notional amount swapped thereunder is Cdn. \$ _____; covering ____% of the forecasted U.S. Dollar revenues of Loan Parties;
- (ii) Interest Rate Swap Contracts - Cdn. \$ _____ and the notional amount thereof is Cdn. \$ _____; covering ____% of the Aggregate Principal Amount of the Syndicated Facility; and
- (iii) Commodity Swap Contracts – the quantity of (A) crude oil, (B) natural gas liquids, and (C) natural gas subject to swaps in respect of each of the first, second, third and fourth years following the end of the Calculation Date, represents, (I) in the case of crude oil, ____, ____, ____, and ____, respectively, (II) in the case of natural gas liquids, ____, ____, and ____, respectively, and (III) in the case of natural gas, ____, ____, and ____, respectively, in each case, of the Loan Parties' average aggregate daily production of the applicable commodity during the Fiscal Quarter ending on the Calculation Date.

The foregoing amounts were calculated by the Borrower on a mark-to-market basis as at the Calculation Date, and by converting all amounts in U.S. Dollars at such date based on the Noon Rate on such date. The details of all of the Loan Parties' Hedging Agreements are set forth in Exhibit 1 hereto.

- (f) The EBITDA for the 12 month period ended as at the Calculation Date is _____.
- (g) The Debt to EBITDA Ratio as of the Calculation Date is _____ :1.0, the calculations of which are outlined in Exhibit 2 hereto.
- (h) The Working Capital Ratio as of the Calculation Date is _____ :1.0, the calculations of which are outlined in Exhibit 3 hereto.
- (i) As of the date hereof, the Borrower has no Material Subsidiaries or Subsidiaries other than these listed in Schedule H to the Credit Agreement and the information contained in such schedule remains true and correct in all material respects. **[or: Schedule H to the Credit Agreement is revised as follows: (list changes here)].**

Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

Dated as of the date first above written.

By: _____

Name:

Title:

EXHIBIT 1

HEDGING AGREEMENTS

Applicable to the Fiscal Quarter of Petrus Resources Ltd. ending _____

Details of Hedging Agreements to which the Borrower and its Material Subsidiaries are a party as of _____, _____.

(Note: List all hedging agreements to which any Loan Party is a party)

Deal Type	Counterparty	Notional Amounts or Volumes	Start Date	Maturity Date	Mark-to Market	Deal Description
Exchange Rate						
Interest Rate						
Commodity:						
(a) physically settled						
(b) financially settled						
Other						
TOTAL						

EXHIBIT 2

DEBT TO EBITDA RATIO

DETAILED CALCULATIONS

EXHIBIT 3

WORKING CAPITAL RATIO

DETAILED CALCULATIONS

SCHEDULE E
PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014

FORM OF ASSIGNMENT AGREEMENT

TO: **THE TORONTO-DOMINION BANK (“TD”)** as Agent for the Lenders under the Credit Agreement

Re: **PETRUS RESOURCES LTD.** – Credit Agreement made as of October 8, 2014, between Petrus Resources Ltd., the Lenders, and TD as Agent for the Lenders (as amended, restated, supplemented or modified from time to time, the “**Credit Agreement**”).

Date: [■] (the “**Effective Date**”)

Unless otherwise indicated, terms defined in the Credit Agreement have the same meanings when used herein.

1. **[Name of assignee lender]** (the “**Assignee**”) acknowledges that its proper officers have received and reviewed a copy of the Credit Agreement and the other Documents and further acknowledges the provisions of the Credit Agreement and the other Documents.
2. The Assignee desires to become a Lender under the Credit Agreement. Effective on the Effective Date, **[Name of assigning lender]** (the “**Assignor**”) has agreed to and does hereby sell, assign and transfer to the Assignee, and the Assignee hereby irrevocably purchases and assumes, an interest in the **[Syndicated Facility/ Operating Facility]**, the Assignee assumes the obligations of the Assignor in respect of the Assignor’s **[Individual Syndicated Facility Commitment Amount/ Operating Facility Commitment Amount]** to the extent of Cdn. \$[■] of such commitment (the “**Assigned Commitment**”), and a share of the rights of the Assignor as a Lender under the Credit Agreement to the extent of the Assigned Commitment, including without limitation a share (the “**Pro Rata Share**”) of the rights of the Assignor with respect to the Aggregate Principal Amount owing to the Assignor under the **[Syndicated Facility/ Operating Facility]** equal to the proportion that the amount of the Assigned Commitment bears to Cdn. \$[■] (being the amount of the **[Individual Syndicated Facility Commitment Amount/ Operating Facility Commitment Amount]** of the Assignor on the Effective Date prior to the assignment and transfer under this Assignment Agreement) (the Assigned Commitment and such Pro Rata Share are referred to herein as the “**Assigned Interest**”); and, accordingly, the Assignee has agreed to execute this Assignment Agreement and deliver an original of it to the Agent, and a copy to each of the Lenders and the Borrower.
3. The Assignee, by its execution and delivery of this Assignment Agreement, agrees that from and after the date hereof it will be a Lender under the Credit Agreement to the extent of the Assigned Commitment and the Pro Rata Share and agrees to be bound by

and to perform, where required, all of the terms, conditions and covenants of the Credit Agreement and the other Documents applicable to a Lender, but its liability to make Advances will be limited to its share of such Advances based upon its **[Individual Syndicated Facility Commitment Amount/ Operating Facility Commitment Amount]** in paragraph 4, below subject to the provisions of the Credit Agreement.

4. The Assignee confirms that its **[Individual Syndicated Facility Commitment Amount/ Operating Facility Commitment Amount]** under the Credit Agreement will be as follows:

[State amount thereof in Canadian Dollars.]

5. The Assignee agrees to assume all liabilities and obligations of the Assignor as **[a Syndicated Facility Lender/ Operating Lender]** under the Credit Agreement and the other Documents to the extent of the Assigned Interest provided for herein and the Assignor is hereby released and discharged from such obligations and liabilities to the same extent but only in respect of such obligations and liabilities arising from and after the Effective Date.
6. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Documents, (iii) the financial condition of the Borrower and its Subsidiaries or any other Person obligated in respect of any Document or (iv) the performance or observance by any Loan Party or any other Person of any of their respective obligations under any Document.
7. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it has received a copy of the Credit Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Agent or any other Lender; and (b) agrees that (i) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as **[a Syndicated Facility Lender/ the Operating Lender]** thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, and (ii) it will, independently and without reliance on the Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Documents, and (iii) it will perform in accordance with their terms all of the obligations which by the terms of the Documents are required to be performed by it as **[a Syndicated Facility Lender/ the Operating Lender]**.

8. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

9. Notices will be given to the Assignee in the manner provided for in the Credit Agreement at the following address:

[■]

Attention: [■]

Facsimile: [■]

10. This Assignment Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment Agreement may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment Agreement by facsimile or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Assignment Agreement. This Assignment Agreement shall be governed by, and construed in accordance with, the Laws in force in the Province of Alberta from time to time.

Dated this ■ day of ■, 20__.

[Name of Assignee]

By: _____
Name:
Title:

* * *

The Assignor hereby acknowledges the above Assignment Agreement and agrees that its **[Individual Revolving Facility Commitment Amount/Operating Facility Commitment Amount]** is reduced by an amount equal to the **[Individual Revolving Facility Commitment Amount/Operating Facility Commitment Amount]** assigned to the assignee hereby.

Dated this ■ day of ■, 20__.

[Name of Assignee]

By: _____
Name:
Title:

Consented to and acknowledged this ____ day of _____, 20__ by:

THE TORONTO-DOMINION BANK, as
Agent

PETRUS RESOURCES LTD.
[while No Event of Default exists]

Per: _____
Name:
Title:

Per: _____
Name:
Title:

**SCHEDULE F
 PETRUS RESOURCES LTD.
 AMENDED AND RESTATED CREDIT AGREEMENT
 DATED OCTOBER 8, 2014**

FORM OF NOTICE OF BORROWING

TO: **THE TORONTO-DOMINION BANK (“TD”)**, as Agent for the Lenders under the Credit Agreement.

Re: **PETRUS RESOURCES LTD.** - Credit Agreement made as of October 8, 2014 between Petrus Resources Ltd., the Lenders and TD, as Agent for the Lenders (as amended, the “**Credit Agreement**”).

(i) DRAWDOWN DATE IS THE _____ DAY OF _____.

(ii) Pursuant to Section 5.2 of the Credit Agreement, the undersigned hereby irrevocably requests that the following Accommodations under the Credit Facilities be made available:

SYNDICATED FACILITY

<u>TYPE OF ADVANCE</u>	<u>PRINCIPAL AMOUNT</u>	<u>TERM</u>
Canadian Prime Rate Loan	_____	N/A
U.S. Base Rate Loans	_____	N/A
Bankers’ Acceptances	_____	_____
To be purchased by [all, Schedule I, Schedule II, Schedule III)] [choose one or more as applicable] Lenders Borrower to market Bankers’ Acceptances of Lenders whose Bankers’ acceptances are not purchased as above? (circle one)		
	YES NO	
LIBOR Based Loans	_____	_____

OPERATING FACILITY

<u>TYPE OF ADVANCE</u>	<u>PRINCIPAL AMOUNT</u>	<u>TERM</u>
Canadian Prime Rate Loan	_____	N/A
U.S. Base Rate Loans	_____	N/A

Bankers' Acceptances	_____
To be purchased by Operating Lenders? (circle one)	YES NO
Borrower to market Bankers' Acceptances? (circle one)	YES NO
Canadian Dollar Financial Letter of Credit	_____
U.S. Dollar Financial Letter of Credit	_____
Canadian Dollar Performance Letter of Credit	_____
U.S. Dollar Performance Letter of Credit	_____

- (iii) As of the date of this Notice of Borrowing, no Default or Event of Default has occurred and is continuing and, subject to Section 12.2 of the Credit Agreement, each of the representations and warranties set forth in Section 12.1 of the Credit Agreement is true and correct as if made on the date of the requested Advance.
- (iv) Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

DATED this _____ day of _____, _____, at Calgary, Alberta.

PETRUS RESOURCES LTD.

By: _____

Name:
Title:

By: _____

Name:
Title:

**SCHEDULE G
PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014**

**FORM OF NOTICE OF ROLLOVER OR NOTICE OF CONVERSION
OR NOTICE OF REPAYMENT**

TO: **THE TORONTO-DOMINION BANK (“TD”)**, as Agent for the Lenders under the Credit Agreement

Re: **PETRUS RESOURCES LTD.** - Credit agreement made as of October 8, 2014, between Petrus Resources Ltd., the Lenders and TD, as Agent for the Lenders (as amended, the “**Credit Agreement**”).

(i) Pursuant to Section 5.4 of the Credit Agreement, the undersigned hereby irrevocably notifies the Agent that it will be:

(a) rolling over part or all of the Accommodation made under **[the Syndicated Facility/Operating Facility]** described as:

Type of Accommodation: _____

*Principal Amount: _____

Date of Maturity: _____

into the same Accommodation made under **[the Syndicated Facility/Operating Facility]**

Date of Maturity: _____

*if only part of maturing Advance is rolled over, please indicate.

or;

(b) converting part or all of the Accommodation made under **[the Syndicated Facility/Operating Facility]** described as:

Type of Accommodation: _____

*Principal Amount: _____

Date of Maturity: _____

into an Accommodation made under **[the Syndicated Facility/Operating Facility]** described as:

* if only part of maturing Advance is converted, please indicate.

Type of Accommodation: _____

*Principal Amount: _____

Date of Maturity: _____

effective the _____ day of _____, _____.

or;

- (c) Repaying part or all of the Advance made under **[the Syndicated Facility/Operating Facility]** described as:

Type of Accommodation: _____

*Principal Amount: _____

Date of Maturity: _____

- (1) If only part of the maturing Advance is being repaid, please indicate the applicable amount being repaid including the details provided above in respect thereof and whether the balance will be rolled over or Converted.
- (ii) To the extent that this Notice rolls over or converts any Accommodations to Bankers' Acceptances, **[[all, Schedule I, Schedule II, Schedule III, no]] [choose one or more as applicable] Lenders will purchase them at the applicable Discount Rate [or] [the Borrower [will/will not] market the Bankers' Acceptances.]**
- (iii) This Notice is irrevocable.
- (iv) No Default or Event of Default has occurred and is continuing.
- (v) Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

DATED this _____ day of _____, _____ at Calgary, Alberta.

PETRUS RESOURCES LTD.

By: _____

Name:

Title:

By: _____

Name:

Title:

**SCHEDULE H
 PETRUS RESOURCES LTD.
 AMENDED AND RESTATED CREDIT AGREEMENT
 DATED OCTOBER 8, 2014**

CORPORATE INFORMATION

Loan Parties:

Prior to the Post-Closing Amalgamation

Legal Name	Jurisdiction of Incorporation or Formation	Location of Chief Executive Office	Location of Business and Assets	Ownership
Petrus Resources Ltd.	Alberta	Alberta	Alberta	28.5% of its issued and outstanding shares are owned by WINGREN B.V.* No other shareholder owns more than 10% of its issued and outstanding shares.
Arriva Energy Inc.	Alberta	Alberta	Alberta	Borrower
Ravenwood Energy Corp.	Alberta	Alberta	Alberta	Borrower

Following the Post-Closing Amalgamation

Legal Name	Jurisdiction of Incorporation or Formation	Location of Chief Executive Office	Location of Business and Assets	Ownership
Petrus Resources Ltd.	Alberta	Alberta	Alberta	28.5% of its issued and outstanding shares are owned by WINGREN B.V.* No other shareholder owns more than 10% of its issued and outstanding shares.

* WINGREN B.V. is a company formed under the laws of the Netherlands and a subsidiary of NGP Natural Resources X, L.P.

**SCHEDULE I
PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014**

FORM OF REQUEST FOR OFFER OF EXTENSION

TO: The Toronto-Dominion Bank
77 King Street West, 18th Floor
Toronto, Ontario
M5K 1A2

Facsimile: [Facsimile]
Attention: [Facsimile]

Dear Sirs:

Reference is made to the credit agreement made as of October 8, 2014 among Petrus Resources Ltd. (the “**Borrower**”), the Lenders (as defined therein), The Toronto-Dominion Bank, as Agent (the “**Agent**”) (as amended, supplemented, restated or replaced from time to time, the “**Credit Agreement**”). All terms and expressions used herein but not otherwise defined shall have the same meanings herein as ascribed thereto in the Credit Agreement.

We hereby give notice of our request for an offer of extension of the Revolving Period for a further period of [■] [**not to exceed 364 days**] pursuant to Section 3.3(b) of the Credit Agreement.

As of the date hereof, there exists no Default or Event of Default except those set out below which have been expressly disclosed to and waived or agreed to by the Lenders or the Majority Lenders, as applicable.

Yours very truly,

PETRUS RESOURCES LTD.

Per: _____
Name:
Title:

SCHEDULE J
PETRUS RESOURCES LTD.
AMENDED AND RESTATED CREDIT AGREEMENT
DATED OCTOBER 8, 2014

FORM OF OIL AND GAS OWNERSHIP CERTIFICATE

TO: The Toronto-Dominion Bank (“**TD**”), as Agent

RE: Credit Agreement (the “**Credit Agreement**”) dated October 8, 2014 between Petrus Resources Ltd. (the “**Borrower**”), and TD and those other financial institutions who from time to time become lenders thereunder (collectively, the “**Lenders**”) and TD, as agent for the Lenders (the “**Agent**”)

The undersigned, _____, being the _____, of the Borrower, hereby certifies in such capacity for and on behalf of the Borrower, and not in any personal capacity and without assuming any personal liability whatsoever, as follows:

1. I have made or caused to be made due inquiries and review of all documents, correspondence and other material (the “**Title Enquiries**”) relating to the hydrocarbons and lands or interests in lands (the “**Lands**”) described in the reports of _____ (the “**Engineering Report**”) addressed to the Borrower and each dated effective [■].
2. Based upon the Title Enquiries, I have no knowledge, information or belief that there exists any provision in any agreement, contract or document pertaining to the Lands which prevents any Loan Party (collectively, the “**Petrus Parties**”) from granting security in the nature of a fixed or floating charge or security interest over such Lands to the Agent, for its own benefit and on behalf of the Lenders, or which would prevent the Agent from enforcing and realizing on such security in the event of a default thereunder other than the requirement to obtain the consent and waiver of a right of first refusal in the event of the sale of the Lands on the realization and enforcement of such security.
3. Based upon the Title Enquiries, to the best of my knowledge, information and belief, the Petrus Parties are, effective the date hereof, possessed of and are beneficial owners of the respective working, royalty and other interests set forth in the Engineering Report with respect to the Lands, subject to any Permitted Encumbrances and to minor defects of title which in the aggregate do not materially affect their rights of ownership therein or the value thereof or to which the Lenders have consented in writing.
4. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default (by the Petrus Parties or for which the Petrus Parties are liable, including, without limitation, by any operation of the Lands) of payment of royalties in connection with the Lands, which have accrued due by reason of production since any royalty payment dates, as prescribed by statute or agreement, immediately preceding the date of this Certificate and no Petrus Party nor any Person on behalf of a

Petrus Party (including, without limitation, any operator of the Lands) has received notice of default of any obligation imposed on it by any farmout, operating agreement or any other contract or agreement in respect of the Lands which, in any case, could reasonably be expected to have a Material Adverse Effect and, to the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default of any such obligation which could reasonably be expected to have a Material Adverse Effect.

5. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, the Lands are now free and clear of all Liens and adverse claims created by, through or under the Petrus Parties, other than the Permitted Encumbrances, and no Petrus Party nor any Person on behalf of a Petrus Party (including, without limitation, any operator of the Lands) has received notice of any claim adverse to Petrus Party's working, royalty and other interests in the Lands and there are no Liens or adverse claims, other than the Permitted Encumbrances, which materially and adversely affect the title of any Petrus Party to their respective interests in the Lands.
6. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there are at present no outstanding unfulfilled obligations being enforced under any lease or contract pertaining to the Lands and any Petrus Party's working, royalty and other interests in the Lands are not subject to any contractual obligations or conditions, except those which are permitted under the Credit Agreement or which are accounted for in the Engineering Report which are reasonably expected to result in the diminishment or forfeiture of those working, royalty and other interests.
7. No Petrus Party has assigned its share of production proceeds or other moneys due to it in respect of its working, royalty or other interests in the Lands to any party other than the Agent, for its own benefit and on behalf of the Lenders.
8. All of the working, royalty and other interests of the Petrus Parties in respect of petroleum and natural gas rights described in the Engineering Report and evaluated by the Lenders in determining the Borrowing Base are accurately reflected in the Engineering Report in all material respects.
9. Capitalized words and phrases used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

THIS CERTIFICATE effective the [■] day of [■].

PETRUS RESOURCES LTD.

Per: _____

Name:

Title: