The Bank of Nova Scotia
Commercial Banking
Suite 3950, 700 2nd Street SW
Calgary, AB
Canada T2P 2W2

July 16, 2015

PetroShale Inc.
3900, 350 – 7th Avenue SW
Calgary, Alberta T2P 3N9

Scotiabank

Attention: Mr. David Rain, Chief Financial Officer

Dear Sir:

We confirm that subject to acceptance by you, The Bank of Nova Scotia (the "Bank") will make available to PetroShale Inc. and PetroShale (US), Inc. (jointly and severally the "Borrower" or "Borrowers"), credit facilities on the terms and conditions set out in the attached Terms and Conditions Sheet and Schedule "A".

If the arrangements set out in this letter, and in the attached Terms and Conditions Sheet and Schedule "A" (collectively the "Commitment Letter") are acceptable to you, please sign the enclosed copy of this letter in the space indicated below and return the letter to us by the close of business on July 31, 2015, after which date this offer will lapse.

This Commitment Letter amends and restates all previous commitments issued by the Bank to the Borrower.

Yours very truly,

[redacted]
Director, Credit Solutions

[redacted]
Director, Commercial Banking

By signing this Commitment Letter you confirm that the product(s) and/or service(s) offered to you herein will not be used for or on behalf of any individual or entity other than you and the other parties named in the Commitment Letter for whose benefit such products and services are intended.

The arrangements set out above and in the attached Terms and Conditions Sheet and Schedule "A" (collectively the "Commitment Letter") are hereby acknowledged and accepted by:

BORROWER & GUARANTOR
PETROSHALE INC.

By: [signature]
Title:

Date: July 17, 2015

BORROWER & GUARANTOR
PETROSHALE (US), INC.

By: [signature]
Title:

Date: July 17, 2015

TERMS AND CONDITIONS

CREDIT NUMBER: 01 **AUTHORIZED AMOUNT: $22,500,000**

TYPE

Revolving Term

PURPOSE

General operating requirements, including drilling, developing, equipping, exploiting and acquiring petroleum and natural gas reserves.

CURRENCY

U.S. dollars and/or Canadian dollar equivalent thereof.

AVAILMENT

The Borrower may at its option avail the credit by way of:

Direct advances evidenced by Demand Promissory Notes and/or Grid Notes and/or

Bankers' Acceptances in Canadian dollars (in multiples of $100,000, minimum $1,000,000, and having terms of maturity of 30 to 180 days without grace) and/or

The Bank's London Interbank Offer Rate (LIBOR) in United States dollars (in multiples of $100,000, subject to a minimum availments of $1,000,000), for periods of 1, 2, 3, or 6 months; and/or

Letters of Guarantee/Standby Letters of Credit, for a term not exceeding one year (with each availment subject to completion of an Application for Irrevocable Letter of Guarantee/ Standby Letters of Credit, in form satisfactory to the Bank).

INTEREST RATE

The Bank's Prime Lending Rate from time to time, plus [redacted] with interest payable monthly.

The Bank's U.S. Dollar Base Rate in Canada, from time to time, plus [redacted] with interest payable monthly.

<rates redacted>

COMMISSIONS

Bankers' Acceptances:
The Bank's Acceptance Fee plus [redacted] per annum, subject to a minimum fee of [redacted] per availment, payable at the time of each acceptance.

The Bank's LIBOR rate [redacted] per annum, the rate to be established two (2) business days prior to each drawdown or rollover (Interest Adjustment Date) with interest payable monthly in arrears. Minimum LIBOR floor rate set at [redacted]

Standby Letters of Credit/Letters of Guarantee
[redacted] per annum, calculated on the issue amount, based on increments of 30 days or multiples thereof, from date of issuance to expiry date. Periods of less than 30 days will be counted as a thirty day increment. The amount is subject to the Bank's minimum fee as well as revision at any time and is payable upon issuance.

Step -Up <fees and margins redacted>
The interest rate/commission charged on the above availments will be increased by [redacted] per annum upon conversion to a non-revolving Facility.

FEES

A Commitment Fee of [redacted] is payable by the Borrower upon acceptance of this Commitment Letter.

A Renewal Fee of [redacted] is payable by the Borrower annually.

A Standby Fee of [redacted] per annum on the daily unused portion of the Credit payable in US dollars, is payable monthly from date of acceptance of this commitment.

REPAYMENT

The credit will revolve, and the principal may be drawn, repaid and redrawn at any time until the date which is 364 days from and including the date of the Borrowers' execution of this Commitment Letter, at which time (the "Conversion Date") the credit facility may be converted to a non-revolving term facility as outlined below, of a term to be determined by the Bank at its sole discretion, at the Bank's option. All principal, interest, fees and other obligations relating to the Credit Number 1 shall be paid or repaid as applicable, to the Bank at the end of such term.

Any principal amount outstanding in excess of the Borrowing Base shall become due immediately and payable within 90 days thereafter.

Revolvement of CREDIT NO 01 is permitted subject to the Borrowers remaining in compliance with all General Conditions of the credit, as outlined herein or as amended, from time to time.

The Borrower may request a new revolving period of up to 364 days not more than 90 days or less than 60 days prior to the prevailing Conversion Date each year which, at the absolute discretion of the Bank, will be considered subject to the Borrower remaining in compliance with all General Conditions of the credit, as outlined herein or as amended, from time to time.

CREDIT NO: 02 AUTHORIZED AMOUNT $50,000

TYPE

Scotia Visa Business Card- Availment, interest rate and repayment as per Cardholder Agreement.

CURRENCY

US dollars for amounts up to $44,000
Canadian dollars for amounts up to $6,000

ADDITIONAL FACILITIES

Subject to availability, and the execution of mutually satisfactory documentation, based on the International Swap Dealers Association (ISDA) Master Agreement and Schedule between the Bank and Borrowers, incorporation of all security held pursuant to this Commitment Letter, the Borrowers shall have the option, available until June 30, 2015 to enter into commodity swap transactions (oil and natural gas swaps only), oil and natural gas collars and options. The swap transactions, collars and options may be in Canadian and/or US Dollars, for terms not exceeding three (3) years. The aggregate notional amount of all outstanding transactions at any one time is not to exceed [redacted] Dollars. It is per the sole discretion of the Bank whether to transact commodity swaps, collars and options with the Bank under no obligation at any time to enter in to any transactions. <threshold redacted>

GENERAL SECURITY, TERMS, AND CONDITIONS APPLICABLE TO ALL CREDITS AND ADDITIONAL FACILITIES.

GENERAL SECURITY

Each Borrower shall provide an unlimited guarantee of the obligations of the other Borrower. Each Borrower shall grant security over substantially all of its assets to the Bank as security for all of its obligations to the Bank and its affiliates under the Commitment Letter, hedging obligations and Bank Product Obligations.

Without in any way limiting the foregoing, the following security (or similar documentation as advised by counsel to the Bank), evidenced by documents in form satisfactory to the Bank and registered or recorded as required by the Bank, is to be provided prior to any advances or availment being made under the Credits and Additional Facilities and under any other banking services made available by the Bank to the Borrowers from time to time, including Scotia Connect banking services:

From each Borrower, Demand Debenture for US $50,000,000 secured by a first floating charge over all assets with evidence of insurance satisfactory to the Bank securing all indebtedness owing to the Bank.

General Security Agreement securing all indebtedness owing to the Bank.

A Letter of Undertaking to provide fixed security under Section 426 of the Bank Act covering properties and/or assign natural gas contracts, as may be required by the Bank, from time to time securing all indebtedness owing to the Bank.

A Letter of Undertaking not to pledge, sell, lease or otherwise dispose of any Petroleum and Natural Gas properties owned by the Borrowers, other than in the normal course of business, without the prior written consent of the Bank.

Such priority, subordination and intercreditor agreements, satisfactory to the Bank, with other secured creditors of the Borrowers as may be required to give the Bank's security priority over the secured property.

Reimbursement Agreement for Letters of Credit.

Bankers Acceptance Agreement.

CONDITIONS PRECEDENT

The following conditions are to be met to the satisfaction of the Bank and its solicitors prior to any advance or availment being made under the Credits:

All security documentation finalized and providing the Bank with a first charge over all assets.

GENERAL CONDITIONS

Until all debts and liabilities under the Credits and Additional Facilities have been discharged in full, the following conditions will apply in respect of the Credits and Additional Facilities:

Advances under CREDIT NO 01 are not to exceed the Borrowing Base, which is defined as the lesser of the Authorized Amount and the Lending Value of the Borrower's interests in proven producing reserves as determined by the Bank, in its sole discretion, from time to time and no less often than semi-annually, on the basis of acceptable Engineering Reports.

The Borrowing Base will initially be set at US $22,500,000 subject to redetermination by the Bank from time to time.

The Borrower shall establish and maintain a consolidated Cash Flow to Interest Expense ratio of not less than 2.50:1, calculated on a rolling four quarter basis. Cash Flow is defined as net income plus interest, taxes (current and deferred), depreciation, depletion and amortization, share based compensation and impairments, plus equity injections of the Borrowers. Interest Expense is defined as all borrowing costs (expensed and capitalized) and include dividends paid. In the event that the Borrower does not comply with or adhere to this covenant at any time after the date of this letter the Bank agrees to waive compliance with this covenant until the financial condition is again first restored by the Borrower or until April 1st, 2016 whichever is the first to occur.

All cash interest payments to holders of any debt which is subordinate in priority to the debts owed by the Borrower to the Bank ("sub debt interest payments") will be suspended by the Borrower at all times during which the Cash Flow to Interest Expense ratio is waived and/or fails to maintain a consolidated Cash Flow to Interest Expense ratio of not less than 2.50:1, calculated on a rolling four quarter basis.

Committed Funded Debt is not to exceed 133% of the Borrowing Base in effect. Committed Funded Debt is defined as all short term and long-term interest bearing debt, capital leases and other interest bearing obligations as defined by the Bank, but excludes the existing $60,000,000 Subordinated Debt facility.

Without the Bank's prior written consent (with respect to the Borrowers and their subsidiaries):

No mergers, amalgamations (other than between the Borrower and/or Guarantors), acquisitions (other than oil and gas assets) or change in the

Borrowers' line of business are permitted.

Debt, Guarantees or other contingent liabilities are not to be entered into or incurred and assets are not to be further encumbered. The Bank acknowledges the existing $60,000,000 Subordinated Debt Facility.

No repayment or cancellation of the $60,000,000 Subordinated Debt facility. Repayment excludes normal revolvement of the facility subject to advances to the Borrowers are not to be less then $22,500,000 United States Dollars at any time.

No change in ownership or control is permitted. Change in ownership is defined as greater than 51% of the company's voting shares being acquired by an outside party; change in control is defined as a material change of individuals in either the senior management group and/or Board of Directors.

No dividends, withdrawals, share repurchases, bonuses, advances to shareholders, management or affiliates are permitted, which would place any Bank credit condition in default.

The sum of all commodity hedges and fixed price contracted sales are not to exceed 50% of current total production.

The Borrowers agree to obey all applicable laws and regulatory requirements of any federal, provincial, state or any other governmental authority relating to the operation of their business activities and the activities of any of their subsidiaries at all times.

For ongoing Credit Risk management purposes, all operating accounts of the Borrower shall be maintained with the Bank as long as either Borrower has any revolving term facilities with the Bank.

Upon termination of the commitment, or the acceleration of the reimbursement obligations with respect to all Standby Letters of Credit or Letter of Guarantee, an amount equal to the then aggregate maximum drawing amounts of all Standby Letters of Credit or Letter of Guarantee shall be paid to the Bank, which amount shall be held by the Bank as cash collateral for all reimbursement obligations until all Standby Letters of Credit or Letter of Guarantee have been paid or have expired undrawn, whereupon any amounts remaining with the Bank as cash collateral shall together with any interest accrued thereupon be paid to the Borrower so long as no default has occurred and is continuing.

Additional Terms and Conditions in Schedule A apply.

GENERAL BORROWER REPORTING CONDITIONS

Until all debts and liabilities under the Credit have been discharged in full, the Borrowers will provide the Bank with the following:

Annual Audited Consolidated Financial Statements of the Borrowers within 120 days of the Borrowers' fiscal year end, duly signed.

Annual Engineering Report in form and substance satisfactory to the Bank valuing the Borrower's proven and producing oil and gas interests, prepared by an independent oil and gas consultant satisfactory to the Bank, submitted within 120 days of Borrower's fiscal year end.

Internally prepared engineering report as at June 30, to be delivered by October 31st annually.

Quarterly Compliance Certificate signed by the Chief Financial Officer of the Borrowers certifying that the Borrowers are in compliance with all conditions of the credit facilities and that there has been no breach of conditions of credit during the quarter, other then outlined in the Compliance Certificate, within 60 days of the first three fiscal quarter of the Borrowers' and with annual reporting. Certificate will include fiscal quarter Balance Sheet, Income Statement, cash flow and operations summary.

Environmental Questionnaire, when requested, with responses to be satisfactory to the Bank.

OTHER FEES

In addition to, and not in substitution for the obligations of the Borrower and the rights of the Bank upon the occurrence of an event of default herein, the Borrower shall pay to the Bank administration fees of:

(a) [redacted] (or such higher amount as may be determined by the Bank from time to time) for each month or part thereof during which the Borrower is late in providing the Bank with financial or other information required herein;

<fees redacted>

(b) [redacted] (or such higher amount as may be determined by the Bank from time to time) for each month or part thereof during which the Borrower is in default of any other term or condition contained in this Commitment Letter or in any other agreement to which the Borrower and the Bank are parties.

The imposition or collection of fees does not constitute an express or implied waiver by the Bank of any event of default or any of the terms or conditions of the lending arrangements, security or rights arising from any default. Fees may be charged to the Borrower's deposit account when incurred.

SCHEDULE A
ADDITIONAL TERMS AND CONDITIONS APPLICABLE
TO ALL CREDITS

(In the event of a conflict, the terms and conditions of any lease agreement and/or conditional sale contract supersede the terms and conditions in this Schedule A with regard to such leases and/or conditional sale contracts).

Calculation and Payment of Interest

Interest on loans/advances made in Canadian dollars will be calculated on a daily basis and payable monthly on the 22nd day of each month (unless otherwise stipulated by the Bank). Interest shall be payable not in advance on the basis of a calendar year for the actual number of days elapsed both before and after demand of payment or default and/or judgment.

Interest on Overdue Interest

Interest on overdue interest shall be calculated at the same rate as interest on the loans/advances in respect of which interest is overdue, but shall be compounded monthly and be payable on demand, both before and after demand and judgment.

Indemnity Provision

If the introduction, adoption or implementation of, or any change in, or in the interpretation of, or any change in its application to the Borrower of, any law, regulation, guideline or request issued by any central bank or other governmental authority (whether or not having the force of law), including, without limitation, any liquidity reserve or other reserve or special deposit requirement or any tax (other than tax on the Bank's general income) or any capital requirement, has due to the Bank's compliance the effect, directly or indirectly, of (i) increasing the cost to the Bank of performing its obligations hereunder or under any availment hereunder; (ii) reducing any amount received or receivable by the Bank or its effective return hereunder or in respect of any availment hereunder or on its capital; or (iii) causing the Bank to make any payment or to forgo any return based on any amount received or receivable by the Bank hereunder or in respect of any availment hereunder, then upon demand from time to time the Borrowers shall pay such amount as shall compensate the Bank for any such cost, reduction, payment or forgone return (collectively "Increased Costs") as such amounts are reasonably determined by the Bank and set forth in a certificate to the Borrowers.

In the event of the Borrower becoming liable for such Increased Costs, such Borrower shall have the right to prepay in full, without penalty, the outstanding principal balance under the affected credit other than the face amount of any document or instrument issued or accepted by the Bank for the account of the Borrower, including, without limitation, a Letter of Credit, a Letter of Guarantee or a Bankers' Acceptance. Upon any such prepayment, such Borrower shall also pay the then accrued interest on the amount prepaid and the Increased Costs to the date of prepayment together with such amount as will compensate the Bank for the cost of any early termination of its funding arrangements in accordance with its normal practices, as such amounts are calculated in a certificate reasonably prepared by the Bank.

Environment

The Borrowers agrees:

(a) to obey all applicable laws and requirements of any federal, provincial, or any other governmental authority relating to the environment and the operation of the business activities of the Borrowers and their subsidiaries;

(b) to allow the Bank access at all times to the business premises of the Borrowers and their subsidiaries to monitor and inspect all property and business activities of the Borrowers and their subsidiaries;

(c) to notify the Bank from time to time of any business activity conducted by the Borrowers which involves the use or handling of hazardous materials or wastes or which increases the environmental liability of a Borrower or a subsidiary in any material manner;

(d) to notify the Bank of any proposed material change in the use or occupation of the property of a Borrower or a subsidiary prior to any change occurring;

(e) to provide the Bank with immediate written notice of any environmental problem and any hazardous materials or substances which have a material adverse effect on the property, equipment, or business activities of a Borrower or a subsidiary and with any other environmental information requested by the Bank from time to time.

(f) to conduct all environmental remedial activities which a commercially reasonable person would perform in similar circumstances to meet its environmental responsibilities and if a Borrower fails to do so, the Bank may perform such activities;

(g) to pay for any environmental investigations, assessments or remedial activities with respect to any property of the Borrowers and their subsidiaries that may be performed for or by the Bank from time to time.

If a Borrower notifies the Bank of any specified activity or change or provides the Bank with any information pursuant to subsections (c), (d), or (e), or if the Bank receives any environmental information from other sources, the Bank, in its sole discretion acting reasonably, may decide that a material adverse change in the environmental condition of the Borrowers or any of the property, equipment, or business activities of the Borrowers has occurred which decision will constitute, in the absence of manifest error, conclusive evidence of the material adverse change. Following this decision being made by the Bank, the Bank shall notify the Borrowers of the Bank's decision concerning the material adverse change.

If the Bank acting reasonably decides or is required to incur expenses in compliance or to verify the Borrowers and their subsidiaries compliance with applicable environmental or other regulations, the Borrowers shall indemnify the Bank in respect of such expenses, which will constitute further advances by the Bank to the Borrowers under this Agreement.

Initial Drawdown

The right of the Borrowers to obtain the initial drawdown under the Credit(s) is subject to the condition precedent that there shall not have been any material adverse changes in the financial condition or the environmental condition of the Borrower or any subsidiary of the Borrowers.

Periodic Review

The obligation of the Bank to make further advances or other accommodation available under any Credit(s) of the Borrowers under which the indebtedness or liability of the Borrowers is payable on demand, is subject to periodic review and to no adverse change occurring in the financial condition or the environmental condition of a Borrower or any guarantor.

Evidence of Indebtedness

The Bank's accounts, books and records constitute, in the absence of manifest error, conclusive evidence of the advances made under this Credit, repayments on account thereof and the indebtedness of the Borrowers to the Bank.

Acceleration

(a) All indebtedness and liability of the Borrowers to the Bank payable on demand, is repayable by the Borrowers to the Bank at any time on demand;

(b) All indebtedness and liability of the Borrowers to the Bank not payable on demand, shall, at the option of the Bank, become immediately due and payable, the security held by the Bank shall immediately become enforceable, and the obligation of the Bank to make further advances or other accommodation available under the Credits shall terminate, if any one of the following Events of Default occurs:

(i) any Borrower or any guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise, any payment of interest, principal, fees, commissions or other amounts payable to the Bank;

(ii) there is a breach by a Borrower or any guarantor of any other term or condition contained in this Commitment Letter or in any other agreement to which the Borrowers and/or any guarantor and the Bank are parties;

(iii) any default occurs under any security listed in this Commitment Letter under the headings "Specific Security" or "General Security" or under any other credit, loan or security agreement to which a Borrower and/or any guarantor is a party;

(iv) any representation or warranty made by a Borrower or a guarantor under any document proves to be incorrect;

(v) any bankruptcy, re-organization, compromise, arrangement, insolvency or liquidation proceedings or other proceedings for the relief of debtors are instituted by or against a Borrower or any guarantor and, if instituted against a Borrower or any guarantor, are allowed against or consented to by a Borrower or any guarantor or are not dismissed or stayed within 60 days after such institution;

(vi) a receiver is appointed over any property of a Borrower or any guarantor or any judgement or order or any process of any court becomes enforceable against a Borrower or any guarantor or any property of a Borrower or any guarantor or any creditor takes possession of any property of a Borrower or any guarantor;

(vii) any course of action is undertaken by a Borrower or any guarantor or with respect to a Borrower or any guarantor which would result in a Borrower's or guarantor's reorganization, amalgamation or merger with another corporation or the transfer of all or substantially all of a Borrower's or any guarantor's assets;

(viii) any guarantee of indebtedness and liability under the Credit Line is withdrawn, determined to be invalid or otherwise rendered ineffective or unenforceable;

(ix) any adverse change occurs in the financial condition of a Borrower or any guarantor;

(x) any adverse change occurs in the environmental condition of a Borrower or any guarantor of a Borrower; or any property, equipment, or business activates of a Borrower or any guarantor of the Borrower:

(a) A cure period of 20 days will be provided to correct the defaults(s) occurring in paragraphs(s) (b)(ii),(b)(viii, & (b)(iv or (ix) above.

Costs

All costs, including legal and appraisal fees incurred by the Bank relative to security and other documentation and the enforcement thereof, shall be for the account of the Borrowers and may be charged to the Borrowers deposit account when submitted.

Judgment Currency

The obligations of the Borrowers or any guarantor shall be payable in (Canadian/US) Dollars. Such obligations shall not be discharged or satisfied by any tender or recovery pursuant to any judgement expressed in or converted into any other currency except to the extent to which such tender or recovery shall result in the effective receipt by the Bank of the full amount of (Canadian/US) Dollars so payable. Accordingly, the obligation of the Borrowers shall be enforceable as an alternate or additional cause of action for the purpose of recovery in (Canadian/US) Dollars of the amount (if any) by which such effective receipt shall fall short of the full amount of (Canadian/US) Dollars so payable and shall not be affected by any judgement being obtained for any other sum due hereunder.

Financing Statements

On acceptance of this credit offer the Bank is hereby authorized to register all financing statement(s) or other registrations deemed advisable in connection with the security detailed in the aforementioned Terms and Conditions sheet(s).