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COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL  
CENTRE CALGARY

**IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c. C-36, as amended**

**AND IN THE MATTER OF A PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
ARGENT ENERGY TRUST, ARGENT  
ENERGY (CANADA) HOLDINGS INC. AND  
ARGENT ENERGY (US) HOLDINGS INC.**

DOCUMENT **AFFIDAVIT OF JAY LUBINSKY**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION  
OF  
PARTY FILING  
THIS  
DOCUMENT

**GOODMANS LLP**  
333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7  
  
Attention: Robert J. Chadwick and Jason Wadden  
Phone: 416-597-4285 / 416-597-5165  
Fax: 416-979-1234

**Commercial List Application Scheduled for May 4 and 5, 2016**

## AFFIDAVIT OF JAY LUBINSKY

(sworn April 25, 2016)

I, Jay Lubinsky, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a principal and portfolio manager at Anson Group Canada (“**Anson**”), an investment firm that manages a portfolio that owns certain of the convertible unsecured debentures (the “**Debentures**”) issued by Argent Energy Trust (the “**Trust**”). The portfolio managed by Anson has held Debentures since mid-2014. I have primary carriage over Anson’s management of the Debentures and I am authorized to make this affidavit on behalf of Anson. I have personal knowledge of the facts and matters to which I hereinafter depose and, where I have relied upon information from discussions with others, I believe such information to be true.

2. Anson is a member of the ad hoc committee (the “**Ad Hoc Committee**”) of holders of the Debentures (the “**Debentureholders**”). The Ad Hoc Committee of Debentureholders holds Debentures in the aggregate principal amount of \$46,583,000, plus accrued and unpaid interest, representing in excess of 30% of the Debentures issued by the Trust. Outside of the Ad Hoc Committee, I am aware that there are a large number of retail Debentureholders that personally invested in Argent as part of the public offering of the Debentures. I am aware that certain of these smaller retail Debentureholders have contacted the Monitor and counsel to the Ad Hoc Committee with respect to Argent’s CCAA proceedings.

3. I have reviewed all three affidavits sworn by Sean Bovingdon in connection with these CCAA proceedings, including his affidavit sworn April 14, 2016 (the “**Third Bovingdon Affidavit**”) in connection with the Applicants’ motion for, among other things, approval of the

sale of the assets of Argent US to BXP Partners IV, L.P. (the “**Sale Transaction**”). Capitalized terms used but not otherwise defined in this affidavit have the meanings given to them in the Third Bovingdon Affidavit or the affidavit of Sean Bovingdon sworn February 16, 2016 (the “**First Bovingdon Affidavit**”).

4. I swear this affidavit in opposition to the Applicants’ motion for approval of the Sale Transaction.

### **PART I INTRODUCTION**

5. The Ad Hoc Committee opposes the Sale Transaction because it is the product of an inadequate and rushed process that has not fairly balanced the interests of all stakeholders, meaningfully engaged key stakeholders, or facilitated the initiation, development and consideration of a broad range of potential restructuring transactions to maximize value for the benefit of all stakeholders. The Sale Transaction is the culmination of a series of missteps and missed opportunities in the lead up to the CCAA filing caused by the Applicants following a narrow path focused on the sale of their Assets on an expedited basis rather than pursuing a full range of restructuring alternatives to maximize value.

6. In November and December 2015, the Applicants were negotiating a number of restructuring transactions that would have repaid or reinstated the Credit Agreement in full and provided a significant recovery to Debentureholders and other unsecured creditors. Yet, by mid-January 2016, the Applicants were focussed on a liquidation process. Now, the Applicants are asking this Court to approve a Sale Transaction that does not provide any value to the Debentureholders, and will instead completely eliminate their \$148.75 million investment in the Applicants and all other creditors’ rights. The Applicants are proceeding with this Application

despite a number of indicators that the Sale Transaction is not a fair representation of value for Argent's Assets or business.

7. The purchase price payable under the Sale Transaction is not fair or reasonable given that numerous restructuring transactions under consideration by the Applicants in the fall of 2015 were premised on the clear understanding that the value of the Applicants significantly exceeded the purchase price under the Sale Transaction. Additional factors, including improving market conditions and recent improvements in valuations of junior oil and gas producers, also indicate that the value of the Applicants is likely significantly higher than what was obtained through the Sales Solicitation Process. From the outset of the CCAA proceedings, the Ad Hoc Committee has objected to the narrow path being pursued by the Applicants. At the Comeback Hearing in these proceedings, the Ad Hoc Committee cautioned the Applicants against proceeding with tunnel vision and disregarding actual industry conditions, commodity prices or operational considerations. Unfortunately, the concerns of the Ad Hoc Committee have materialized.

8. The Applicants have conducted a flawed and piecemeal restructuring process that is lacking in coordination and strategic direction. Instead of retaining an experienced financial restructuring advisor to oversee and coordinate the entire restructuring process in a comprehensive manner, the Applicants retained multiple firms with limited mandates to pursue transactions on a haphazard basis.

9. The Applicants have not taken a leadership role in advancing restructuring alternatives and, since they started preparing for these proceedings, have not meaningfully engaged with the Ad Hoc Committee to work towards a consensual restructuring transaction that maximizes value for all stakeholders. The process followed by the Applicants is not consistent with a fair balancing of all stakeholder interests.

10. Approval of the Sale Transaction would crystallize an unreasonably low valuation of the Applicants arrived at as a result of an inadequate sale process that was commenced on the date on which oil prices reached their lowest level in more than 10 years. The Sale Solicitation Process expressly provides that the Applicants have no obligation to conclude a sale arising out of the Sale Solicitation Process. Given all of the circumstances of this case, I do not believe that it is reasonable, appropriate or in the best interests of the Applicants or their stakeholders to proceed with the Sale Transaction at this time. Accordingly, the Ad Hoc Committee opposes approval of the Sale Transaction.

**PART II**  
**CONCERNS WITH THE RESTRUCTURING PROCESS AND SALE TRANSACTION**

**A. Restructuring Initiatives until Late December 2015**

11. The Ad Hoc Committee was created in the summer of 2015 in order to engage with Argent in an effort to find consensual solutions to Argent's liquidity problems. The Ad Hoc Committee retained Goodmans LLP to act as its counsel and reached out to Argent and its advisors beginning in August 2015. On September 11, 2015, the Ad Hoc Committee and its counsel entered into a non-disclosure agreement with the Trust in order to receive and review confidential information, understand the liquidity and cash flow needs of Argent and explore and develop restructuring alternatives in respect of the Debentures.

12. Throughout the months of September-December 2015, the Ad Hoc Committee continued to advance restructuring options with Argent, including a potential debt-to-equity conversion of the Debentures and other restructuring transactions that were believed to provide significant value for Debentureholders.

13. In September 2015, the Ad Hoc Committee developed a proposal for the conversion of the Debentures into equity (the “**Conversion Transaction**”) that would have improved Argent’s liquidity position, significantly deleveraged its balance sheet and enabled Debentureholders to benefit from future increases in value through an equity position in the Applicants. The Ad Hoc Committee and Argent negotiated a term sheet and related support agreement in respect of the Conversion Transaction throughout October 2015 and the early part of November 2015. A copy of the term sheet is attached as Confidential Exhibit “1” to this affidavit.

14. The Conversion Transaction was supported by the Applicants but was not supported by the Syndicate at the time, notwithstanding that it would have reinstated or refinanced the Credit Facility in full. During discussions with Argent with respect to the Conversion Transaction, it was clear that the Applicants and Mr. Bovingdon were of the view that there was significant value for Debentureholders and that obligations to the Syndicate under the Credit Facility were fully protected and secured. The Applicants never advised the Ad Hoc Committee that they believed that there was no value for the Debentureholders.

15. While the Conversion Transaction was being advanced, Argent was also in discussions with potential purchasers and investors with respect to various restructuring alternatives. In early October, Argent entered into a letter of intent with a third party (“**Party A**”) under which Party A would acquire all of the issued and outstanding shares of Argent US in exchange for a cash payment that would have paid out the Syndicate (which at that time was owed approximately US\$65 million under the Credit Facility, as opposed to the US\$51.9 million outstanding as at the CCAA filing date) and provided a very substantial recovery to Debentureholders.

16. In late October 2015, Party A delivered a revised letter of intent (the “**Party A Proposal**”). The Party A Proposal still provided for the full repayment of the Syndicate and also

a substantial recovery for Debentureholders and unsecured creditors. In fact, the Party A Proposal even provided a recovery for unitholders of the Trust. A copy of the Party A Proposal is attached as Confidential Exhibit "2" to this affidavit.

17. On November 1, 2015, Mr. Bovingdon sent an email to counsel to the Ad Hoc Committee, a copy of which is attached as Confidential Exhibit "3" to this affidavit. In the email, Mr. Bovingdon advised the Ad Hoc Committee that the Party A Proposal was not good value for the Ad Hoc Committee and that Party A was trying to take advantage of a "firesale" position. Mr. Bovingdon recommended that the Ad Hoc Committee should not accept the Party A Proposal. Finally, Mr. Bovingdon noted that the potential upside in value from even a \$5 improvement in oil prices was significant. At that time, oil prices were at US\$44 and on a downward trend. Oil prices are once again at US\$44, but on an upward trend.

18. The Applicants and the Ad Hoc Committee continued to discuss transactions into late December 2015 that would have provided significant value for Debentureholders. On December 23, 2015, the Applicants' counsel notified counsel to the Ad Hoc Committee that the Applicants continued to advance a transaction with a third party and that the Applicants expected to receive a transaction term sheet in early January 2016. The Applicants did not provide the Ad Hoc Committee with an update on such discussions or a term sheet.

19. The proposed transactions referred to above were considered and negotiated between the Applicants and the interested parties. The Ad Hoc Committee received periodic updates on the discussions and negotiations but was not at the table to advance any such discussions. I believe that these transactions, being negotiated as late as December 2015, show the true value that could be obtained in a proper and robust restructuring process, each of which is much greater than the purchase price reflected in the Sale Transaction. Mere weeks before the Applicants began their

liquidation process, the Applicants and other stakeholders understood that there was substantial value for the Debentureholders and other unsecured creditors.

20. While oil prices decreased significantly between the fall of 2015 and the commencement of these CCAA proceedings, prices have since rebounded significantly and are now at or modestly below their levels during the fall of 2015. Accordingly, I believe that the range of restructuring alternatives and valuations discussed in the fall of 2015 is indicative of a more realistic value of the Applicants that could be obtained through a proper exploration of strategic alternatives.

**B. Engagement of Clearinghouse**

21. By press release dated January 27, 2016, a copy of which is attached as Exhibit “4” to this affidavit, the Trust announced that it had retained The Oil & Gas Asset Clearinghouse, LLC (“**Clearinghouse**”) for the limited purpose of soliciting and evaluating offers for the *sale* of the Argent business (whether effectuated through a sale of the equity interests of Argent US or a direct purchase of its assets). I note that the First Bovington Affidavit indicates that Clearinghouse was retained “on or about January 15, 2016”, meaning that the Trust delayed the public announcement of the Clearinghouse engagement for up to 12 days. The Applicants did not discuss the Clearinghouse engagement or the decision to commence a sale process with the Ad Hoc Committee or its advisors prior to retaining Clearinghouse. The Ad Hoc Committee only became aware of the Clearinghouse engagement by virtue of the press release.

22. After the Trust announced the engagement of Clearinghouse, I visited the Clearinghouse website but there was no information available with respect to Argent. After the Trust’s press release on February 17, 2016 announcing the CCAA filing, but before Argent had appeared



before the Court, I visited the Clearinghouse website and obtained a copy of the marketing flyer prepared by Clearinghouse in respect of Argent, a copy of which is attached as Exhibit “5” to this affidavit. At that time, the Applicants had not obtained CCAA protection and had not obtained this Court’s approval of the Sale Solicitation Process. The marketing flyer listed critical dates with respect to the sale process, including the opening of the data room on February 17, 2016, and the deadline for final bids 28 days later, on March 17, 2016.

23. Clearinghouse is not a financial restructuring advisory firm with significant experience or expertise in providing strategic restructuring guidance. As Harrison Williams indicates in his affidavit sworn February 29, 2016 (the “**First Harrison Affidavit**”), Clearinghouse is an “oil and gas acquisition and divestiture advisory firm”. I have reviewed the list of negotiated transactions involving Clearinghouse since 2010 that is attached as Exhibit 1 to the First Harrison Affidavit. When two distinct outlier transactions involving Exxon Mobile from 2010 and 2011 (before Mr. Harrison joined Clearinghouse) are removed from the analysis, Exhibit 1 to the First Harrison Affidavit does not include any transactions for proceeds of greater than US\$100 million at any time since 2010. Since 2010, the median size of a Clearinghouse-negotiated transaction is US\$11.5 million, and 92% of Clearinghouse-negotiated transactions are for proceeds of less than US\$50 million. In addition, these transactions were negotiated during a period of higher oil prices, meaning that the transactions are overstated relative to the current pricing environment. Furthermore, I do not believe that Clearinghouse provides the full range of advisory services that the Applicants require to develop and implement a successful CCAA restructuring.

24. I note that the Clearinghouse website categorizes transactions into two potential categories: “Negotiated Listings” and “Rapid Sales Listings”. A copy of the relevant website

page is attached as Exhibit “6” to this affidavit. Clearinghouse describes a “Negotiated Listing” as a sale of assets calling for a sales cycle ranging from 60-90 days (i.e. at least twice as long, and up to three times as long, as the period between the opening of the data room and the deadline to submit final bids in respect of the Argent Assets). Conversely, “Rapid Sales Listings” are described as transactions with a “rapid sales timeline, usually 30-45 days”. While Clearinghouse listed the Argent opportunity in the Negotiated Listings section of its website, it is clear that the condensed timeframe for bidding in the Sale Solicitation Process – 28 days from the availability of information regarding Argent to the deadline for the submission of final bids – is, by Clearinghouse’s own description, a “rapid sales timeline”.

**C. Narrowing Focus on a Sale Transaction and Disengagement with the Ad Hoc Committee**

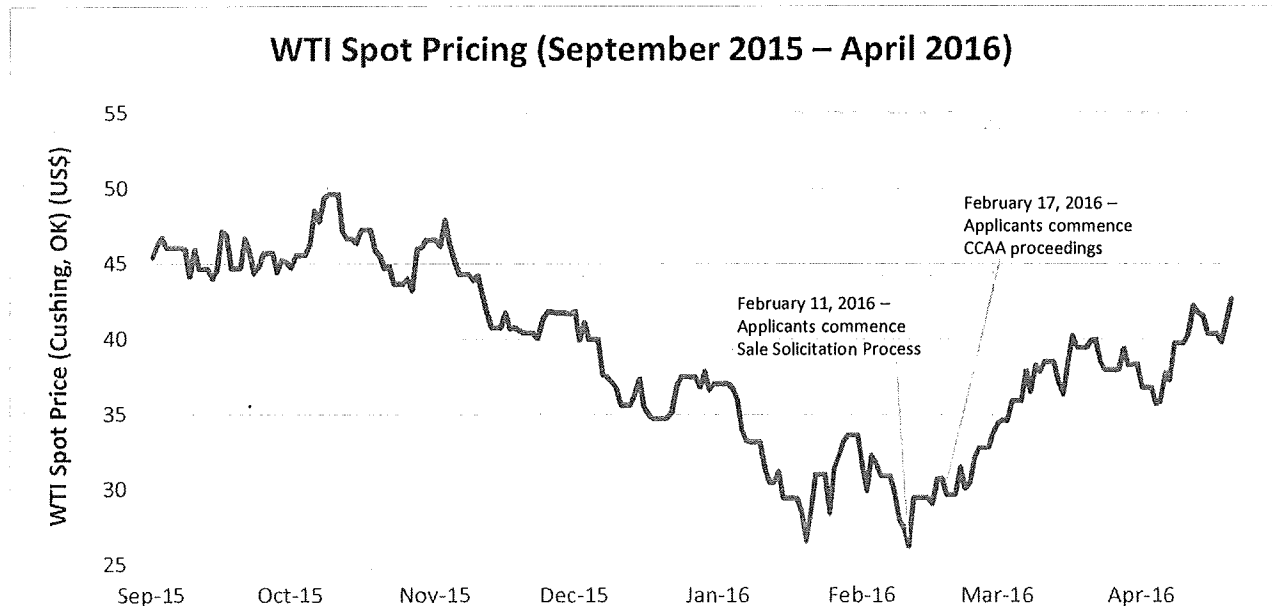
25. In retrospect, it is now clear that the Applicants, without notice, had disengaged with the Ad Hoc Committee by the beginning of January 2016 even though the parties had worked constructively and collaboratively in the previous months and were in the process of developing different restructuring alternatives to preserve and maximize the value of the business. Indeed, given Argent’s cooperative efforts with the Ad Hoc Committee and its press releases in January 2016 advising that Argent would continue to explore all restructuring alternatives, the Ad Hoc Committee had a legitimate expectation that Argent was focused on developing a transaction that would preserve and foster value for Debentureholders and that Argent would continue to communicate with the Ad Hoc Committee about material developments in Argent’s restructuring efforts. Nonetheless, the Applicants’ focus abruptly shifted in January 2016 away from exploring a broad range of alternatives and towards completing a rapid sale of their Assets for the benefit of the Syndicate.

26. At the time the Syndicate re-determined Argent's lending base in November 2015, the Ad Hoc Committee was not prepared to refinance the Credit Facility or provide additional subordinate financing, especially in light of the ongoing restructuring alternatives that were being actively developed by Argent and the Ad Hoc Committee. However, Argent did not advise the Ad Hoc Committee that it had an immediate liquidity crisis that required the provision of emergency interim financing to give it safe harbour to effect a restructuring plan or to help shepherd it into a creditor-protection proceeding for the benefit of all creditors. Since such interim financing would be for an amount that was materially less than the amounts owing to the Syndicate and would be secured by a priority charge, the Ad Hoc Committee would have readily considered providing a competitive bid to provide such interim financing.

27. Instead, without making any meaningful effort to obtain interim financing from the Ad Hoc Committee or any other third party, the Applicants entered into an Interim Financing Credit Agreement with the Syndicate that obligated the Applicants to proceed with an immediate sale of all or substantially all of their assets. The Applicants never communicated to the Ad Hoc Committee that they were negotiating interim financing from the Syndicate for a CCAA process on terms that would require the Applicants to accept a sale transaction slightly more than a month after filing for CCAA protection. The Applicants never gave the Ad Hoc Committee an opportunity to provide a competitive bid for interim financing to give Argent the breathing space it needed to pursue restructuring alternatives for the benefit of creditors other than just the Syndicate.

28. In my view, the Applicants committed a fundamental error by locking themselves into a narrow course of action at an inopportune time and severely restricting their ability to explore other options or alternatives for the benefit of all stakeholders.

29. Today's oil prices are more than 60% higher than their lows in mid-February. According to Mr. Bovington's affidavits, the Sale Solicitation Process commenced on February 11, 2016, although I note that the listing in respect of Argent on Clearinghouse's website states that information with respect to the opportunity was not available until February 17, 2016. On February 11, 2016, the WTI spot price was US\$26.21, its lowest levels in more than 10 years. Below is a chart displaying the WTI spot price for the period spanning from September 2015 to today's date. The chart clearly demonstrates that (a) oil prices were severely depressed and at their lowest levels in more than a decade at the precise time that the Applicants commenced the Sale Solicitation Process; and (b) from their lowest point on February 11, 2016, oil prices have increased by more than 60% and are now at similar levels to the fall of 2015, when the Applicants indicated that there was substantial value for the Debentureholders.



**D. Commencement of the CCAA Proceedings and Objections of the Ad Hoc Committee at the Comeback Hearing**

30. The Applicants commenced the CCAA proceedings on February 17, 2016, without any advance notice to the Ad Hoc Committee, notwithstanding that the Ad Hoc Committee remained organized, represented by Canadian legal counsel and available for consultation. The Ad Hoc Committee learned of the initiation of these CCAA proceedings through a press release issued by the Trust.

31. At the *ex parte* hearing on February 17, 2016, this Court did not have the benefit of the submissions of the Ad Hoc Committee or full information with respect to a number of matters, including material information with respect to the transactions that were considered and negotiated by the Applicants and their stakeholders in the months prior to the CCAA proceedings. The Applicants had already engaged Clearinghouse and commenced the Sale Solicitation Process prior to seeking Court approval of the process. The Court was placed in a difficult position with respect to the approval of the Sale Solicitation Process given the Applicants' funding situation and the manner in which they initiated the CCAA proceedings.

32. After reviewing the Initial Order and the other materials filed by the Applicants to commence the CCAA proceedings, members of the Ad Hoc Committee became concerned that Argent and the Syndicate were proceeding on a path that would ultimately destroy value through a rushed sale of Argent's business at the absolute bottom of the market. I understand that counsel to the Ad Hoc Committee communicated these concerns to counsel to the Applicants and requested that the Applicants take a step back from their plan for a quick-flip sale of the business and consider other restructuring paths and alternatives that, particularly with a rebound in market conditions, could preserve and maximize value.

33. Since the Applicants embarked on the CCAA filing, the Applicants and their advisors have not worked collaboratively to address the Ad Hoc Committee's concerns or to explore other alternatives or restructuring paths for the mutual benefit of the parties. Counsel to the Applicants has been content to write letters and emails to the Ad Hoc Committee on procedural issues and accusing the Ad Hoc Committee of not providing a restructuring proposal itself rather than address the substantive issues raised by the Ad Hoc Committee or pursue consensual solutions to create value for the benefit of all stakeholders.

34. At the comeback hearing on March 8, 2016 (the "**Comeback Hearing**"), I understand that counsel to the Ad Hoc Committee raised a number of concerns with respect to the terms of the Initial Order, which the Ad Hoc Committee believed were overreaching and had the potential to improperly shape the direction of the case from the very outset. I understand that counsel advised the Court that the Sale Solicitation Process, in its current form, was not acceptable to the Ad Hoc Committee; however, the Ad Hoc Committee would support a transaction solicitation process that fairly balanced the interests of all stakeholders and encouraged the initiation, development and consideration of a broad range of potential restructuring transactions on a reasonable timeline. The Applicants and the Syndicate (whose agenda and incentives with respect to a rapid sale of the Applicants' Assets are much different than those of other stakeholders, including the Debentureholders) supported the Sale Solicitation Process. As noted in the affidavit of Harrison Williams sworn February 29, 2016, the Applicants employed a sale process that is not typical of the process used to sell assets (including oil and gas assets) in insolvency scenarios.

E. **Lack of Comprehensive Strategy and Insufficient Efforts to Advance Restructuring Alternatives**

35. The Ad Hoc Committee has serious concerns that the Applicants have undertaken a piecemeal restructuring process lacking in coordination and strategic direction. No financial restructuring firm appears to have been given the mandate of working with both of the Applicants' largest and most critical creditor groups – the Syndicate and the Debentureholders – on a consistent basis to explore and develop broader restructuring initiatives. I never had any discussions with a financial restructuring advisor acting for Argent, nor was I ever informed that Argent had retained a financial restructuring advisor with whom the Ad Hoc Committee could discuss potential restructuring transactions and related matters. Given that members of the Ad Hoc Committee, including me, were working closely with the Applicants in the fall of 2015 to explore and develop transactions, I would have expected that any such advisor would have an obligation to engage with the Ad Hoc Committee. Instead, my interactions with the Applicants were largely with Mr. Bovingdon. I believe that Mr. Bovingdon, who to my knowledge has no significant restructuring experience or expertise, was frequently responsible for leading critical discussions regarding restructuring proposals with the Syndicate and with third party investors.

36. I am not aware of a restructuring process in which an entity with a senior bank facility and publicly-traded debt and equity securities has not retained, early in the process, an experienced financial restructuring advisor to provide strategic guidance and assist in the exploration and negotiation of restructuring options and alternatives.

37. I also note that the Applicants made a decision not to have Durham Capital Canada Corporation (“**Durham**”) participate in the formal Sale Solicitation Process conducted by Clearinghouse, which does not contemplate refinancing or investment transactions in respect of

the Applicants. The Applicants did not seek this Court's approval of the Durham engagement or any formal process pursuant to which Durham or any other advisor would solicit and develop financing, investment, debt conversion or other restructuring transactions during the CCAA proceedings. Even if Durham has continued to solicit interest in financing transactions, its efforts have received significantly less emphasis and prominence than the Sale Solicitation Process being undertaken by Clearinghouse.

38. I have reviewed a number of press releases posted on the Trust's website. In a press release dated January 29, 2016 announcing the termination of the hedge agreements and the resignation of the Executive Chairman of the Board of Directors of Argent Energy Ltd., the administrator of the Trust, the Trust indicated that it was continuing to explore all alternatives to provide the necessary liquidity and capital to the Trust. I have also reviewed each press release posted on the Trust's website from and after February 17, 2016, the date on which the Applicants filed for CCAA protection. In these press releases, the Applicants made repeated references to the Sale Solicitation Process and invited interested parties to contact Clearinghouse as sales agent in connection with the Sale Solicitation Process. None of these press releases make any reference to Durham or give any indication whatsoever that the Applicants continue to pursue a broad range of restructuring transactions and alternatives. In fact, Mr. Bovingdon indicates in the Third Bovingdon Affidavit that Durham felt the need to contact parties with whom it had been in contact prior to the CCAA filing to "advise" such parties that "the process permitted Argent to seek debt financing alternatives." Given the lack of information and prominence with respect to Durham's activities, I believe that potential investors and the Applicants' own stakeholders may have been given the impression that the main objective of the Applicants is to effectuate a rapid sale of the business rather than pursuing a broader restructuring for the benefit



of all stakeholders. If potential bidders in the Sales Solicitation Process had been advised that the Applicants were also considering potential refinancing transactions, it would have added to the competitive tension and could have led to higher value bids.

39. On March 28, 2016, the Applicants informed the Ad Hoc Committee of the purchase price of the highest bid received in connection with the Sale Solicitation Process. After being informed of the disappointing results of the Sale Solicitation Process, counsel to the Ad Hoc Committee expressed to the Applicants and the Monitor its position that the Applicants should not enter into an agreement with respect to the Sale Transaction without first having a meaningful discussion with the Ad Hoc Committee and further pursuing restructuring alternatives other than a quick-flip sale of the business. The Ad Hoc Committee reiterated that it remained available to engage with the Applicants with respect to other restructuring paths and initiatives that would preserve value, maintain optionality pending improvements in industry conditions, and ultimately result in better outcomes to all stakeholders of the Applicants, including the Syndicate and Debentureholders.

40. However, other than providing limited information with respect to the results of the Sale Solicitation Process and other routine matters, the Applicants have not, at any time during the CCAA proceedings, meaningfully engaged with the Ad Hoc Committee with respect to the development of alternative restructuring transactions. The Applicants have not convened any meetings with the Ad Hoc committee or presented the Ad Hoc Committee with any alternative restructuring paths, proposals or alternatives during these CCAA proceedings. The Applicants have simply proceeded at top speed towards completing and implementing a sale transaction that provides no recoveries for Debentureholders or other unsecured creditors.

41. I understand that the CCAA is a debtor-led process in which the debtor company – with the benefit of the full range of resources and information that is not available to other parties – has the responsibility to explore, consider and develop a broad range of restructuring alternatives for the benefit of the company and its stakeholders. In this case, the Applicants currently have two advisors (whose fees are being paid from the Applicants’ estate and therefore being borne by creditors), in-depth access to the Monitor and current and confidential information with respect to the cash flows and other financial and operational information of the business. While stakeholders have an important role in the process of developing restructuring alternatives, the process must necessarily be led and driven by the debtor company.

42. In the Third Bovingdon Affidavit, Mr. Bovingdon describes, at length, the manner in which the Applicants and their counsel have “responded to the queries” of the Ad Hoc Committee. Responding to information requests from stakeholders is a routine and unexceptional aspect of a restructuring proceeding and is not remotely the same thing as taking proactive steps to develop and pursue restructuring alternatives for the benefit of such stakeholders. In reference to concerns of the Ad Hoc Committee that the Applicants have not made sufficient efforts to create value for stakeholders, Mr. Bovingdon notes in his affidavit that “Argent has repeatedly advised counsel for the Ad Hoc Committee that is it willing to consider alternative proposals”. I do not believe that a debtor company satisfies its obligation to explore and develop restructuring alternatives for the benefit of all stakeholders by sitting back and waiting to receive proposals from such stakeholders.

43. The Applicants made a decision to avail themselves of the protections afforded by the CCAA and must therefore act in a manner that balances the interests of all creditors. I do not believe that the Applicants or their advisors have fully satisfied their obligations to pursue all

available restructuring alternatives prior to entering into a Sale Transaction that will provide recoveries solely to the Syndicate and completely eliminate the Debentureholders' \$148.75 million investment in the Applicants. Further, I do not believe that the process followed by the Applicants has properly balanced the interests of all stakeholders or ensured that the Applicants have obtained maximum value for stakeholders.

**F. Approval of the Sale Transaction is Not Appropriate at this Time**

44. The Ad Hoc Committee does not believe that the approval or completion of the Sale Transaction at this time is in the best interests of the Applicants or their stakeholders. The Ad Hoc Committee believes that the following factors militate against approval of the Sale Transaction:

- (a) the Sale Transaction is the result of a rushed and inadequate process, undertaken for the exclusive benefit of the Syndicate, in which the Applicants failed to discharge their responsibility to explore and develop all available restructuring alternatives to maximize value for all stakeholders;
- (b) a series of restructuring transactions that were under consideration by the Applicants in November and December 2015 valued the Applicants at significantly more than the purchase price payable under the Sale Transaction and provided significant value for Debentureholders and other unsecured creditors;
- (c) the Applicants failed to explore all available alternatives to provide them with sufficient runway and optionality to address their liquidity and restructuring needs, and instead committed themselves in January 2016 to conclude a sale transaction on a rapid basis for the benefit of the Syndicate. The Applicants did

not appear to reach out to anyone other than the Syndicate to obtain interim financing;

- (d) the Applicants have undertaken a piecemeal restructuring process lacking in coordination and strategic direction, and the process followed by the Applicants before and during the CCAA proceedings has not fairly balanced the interests of all affected stakeholders or enabled the Applicants to explore and develop all available restructuring alternatives;
- (e) the Applicants failed to meaningfully consult or engage with the Ad Hoc Committee during critical periods in the lead up to and during the CCAA proceedings despite the fact that all parties acknowledged in the months prior to the CCAA filing – and as recently as December 2015 – that there was significant value for Debentureholders;
- (f) the Applicants commenced CCAA proceedings without notice to the Ad Hoc Committee and the Court was given no real alternative at the time given the prior commencement of the Sale Solicitation Process and the manner in which the Applicants initiated the CCAA proceedings;
- (g) the consideration payable in respect of the Sale Transaction is not fair and reasonable in the circumstances, having regard to, among other things, the valuation of the Applicants in restructuring proposals under discussion in the months leading up to the CCAA proceedings, improving market conditions and recent improvements in valuations of junior oil and gas producers. Attached as Exhibit “7” to this affidavit is a summary of improvements in the valuations of

certain publicly-traded junior oil and gas companies between February 16, 2016 and April 11, 2016;

- (h) oil prices have increased by more than 60% since the Applicants commenced the Sale Solicitation Process and thus the circumstances of this case, and the potential avenues available to the Applicants, are fundamentally different than when these CCAA proceedings were commenced;
- (i) the Sale Transaction, if approved, would crystallize an artificially low valuation of the Applicants determined as a result of an inadequate sale process conducted at the bottom of the oil market. The purchase price in the Sale Transaction is not reflective of the true or potential value of the Applicants;
- (j) the Sale Transaction, if approved, will provide no recovery for any of the Applicants' unsecured creditors and will completely eliminate the \$148.75 million investment in publicly-issued Debentures;
- (k) the Applicants are under no obligation to conclude the Sale Transaction at this time. Nothing in the Initial Order requires that the Applicants seek approval of a transaction arising out of the Sale Solicitation Process, and the Sale Solicitation Process itself expressly provides that the Applicants have no obligation to conclude a sale arising out of the Sale Solicitation Process;
- (l) the Applicants' cash flow position is significantly better than forecasted at the outset of these CCAA proceedings or as recently as the Comeback Hearing; and

- (m) as described more fully below, Ad Hoc Committee is prepared to provide funding to the Applicants (the “**Amended Interim Loan**”) with revised timelines and restructuring milestones, if needed, that provide an appropriate balance and ensure that the Applicants have the time, opportunity and funding to advance and pursue a broader range of restructuring alternatives for the benefit of all stakeholders.

**G. The Path Forward to Preserve and Maximize Value**

45. In the First Bovingdon Affidavit, Mr. Bovingdon described the Applicants’ liquidity constraints as a barrier to undertaking a longer restructuring process that preserves option value while commodity prices improve. While Mr. Bovingdon indicated that Argent was cash flow negative at then-current commodity prices, the WTI spot price of oil has rebounded by more than 60% since its February lows. On April 20, 2016, the Monitor, in response to a request by the Ad Hoc Committee, provided the Ad Hoc Committee with a revised cash flow statement in respect of the Applicants (the “**Updated Cash Flow**”). The cash flow statement indicates that, as of April 22, 2015, the Applicants will have only drawn US\$1.8 million under the Interim Loan, rather than the US\$3.9 million forecasted in the cash flow statement filed in connection with the Comeback Hearing on March 8, 2016. Total availability under the Interim Loan is US\$7.3 million.

46. The Updated Cash Flow includes actual results from the CCAA filing until April 15, 2016. During that period, the Applicants’ net cash outflow before financing was approximately US\$2.5 million. Once CCAA professional fees and interest and fees on the Interim Loan (the majority of which is the US\$146,000 upfront fee paid to the Interim Lenders), the Applicants have had adjusted net cash outflows since the CCAA filing of only US\$392,000, or approximately US\$44,000 per week. Accordingly, the Applicants’ business is operating at close

to break-even. The Applicants' improving financial position will provide additional runway for the Applicants to explore restructuring alternatives and will improve the Applicants' attractiveness to potential investors.

47. The Ad Hoc Committee is prepared to refinance the Interim Loan on substantially the same terms as the existing Interim Financing Credit Agreement, with certain modifications to ensure that the Applicants have the proper time and opportunity to explore and develop a variety of restructuring paths with input from key stakeholders in a reasonable timeframe. The Ad Hoc Committee is prepared to enter into an Amended Interim Financing Credit Agreement substantially in the form attached as Exhibit "8" to this affidavit, which is shown as a blackline comparison against the existing Interim Financing Credit Agreement. The Ad Hoc Committee is also prepared to have the Syndicate lenders participate in the Amended Interim Loan. The Amended Interim Loan has the same interest rate and fees as the existing Interim Loan, but has maximum availability of US\$10 million and a maturity date of November 30, 2016 to ensure that the Applicants will not be forced to complete a transaction that does not maximize value solely to comply with the terms of the Amended Interim Financing Credit Agreement. As the proposed Amended Interim Loan is in substantially the same form as the Interim Loan, the Ad Hoc Committee believes that the Amended Interim Loan can be finalized on an expedited basis.

48. Once the Amended Interim Loan is in place, the Applicants will have sufficient financing and time to develop and explore other restructuring alternatives that provide greater value than the Sale Transaction. The Applicants will no longer be constrained by the artificially-short time constraints in the existing Interim Loan that have driven the Applicants to seek approval of an undervalued Sale Transaction at this time.

49. I believe that the Ad Hoc Committee's proposed path will provide a fair balancing of the interests of all stakeholders. In the particular circumstances of this case, the *certain* prejudice to the Debentureholders and other unsecured creditors that will result if the Court approves the Sale Transaction (zero recovery on the amounts owed to them) is substantially greater than the *potential* prejudice to the Syndicate in the event a restructuring transaction – which will be developed through a more robust process during a time of improved industry conditions – provides a recovery to the Syndicate that is less than their recovery pursuant to the Sale Transaction.

50. The Syndicate will also continue to have substantial downside protection even where the Sale Transaction is not completed at this time. The Clearinghouse marketing flyer attached as Exhibit "5" to this affidavit notes that (a) for the month of December 2015, Argent had production of approximately 3,000 boe/d, 88% of which was operated by Argent, and (b) Argent has interests in 400 producing wells, 155 of which are operated by Argent. The Updated Cash Flow notes that Argent had actual total production of 3,400 boe/d during the week ended April 15, 2016. The Applicants' production stage oil and gas assets (which are in addition to the Applicants' non-producing assets) will continue to generate cash flow and will continue to support a baseline valuation of the Applicants based on the present value of their future income stream. The Applicants have not provided any evidence to suggest that the Sale Transaction represents an exceptional opportunity that is not achievable in the event that the Applicants determine that a sale transaction is the value-maximizing alternative once other restructuring transactions are more fully explored.

51. In addition, the path forward proposed by the Ad Hoc Committee also has potential value upside for the Syndicate and preserves the possibility of the repayment or refinancing in full of



the Credit Facility. Given the priority of the Credit Facility obligations, the Ad Hoc Committee and other unsecured creditors have every incentive to ensure that a restructuring transaction in respect of the Applicants maximizes value for the Syndicate. The Ad Hoc Committee believes that alternative restructuring transactions could unlock significantly more value than would be obtained through the Sale Transaction and its members are willing and able to provide the Applicants with funding without restrictive timing constraints to ensure that the Applicants have the opportunity to explore and develop restructuring alternatives for the benefit of all stakeholders.

### **PART III SUMMARY AND RELIEF SOUGHT**

52. The Sale Transaction is the product of an inadequate, uncoordinated and rushed process that has not facilitated the exploration and development of a broad range of restructuring transactions to maximize value for the benefit of all stakeholders. The Sale Transaction does not maximize value and would result in zero recovery for Debentureholders, despite the fact that Debentureholders were considered a key in-the-money creditor in the months leading up to the CCAA filing. The approval of a quick-flip Sale Transaction at this time would foreclose all further opportunities to explore and develop restructuring alternatives, in the context of an improving market, to maximize value and obtain better recoveries for all stakeholders. The Ad Hoc Committee is prepared to provide financing to the Applicants to ensure that the Applicants have the time, opportunity and funding to advance and pursue a broader range of restructuring alternatives for the benefit of all stakeholders. The Ad Hoc Committee believes that this is the best path forward.

SWORN before me at the City of Toronto,  
in the Province of Ontario, on April 25,  
2016.



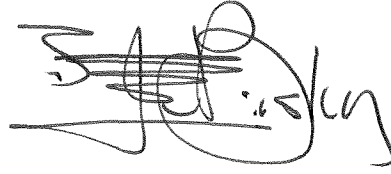
A Commissioner for taking affidavits

Name:

6562139

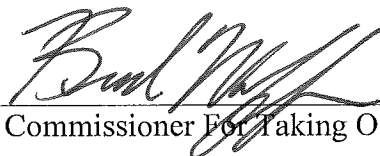
Bradley Wiffen

LSUC # 64279L



Jay Lubinsky


THIS IS EXHIBIT "1"  
REFERRED TO IN THE AFFIDAVIT OF JAY LUBINSKY  
SWORN BEFORE ME THIS 25<sup>TH</sup> DAY OF APRIL, 2016

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**CONFIDENTIAL EXHIBIT "1"**  
**TO THE AFFIDAVIT OF JAY LUBINSKY**

THIS IS EXHIBIT "2"  
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**CONFIDENTIAL EXHIBIT "2"**  
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A handwritten signature in black ink, appearing to read "Brad Wolf". The signature is written in a cursive style with a prominent initial "B".

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**CONFIDENTIAL EXHIBIT "3"**  
**TO THE AFFIDAVIT OF JAY LUBINSKY**



THIS IS EXHIBIT "4"  
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A handwritten signature in cursive script, appearing to read "Brad Wilber". The signature is written in black ink and is positioned above a horizontal line.

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**ARGENT ENERGY TRUST ANNOUNCES EVENT OF DEFAULT UNDER CREDIT FACILITY AND ENGAGEMENT OF ADVISOR TO EXPLORE SALE ALTERNATIVES**

**FOR IMMEDIATE RELEASE**

**Calgary, Alberta, January 27, 2016** – Argent Energy Trust ("Argent" or the "Trust") (TSX: AET.UN) announces that to date Argent has been unable to reduce the amount outstanding under its credit facility to the amount of the borrowing base under the facility of US\$45 million.

As previously announced on November 30, 2015, Argent's banking syndicate reduced the credit facility's borrowing base from US\$80 million to US\$45 million, and Argent had a 60-day cure period in which to reduce its borrowings to an amount equal to the new borrowing base. Among other matters, the failure of Argent to pay its borrowing base shortfall within the 60-day cure period results in an event of default under the facility. Argent continues to work with its banking syndicate to explore various alternatives.

Argent also announces that it has engaged The Oil & Gas Asset Clearinghouse, LLC ("OGAC") to assist management in the identification, evaluation and negotiation of potential transactions of a sale of the shares of Argent Energy (US) Holdings Inc. ("U.S. Opco"), the borrower under Argent's credit facility, or a sale of some or all of the assets of U.S. Opco.

The marketing process is expected to be commenced by OGAC on or before February 10, 2016, in conjunction with the North American Prospect Expo Summit in Houston, Texas. Interested parties should contact Harrison Williams, Chief Executive Officer of OGAC, at (281) 873-4600 or [hwilliams@ogclearinghouse.com](mailto:hwilliams@ogclearinghouse.com).

Argent can provide no assurance with respect to eventually curing the borrowing base shortfall, nor that the engagement of OGAC will result in an acceptable transaction in any form.

**Note About Forward-Looking Statements**

This press release includes forward-looking information within the meaning of applicable Canadian and United States securities legislation. All statements, other than statements of historical facts, that address activities, circumstances, events, outcomes and other matters that Argent forecasts, plans, projects, expects, believes, assumes or anticipates (and other similar expressions) will, should or may occur in the future, are considered forward-looking information.

In particular, forward-looking information contained in this press release includes, but is not limited to, the timing of the marketing process to be conducted by OGAC. The forward-looking information provided in this press release is based on management's current beliefs, expectations and assumptions, based on currently available information as to the outcome and timing of future events.

Forward-looking information is subject to a number of risks and uncertainties that could cause actual outcomes to differ materially from the expectations set forth in the forward-looking information. All

forward-looking information speaks only as of the date of this press release, and Argent assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking information, except as required by law. You should not place undue reliance on forward-looking information.

**About Argent Energy Trust**

Argent is a mutual fund trust under the *Income Tax Act* (Canada). Argent's objective is to create stable, consistent returns for investors through the acquisition and development of oil and natural gas reserves and production with low risk exploration potential, located primarily in the United States. Material information pertaining to Argent Energy Trust may be found on [www.sedar.com](http://www.sedar.com) or [www.argentenergytrust.com](http://www.argentenergytrust.com).

**For further information concerning this press release, please contact:**

Sean Bovingdon  
President & Chief Financial Officer  
Argent Energy Trust  
(403) 770-4809

Steve Hicks  
Chief Operating Officer  
Argent Energy Trust  
(281) 847-1888

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**ARGENT**  
ENERGY TRUST

# Significant Production & Upside Opportunities Texas, Colorado & Wyoming

Negotiated Transaction | Asset Acquisition Opportunity

## Highlights

- \* Dec 2015 Net Production: ~3,000 BOEPD
- \* 88% Operated
- \* Production 65% Oil
- \* 400 Producing wells
- \* 155 Operated by Argent
- \* 41 Active Injection wells
- \* 34 SWD Wells
- \* WI: 6.025% - 100% - NRI: 5.0137% - 87.50%
- \* Additional ORRI
- \* Gross Acres: ~115,600 - Net Acres: ~79,500
- \* Major Fields are in South Texas, Texas Gulf Coast and Wyoming
- \* 27 PDNP targets identified
- \* Upside Drilling Opportunities in all Reserve Categories
- \* Notable Operators of Non-Operated Interests:
  - Citation
  - Devon
  - Headington
  - Hunt
  - Sabine

## CONTACT:

**Brenda DeShurley**, Executive Assistant  
[bdeshurley@ogclearinghouse.com](mailto:bdeshurley@ogclearinghouse.com)  
832-601-7679

**Patrick DaPra**, Vice President - Negotiated Transactions  
[pdapra@ogclearinghouse.com](mailto:pdapra@ogclearinghouse.com)  
832-601-7655

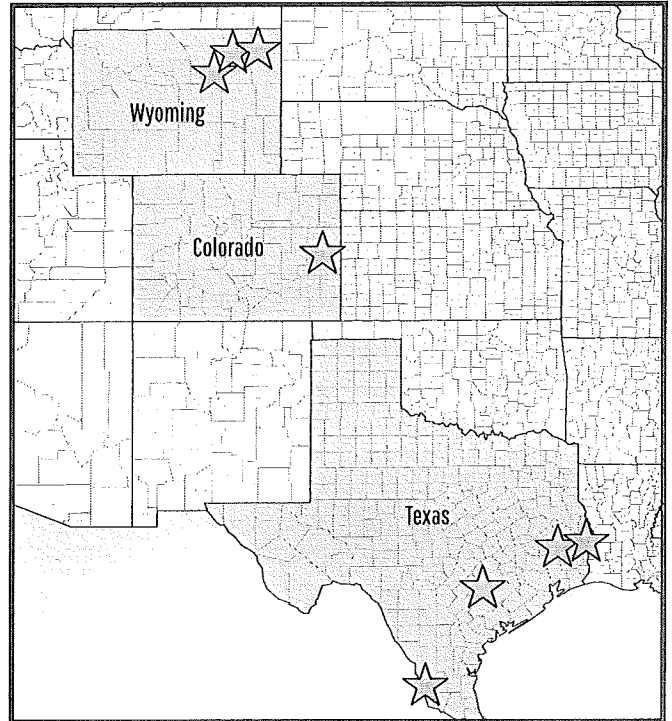
**Argent Energy (US) Holdings Inc.** is selling certain leasehold assets in Texas, Colorado & Wyoming. The Oil & Gas Asset Clearinghouse is the exclusive technical, marketing, and transaction advisor for this sale.

Argent Energy (US) Holdings Inc. ("Company") and The Oil & Gas Asset Clearinghouse, LLC ("The Clearinghouse") make no representations or warranties, either expressed or implied, as to the accuracy or completeness of this information or its suitability for any purpose. The sales process contemplated herein is not exclusive. The Company and The Clearinghouse reserve the right to withdraw all or any portion of the assets or change all or any terms of this sales process at any time without notice to any potential purchaser.

Data Room Opens: February 17, 2016

Bids Due: March 17, 2016

Effective Date: April 1, 2016



281-873-4600 | 832-601-7641 fax

500 N Sam Houston Pkwy W | Suite 150  
Houston, TX 77067

# THE OIL & GAS ASSET CLEARINGHOUSE

Houston | Dallas | Denver | Oklahoma City

[www.ogclearinghouse.com](http://www.ogclearinghouse.com)



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# THE OIL & GAS ASSET CLEARINGHOUSE

Houston | Dallas | Denver | Oklahoma City

[www.ogclearinghouse.com](http://www.ogclearinghouse.com)

## EVALUATION DATA REQUEST FORM

Please complete this form and fax to The Clearinghouse at 832-601-7641

Package Name: Significant Production & Upside Opportunities, Texas, Colorado & Wyoming

Seller: Argent Energy (US) Holdings Inc.

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Company Name: \_\_\_\_\_

Physical Address: \_\_\_\_\_

City, State & Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-Mail: \_\_\_\_\_ Date: \_\_\_\_\_

All data is available on The Clearinghouse password protected data room at:

[www.ogclearinghouse.com](http://www.ogclearinghouse.com)

### CONTACT:

**Brenda DeShurley**, Executive Assistant

[bdeshurley@ogclearinghouse.com](mailto:bdeshurley@ogclearinghouse.com)

832-601-7679

**Patrick DaPra**, Vice President - Negotiated Transactions

[pdapra@ogclearinghouse.com](mailto:pdapra@ogclearinghouse.com)

832-601-7655

Houston  
Kevin Townsend  
Denna Arias  
Tanyia Chuites  
281-873-4600

Dallas  
Chase Morris  
214-696-6400

Oklahoma City  
Thomas Medlin  
405-250-0840

Denver  
Stephanie Humphrey  
281-873-7683

281-873-4600 | 832-601-7641 fax

500 N Sam Houston Pkwy W | Suite 150  
Houston, TX 77067

[www.ogclearinghouse.com](http://www.ogclearinghouse.com)

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A handwritten signature in black ink, appearing to read "Brad Wiff", written over a horizontal line.

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Screenshot from The Oil & Gas Clearinghouse, LLC website, accessed at:  
<http://www.ogclearinghouse.com/NegotiatedTransactions/NegotiatedTransactions.asp>

## NEGOTIATED TRANSACTIONS

The Clearinghouse has closed hundreds of transactions totaling billions of dollars. Our projects have ranged in size from \$5 million to over \$1 billion. Our clients include small independent E&P companies as well as the largest integrated oil companies in the industry.

### Negotiated Listings

View the most recent public negotiated listings available. You may drill into each listing and see more detailed information, along with any documentation provided by the seller. These assets call for a sales cycle ranging from 60-90 days. Evaluation data is available online and in our physical data rooms. For deals with production and acreage, our technical team presents an extensive in-house data room for each package.

[View All Negotiated Listings](#)

### Rapid Sales Listings

View the most recent public rapid sale listings available. You may drill into each listing and see more detailed information, along with any documentation provided by the seller. These are smaller negotiated transactions with a rapid sales timeline, usually 30-45 days. Evaluation data is available online only.

[View All Rapid Sales Listings](#)

### Reserve A Data Room

To see more detailed documentation on a negotiated listing, please call [281-613-5900](tel:281-613-5900) to make a reservation. Data Rooms are available Monday - Friday between the hours of 8 a.m. and 5 p.m. Central Time.

[Upcoming Auction Listings](#)  
[Previous Auction Listings](#)  
[Negotiated Listings](#)  
[Rapid Sales Listings](#)  
[Account Application Form](#)  
[Assignment Tracker](#)



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A handwritten signature in black ink, appearing to read "Paul W. Wipac". The signature is fluid and cursive, written over a horizontal line.

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**NATIONAL  
BANK  
FINANCIAL**

**2016-02-16**

Ticker	P/CF		EV/DACF		EV/boe/d		EV/boe (\$/boe)	P/NAV (x)	P/CNAV (x)	
	2016e (x)	2017e (x)	2016e (x)	2017e (x)	2016e (\$/boe/d)	2017e (\$/boe/d)				
<b>Junior (&lt;10,000 boe/d)</b>										
Arsenal Energy	AEI	3.1x	1.9x	8.8x	6.1x	\$20,339	\$21,928	\$5.20	0.6x	n/a
Blackbird Energy Inc	BBI	48.1x	12.2x	62.0x	14.0x	\$72,657	\$35,612	\$36.60	0.4x	n/a
Boulder Energy	BXO	2.9x	2.6x	6.9x	6.4x	\$39,799	\$41,726	\$6.34	0.6x	n/a
Chinook Energy	CKE	41.2x	8.2x	nm	8.0x	\$9,708	\$12,640	\$2.12	1.0x	n/a
Delphi Energy	DEE	2.9x	3.7x	5.3x	6.5x	\$26,683	\$28,375	\$3.25	1.3x	n/a
Leurotta Exploration	LXE	34.3x	18.8x	81.0x	20.0x	\$74,210	\$66,122	\$3.38	0.8x	n/a
Marquee Energy	MQL	3.7x	3.2x	7.1x	6.5x	\$18,669	\$20,284	\$3.77	1.6x	n/a
Rock Energy	RE	4.3x	4.3x	7.7x	7.9x	\$29,036	\$30,776	\$8.71	0.4x	n/a
Spartan Energy	SPE	20.2x	12.9x	20.2x	13.8x	\$36,315	\$88,790	\$18.20	1.3x	n/a
Strategic Oil & Gas	SOG	nm	nm	229.9x	45.2x	\$69,186	\$81,756	\$9.39	0.4x	n/a
Striker Exploration	SKX	2.5x	2.6x	3.0x	3.3x	\$15,803	\$17,429	\$3.85	0.4x	n/a
Tamarack Valley Energy	TVE	5.9x	7.3x	7.1x	8.8x	\$44,672	\$45,708	\$13.07	3.0x	n/a
Toro Oil & Gas	TOO	nm	5.4x	nm	8.5x	\$20,763	\$23,425	\$6.07	0.5x	n/a
Zargon Oil and Gas	ZAR	10.1x	3.2x	16.8x	12.7x	\$33,421	\$36,134	\$5.95	-0.2x	n/a
<b>Average - Junior</b>		<b>11.8x</b>	<b>6.2x</b>	<b>16.4x</b>	<b>9.0x</b>	<b>\$34,857</b>	<b>\$36,111</b>	<b>\$6.66</b>	<b>1.0x</b>	



**NATIONAL  
BANK  
FINANCIAL**

**2016-04-11**

Ticker	P/CF		EV/DACF		EV/boe/d		EV/boe (\$/boe)	P/NAV (x)	P/CNAV (x)	
	2016e (x)	2017e (x)	2016e (x)	2017e (x)	2016e (\$/boe/d)	2017e (\$/boe/d)				
<b>Junior (&lt;10,000 boe/d)</b>										
Arsenal Energy	AEI	4.9x	2.9x	9.8x	6.6x	\$21,304	\$22,101	\$5.34	1.7x	n/a
Blackbird Energy Inc	BBI	164.7x	16.5x	146.7x	17.4x	\$126,243	\$46,265	\$8.25	0.6x	n/a
Boulder Energy	BXO	R	R	R	R	R	R	R	R	R
Chinook Energy	CKE	nm	10.1x	nm	10.5x	\$19,143	\$17,287	\$3.16	1.1x	n/a
Delphi Energy	DEE	4.5x	5.1x	6.9x	7.6x	\$32,083	\$33,079	\$6.00	1.4x	n/a
Leurotta Exploration	LXE	39.0x	26.9x	230.7x	33.6x	\$132,529	\$114,313	\$6.10	1.2x	n/a
Manitok Energy	MEI	1.4x	4.6x	3.1x	8.2x	\$22,361	\$24,411	\$6.89	0.4x	n/a
Marquee Energy	MQL	11.5x	5.1x	14.5x	8.3x	\$24,127	\$24,353	\$4.07	3.8x	n/a
Rock Energy	RE	5.0x	7.8x	7.6x	10.9x	\$44,552	\$47,210	\$10.68	0.7x	n/a
Spartan Energy	SPE	20.6x	14.6x	20.4x	14.5x	\$97,815	\$100,241	\$20.63	1.5x	n/a
Strategic Oil & Gas	SOG	nm	nm	104.9x	34.4x	\$63,735	\$75,493	\$9.35	0.5x	n/a
Striker Exploration	SKX	4.1x	4.0x	4.6x	4.6x	\$23,157	\$24,935	\$5.39	0.6x	n/a
Tamarack Valley Energy	TVE	8.9x	9.5x	9.8x	10.2x	\$55,360	\$55,839	\$11.53	1.4x	n/a
Toro Oil & Gas	TOO	nm	36.0x	nm	39.3x	\$28,835	\$35,446	\$9.37	1.4x	n/a
Zargon Oil and Gas	ZAR	9.5x	4.3x	15.6x	12.3x	\$35,886	\$38,090	\$6.67	-0.6x	n/a
<b>Average - Junior</b>		<b>10.9x</b>	<b>10.9x</b>	<b>32.3x</b>	<b>13.9x</b>	<b>\$44,763</b>	<b>\$44,775</b>	<b>\$7.99</b>	<b>1.2x</b>	

Source: National Bank Financial

Since Feb 16<sup>th</sup>:

+75%

+54%


+24%

+20%

+20%

\*note: Manitok Energy Added to NBF's comp table

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~~Execution Version~~ U.S. \$~~7,300,000~~10,000,000.00 INTERIM NON-REVOLVING CREDIT  
FACILITY

CREDIT AGREEMENT

AMONG:

ARGENT ENERGY (US) HOLDINGS INC.  
(as Borrower)

- and -

ARGENT ENERGY TRUST and  
ARGENT ENERGY (CANADA) HOLDINGS INC.  
(as Guarantors)

- and -

~~THE BANK OF NOVA SCOTIA, WELLS FARGO BANK, N.A., CANADIAN BRANCH,  
CANADIAN IMPERIAL BANK OF COMMERCE, ROYAL BANK OF CANADA,  
and each such other financial institution which becomes a~~The lenders signatory hereto  
(as Lenders)

- with -

~~THE BANK OF NOVA SCOTIA~~[An Agent to be designated]  
(as Sole Lead Arranger, Administrative and Collateral Agent for the Lenders)

Dated February 17, ~~April~~ \_\_\_\_\_, 2016

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Form of U.S. Tax Compliance Certificate  
Form of U.S. Tax Compliance Certificate



THIS CREDIT AGREEMENT is dated ~~February 17,~~ April \_\_\_\_\_, 2016

AMONG:

ARGENT ENERGY (US) HOLDINGS INC., a Delaware corporation, as Borrower

AND:

~~THE BANK OF NOVA SCOTIA, WELLS FARGO BANK, N.A., CANADIAN BRANCH, CANADIAN IMPERIAL BANK OF COMMERCE, ROYAL BANK OF CANADA AND THE OTHER FINANCIAL INSTITUTIONS NAMED HEREIN OR IN LENDER TRANSFER AGREEMENTS~~ The lenders party hereto, in their capacities as Lenders

AND:

~~THE BANK OF NOVA SCOTIA~~, a Canadian chartered bank having its head office in the City of Toronto, Ontario, Canada ●, in its capacity as Agent

WHEREAS the Borrower ~~has requested that the Lenders provide~~ requires financing to fund certain of the Loan Parties' obligations during the pendency of the CCAA Proceedings and the U.S. Proceedings ~~pursuant to Chapter 15,~~ in accordance with the terms and conditions set out herein;

AND WHEREAS the Lenders have agreed to establish an interim non-revolving credit facility in order to fund certain obligations of the Loan Parties in the context of the Loan Parties' CCAA Proceedings and U.S. Proceedings on the terms and conditions set forth herein and ~~Scotiabank~~ the Agent has agreed to act as Agent for the Lenders under such credit facility;

NOW THEREFORE, in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, including the recitals and the Schedules hereto and in all notices pursuant to this Agreement, unless something in the subject matter or context is inconsistent therewith, the following words and phrases shall have the following meanings:

**“Acceleration Notice”** means a written notice delivered by the Agent to the Borrower pursuant to Section 10.2(b) declaring all indebtedness and liabilities of the Borrower outstanding to the Lenders hereunder to be due and payable;

**“Ad Hoc Committee”** means the Ad Hoc Committee of Debentureholders.

**“Ad Hoc Committee First Charge”** has the meaning given to it in the Initial Order, which Ad Hoc Committee First Charge shall not secure the professional fees and disbursements of any Person other than the Ad Hoc Committee without the consent of the Majority Lenders.

**“Adjustment Time”** means the time of occurrence of the last event necessary (being the delivery of an Acceleration Notice or the occurrence of an automatic acceleration of the repayment of indebtedness outstanding hereunder without any notice being required hereunder from the Agent or any Lender) to ensure that all Borrowings are thereafter due and payable and such time shall conclusively be:

- (a) in the case where such last event is the delivery of an Acceleration Notice, the time of delivery of such Acceleration Notice or, where not delivered as required within a time period specified in Section 10.3, then the last day of such time period; and
- (b) in the case where such last event is the occurrence of an automatic acceleration of the repayment of indebtedness outstanding hereunder without any notice being required thereunder from the Agent or any Lender, the time of occurrence of such automatic acceleration determined pursuant to the provisions of this Agreement giving rise to such automatic acceleration;

~~**“Administration Charge”** means an administration charge on all present and future assets and property of the Loan Parties, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired or otherwise become the property of a Loan Party, in an aggregate amount not to exceed U.S. \$500,000 and as provided for in the initial~~ has the meaning given to it in the Initial Order;

**“Administrative Services Agreement”** means the administrative services agreement dated May 9, 2012, between the Trustee and the Administrator, pursuant to which the Administrator agrees to provide administrative services to the Trust and pursuant to which the Administrator is delegated certain duties in connection with governance of the Trust;

**“Administrator”** means Argent Energy Ltd., or such other party as may be appointed as administrator from time to time pursuant to the Administrative Services Agreement as permitted hereunder;

~~**“Affidavit”** means the Affidavit of Sean Bovingdon sworn on February 16, 2016 in connection with the CCAA Proceedings;~~

“**Affiliate**” means any Person which, directly or indirectly controls, is controlled by, or is under common control with another Person, and for the purpose of this definition, “control” (including with correlative meanings, the terms “controlled by” or “under common control”) means the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of Voting Shares, by contract or otherwise, provided that, for all purposes of this Agreement, each of the Loan Parties shall all be deemed to be Affiliates of each other;

“**Agent**” means ~~Scotia and any successor entity to Scotia~~ when acting in its capacity as administrative and collateral agent hereunder and includes any successor agent appointed pursuant to Section 12.15;

“**Agent’s Account for Payments**” means the U.S. Dollar accounts maintained by the Agent in connection with the Credit Facility and notified to the Borrower and the Lenders from time to time;

“**Agent’s Branch of Account**” means the office of the Agent located at the address set forth opposite the Agent’s name on the signature pages to this Agreement or such other office or branch of the Agent in Canada as the Agent may from time to time advise the Borrower and the Lenders in writing;

“**Agreed Budget**” means the weekly line item budget covering the period of at least 13 calendar weeks following the Effective Date attached hereto as Schedule “H”, together with all amendments thereto approved by the Agent and the Lenders in writing and in their sole and absolute discretion (for certainty, each Updated Budget contemplated to be delivered by the Borrower hereby shall not constitute an amendment of the Agreed Budget);

“**Agreement**” means this credit agreement, all Schedules attached hereto and any future amendments, amendments and restatements, replacements or supplements hereto or thereto;

“**Applicable Law**” means, in relation to any Person, property, transaction or event, all applicable provisions (or mandatory applicable provisions, if so specified) of federal, provincial, state or local laws, statutes, rules, regulations, official directives and orders of all Governmental Authorities and Governmental Actions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the Person, property, transaction or event;

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy,”;

“**Bankruptcy Court**” means the United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division;

“**Bankruptcy Sale**” means the sale of all or substantially all of the assets of the Borrower pursuant to a sale approved by the Court and the Bankruptcy Court;

“**BIA**” means the *Bankruptcy and Insolvency Act* (Canada);

“**BOE**” has the meaning ascribed thereto in Section 9.1(~~km~~)(iv);

“**Borrower**” means Argent Energy (US) Holdings Inc., a Delaware corporation;

“**Borrowing Notice**” means a notice to advance a Loan delivered under Section 3.4 and substantially in the form of Schedule “B” with all applicable blanks completed;

“**Borrowings**” means, at any time, the aggregate principal amount of Loans outstanding;

“**bps**” means 1/100th of one percent;

“**Branch of Account**” means, with respect to each Lender, the branch or office of such Lender located at the address set forth opposite such Lender’s name on the signature pages of this Agreement or in its Lender Transfer Agreement or such other branch or office in Canada as such Lender may from time to time advise the Borrower and the Agent in writing; provided that, for purposes of delivering any notice required to be delivered by the Agent to a Lender pursuant to Section 12.6 and for purposes of effecting any payments to a Lender in connection with this Agreement, a Lender may specify in writing to the Agent any other branch or office of such Lender in Canada and such branch or office shall thereafter be the Branch of Account of such Lender for such purpose;

“**Budget Variance Report**” has the meaning ascribed thereto in Section 9.1(~~km~~)(iii);

“**Business Day**” means a day, excluding Saturday and Sunday, on which banking institutions are open for the transaction of commercial business in Toronto, Ontario, Calgary, Alberta and New York, New York;

“**Can Holdco**” means Argent Energy (Canada) Holdings Inc., a corporation formed pursuant to the laws of Alberta;

“**Capital Lease**” means, with respect to any Person, any lease or other arrangement relating to real or personal property which should, in accordance with GAAP, be accounted for as a capital lease on a balance sheet of such Person; provided that any leases (whether entered into before or after December 31, 2010) that would have been characterized as operating leases under GAAP) as in effect on December 31, 2010 shall be deemed to be operating leases and shall be excluded from this definition;

“**Capitalized Lease Obligations**” means, at any time, the amount of any obligation which would, in accordance with GAAP, be required to be classified and accounted for as a Capital Lease on the consolidated balance sheet of the Trust;

“**Cash Flow Test**” has the meaning ascribed thereto in Section 9.1(~~km~~);

“**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada);

“**CCAA Proceedings**” means the proceedings ~~to be commenced under the CCAA in Canada by respect of~~ the Loan Parties ~~before the Court pursuant to the CCAA;~~

“**CERCLA**” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq.;

“**Chapter 15**” means Chapter 15 of the Bankruptcy Code;

“**Chapter 15 Recognition Order**” means the ~~issuance by order of~~ the Bankruptcy Court ~~of an order pursuant to Chapter 15 to have dated March 11, 2016 recognizing~~ the CCAA Proceedings ~~recognized by the Bankruptcy Court~~;

“**Code**” means the United States Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time;

“**Collateral**” is a collective reference to all property, assets, rights and things (whether real, personal or mixed), tangible and intangible, and the proceeds and products thereof, subjected or intended to be subjected from time to time to any Security Interest under any of the Security;

“**Commitment**” means, with respect to each Lender, such Lender’s obligation to make Loans available to the Borrower, subject to the terms of this Agreement, in the aggregate amount set forth opposite such Lender’s name in Schedule “A” hereto (or in any Lender Transfer Agreement executed hereafter) as such Lender’s Commitment, as such amount may hereafter be cancelled, reduced or terminated from time to time pursuant to the provisions of this Agreement, or, if the context so requires, the aggregate thereof;

“**Commodity Swap**” means, an agreement entered into between a Person and a counterparty on a case by case basis, the purpose and effect of which is to mitigate or eliminate such Person’s exposure to fluctuations in commodity prices, including for certainty agreements relating to physical transactions;

“**Compliance Certificate**” means a compliance certificate substantially in the form attached hereto as Schedule “C” executed by a senior officer of the Borrower;

“**Court**” means the Alberta Court of Queen’s Bench;

“**Credit Facility**” has the meaning ascribed thereto in Section 3.1(a);

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

“**Debt**” means, with respect to any Person, as at any particular time and as determined on a consolidated basis in accordance with GAAP, without duplication, all obligations, indebtedness and liabilities:

- (a) for borrowed money;

- (b) arising pursuant to bankers' acceptance facilities, note purchase facilities and commercial paper programs, or the stated amount of letters of credit, letters of guarantee and surety bonds supporting obligations which would otherwise constitute Debt within the meaning of this definition or indemnities issued in connection therewith;
- (c) that are evidenced by bonds, debentures, notes or other similar instruments (whether or not with respect to the borrowing of money);
- (d) arising under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the indebtedness or other 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 such indebtedness or such other Debt obligations, including endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business);
- (e) in respect of Prepaid Obligations or Production Payments;
- (f) secured by a Permitted Encumbrance on any property of the Loan Parties, whether or not assumed by them;
- (g) for or in respect of the deferred purchase or acquisition price of property (including, without limitation, obligations under a Capital Lease, obligations secured by Purchase Money Security Interests and obligations in respect of a Sale/Leaseback) in excess of ninety (90) days but excluding, for certainty, accounts payable arising in the ordinary course of business, and any earn-out obligation until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP and if not paid after becoming due;
- (h) all obligations for or in respect of the purchase of any of its property, the purchase price in respect of which has been prepaid by the purchaser in excess of 90 days before the property subject to such purchase is to be delivered to the purchaser;
- (i) all redemption obligations of the Loan Parties with respect to any shares or units issued by the Trust or such other Loan Party which are not held by a Loan Party and which are by their terms or pursuant to any contract, agreement or arrangement:
  - (i) redeemable, retractable, payable or required to be purchased or otherwise retired or extinguished, or convertible into Debt of a Loan Party in any case, prior to the Maturity Date (A) at a fixed or determinable date, (B) at the option of any holder thereof, or (C) upon the occurrence of a condition not solely within the control and discretion of the Loan Parties, or
  - (ii) convertible into any other shares described in (i) above;
- (j) Capitalized Lease Obligations;

- (k) in respect of the proceeds received from any accounts receivable securitization program; and
- (l) all obligations of the Loan Parties to purchase any of the foregoing items or to advance or otherwise supply funds for payment of any of the foregoing of other entities;

**“Default”** shall mean the occurrence of any of the events specified in Section 10.1, whether or not any requirement for notice or lapse of time or other condition precedent has been satisfied;

**“Defaulting Lender”** means any Lender:

- (a) that has failed to fund any payment or its portion of any Loan required to be made by it hereunder or to purchase any participation required to be purchased by it hereunder and under the other Loan Documents;
- (b) that has notified the Borrower, the Agent or any Lender (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;
- (c) that has failed, within three (3) Business Days after written request by the Agent or the Borrower, to confirm in writing to the Agent and the Borrower that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans;
- (d) that has otherwise failed to pay over to the Borrower, the Agent or any other Lender any other amount required to be paid by it hereunder within three (3) Business Days of the date when due, unless the subject of a good faith dispute;
- (e) in respect of which a Lender Insolvency Event or a Lender Distress Event has occurred in respect of such Lender or its Lender Parent;
- (f) that is generally in default of its obligations under other existing creditor loan documentation under which it has commitments to extend credit; or
- (g) with respect to which the Agent has concluded, acting reasonably, and has advised the Lenders in writing, that it is of the view that it is more likely than not that such Lender shall become a Defaulting Lender pursuant to paragraphs (a) to (e), inclusive, of this definition;

**“Deposit Account”** means ~~the following account maintained by the Agent to which payments and transfers hereunder to the Borrower are to be effected:~~

<del>Beneficiary Bank:</del>	<del>The Bank of Nova Scotia</del>
<del>Beneficiary Bank Address:</del>	<del>2850 Sunridge Blvd. NE, Calgary, AB</del>

Institution Code: 002  
Transit No.: 12989  
Beneficiary Account No.: 05454-14 or such other account or accounts as the Agent may from time to time designate by notice to the Borrower from time to time;

~~“Directors’ Charge” means a charge on all present and future assets and property of the Loan Parties, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired or otherwise become the property of a Loan Party for the benefit of any former current or future directors or officers of the Loan Parties or the Administrator, in an amount not to exceed U.S. \$200,000 and as provided for in the Initial Order;~~

**“Distribution”** by a Person means:

- (a) any declaration, payment or setting aside for payment of any dividend, return of capital or other distribution on or in respect of any of the share, partnership or trust capital of such Person;
- (b) any redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any of the share, partnership or trust capital of such Person or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for share, partnership or trust capital of such Person, including options, warrants, conversion or exchange privileges and similar rights;
- (c) the payment of any principal, interest, fees, redemption amounts or other amounts on or in respect of any loans, advances or other indebtedness owing at any time by such Person to a holder of shares, partnership interests or trust units of such Person or an Affiliate of such holder;
- (d) any loan, advance, payment of management or consulting fees or reimbursement of costs which is made by the Person to or in favour of a holder of shares, partnership interests or trust units of such Person or an Affiliate of such holder except where any such payment is made to any such holder in such holder’s capacity as an officer, director or employee of such Person in the ordinary course of business;
- (e) the transfer by the Person of any property or assets for consideration of less than its or their fair market value or on non-arms’ length terms and conditions to a holder of shares, partnership interests or trust units of such Person or an Affiliate of such holder; or
- (f) any other payment or distribution whereby any production or revenues from Oil and Gas Properties are paid or distributed to a holder of shares, partnership interests or trust units of such Person or an Affiliate of such holder;



- (g) any payment of ~~any principal, interest, fees, redemption amounts or other amounts on or of any kind whatsoever, excluding interest payments,~~ in respect of Subordinated Debt, or pursuant to the Pre-Filing Secured Credit Agreement;

whether any of the foregoing is made, paid or satisfied in or for cash, property or both;

**“Drawdown”** means the advance of a Loan;

**“Drawdown Date”** means each Business Day on which a Borrowing is to be made pursuant to a request from the Borrower under Section 3.4;

**“Effective Date”** means the date on which the conditions precedent under Section 8.1 have been satisfied;

**“Environmental Laws”** means all Applicable Laws and Governmental Actions regarding health, safety, the environment, or the preservation or reclamation of natural resources or pursuant to which Environmental Liabilities could arise or have arisen, including, without limitation, all Applicable Laws and Governmental Actions relating to the Release or threatened Release of any Hazardous Material or the generation, use, storage or transportation of any Hazardous Material, including the following United States laws to the extent applicable: the Oil Pollution Act of 1990, the Clean Air Act, CERCLA, the Federal Water Pollution Control Act, the Occupational Safety and Health Act of 1970, the RCRA, the Safe Drinking Water Act, the Toxic Substances Control Act, the Superfund Amendments and Reauthorization Act of 1986, and the Hazardous Materials Transportation Law;

**“Environmental Liabilities”** means any and all liabilities for any Release, any environmental damage, any contamination or any other environmental problem caused by any Person to property or the environment as a result of any Release, whether or not caused by a breach of Applicable Laws, including, without limitation, all liabilities arising from or related to: any surface, underground, air, groundwater, or surface water contamination; the abandonment or plugging of any well; restorations and reclamations of the environment required under Environmental Laws; the cleaning up or reclamation of storage sites required under Environmental Laws; any Release; violation of Environmental Laws; and property damage arising from the foregoing;

**“Equivalent Amount”** in one currency (the **“First Currency”**) of an amount in another currency (the **“Other Currency”**) means, as of the date of determination, the amount of the First Currency which would be required to purchase such amount of the Other Currency at the Bank of Canada 10:00 a.m. (Calgary time) mid-point spot rate for such currencies on such date of determination (as quoted or published from time to time by the Bank of Canada) or, if such date of determination is not a Business Day, on the Business Day immediately preceding such date of determination, or at such other rate as may have been agreed to by the Borrower and the Agent;

“**ERISA**” means the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect;

“**ERISA Affiliate**” means any trade or business (whether or not incorporated) that together with the Borrower or any ERISA Subsidiary is treated as a “single employer” within the meaning of Section 4001(b)(1) of ERISA or subsection (b), (c), (m), or (o) of Section 414 of the Code;

“**ERISA Subsidiary**” means a Subsidiary of the Borrower that sponsors, maintains, or contributes to an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to ERISA;

“**Event of Default**” means any of the events or circumstances specified in Section 10.1;

“**Existing Interim Credit Agreement**” means the Interim Financing Credit Agreement dated as of February 17, 2016 between Argent Energy (US) Holdings Inc., as borrower, Argent Energy Trust and Argent Energy (Canada) Holdings Inc., as guarantors, and the Syndicate Lenders, as lenders;

“**Existing Interim Facility Obligations**” means all obligations, liabilities and indebtedness owing under or pursuant to the Existing Interim Credit Agreement as of the Effective Date;

“**FATCA**” shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code;

“**Federal Funds Rate**” means, on any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the annual rates of interest on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such day is not a Business Day, such weighted average for the immediately preceding Business Day for which the same is published or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by the Agent, acting reasonably;

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

“**Financial Assistance**” means providing or agreeing to provide (either directly or indirectly) financial assistance to any Person including, without limitation, financial assistance by way of a loan, Guarantee, loan purchase, share purchase, equity

contribution or any credit support arrangement of any nature whatsoever, the purpose of which is to assure payment to the holder of any liabilities of such Person;

**“Financing Fees and Expenses”** has the meaning ascribed thereto in Section 11.1;

**“Fiscal Quarter”** means the three (3) 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 Trust’s fiscal year commencing on January 1 of each year and ending on December 31 of such year;

**“Foreign Lender”** means a Lender that is not a U.S. Person;

**“GAAP”** means generally accepted accounting principles which are in effect from time to time in Canada, being, for profit-oriented Canadian publicly accountable enterprises, International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board;

**“Governmental Action”** means an authorization, consent, approval, waiver, order, decree, licence, exemption, permit, registration, filing, qualification or declaration of or with any Governmental Authority (other than routine reporting requirements) or the giving of notice to any Governmental Authority or any other action in respect of a Governmental Authority;

**“Governmental Authority”** means any federal, state, provincial, county, local or municipal government; any governmental body, agency, authority, board, bureau, department or commission (including any taxing authority); any instrumentality or office of any of the foregoing (including any court or tribunal) exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government; or any Person directly or indirectly controlled by any of the foregoing;

**“Guarantee”** means any undertaking, whether direct or indirect, contingent or otherwise, to assume, guarantee, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any indebtedness or liability of any Person, or indemnifying any Person against loss in any manner, whether direct or indirect; provided that the amount of each Guarantee shall be deemed to be the amount of the indebtedness or liability guaranteed, indemnified or assured thereby, unless the Guarantee is limited to a specified amount or to realization on specified assets, in which case the amount of such Guarantee shall be deemed to be the lesser of such specified amount or the fair market value of such specified assets, as the case may be, or the amount of such indebtedness or liability;

**“Guarantors”** means, collectively, the Trust and Can Holdco and “Guarantor” means any one of them;

**“Hazardous Material”** means any substance regulated or as to which liability might arise under any applicable Environmental Law including: (a) any chemical, compound, material, product, by-product, substance or waste defined as or included in the definition

or meaning of “hazardous substance”, “hazardous material”, “hazardous waste”, “solid waste”, “toxic waste”, “extremely hazardous substance”, “toxic substance”, “contaminant”, “pollutant”, or words of similar meaning or import found in any applicable Environmental Law; (b) hydrocarbons, petroleum products, petroleum substances, natural gas, oil, oil and gas waste, crude oil, and any components, fractions, or derivatives thereof; and (c) radioactive materials, explosives, asbestos or asbestos containing materials, polychlorinated biphenyls, radon, and infectious or medical wastes;

**“Initial Order”** means the ~~initial order~~ Amended and Restated Initial Order of the Court dated as of February 17, 2016 ~~substantially in the form attached hereto as Schedule “I” pursuant to which the Loans Parties became subject to the CCAA Proceedings; 2016, as amended from time to time.~~

**“Interest Date”** means the third Business Day of each month; provided that, in any case, the Maturity Date or, if applicable, any earlier date on which the Credit Facility is fully cancelled or permanently reduced in full, shall also be an Interest Date with respect to all Borrowings then outstanding under the Credit Facility;

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

~~“Interim Chapter 15 Recognition Order” has the meaning ascribed thereto in Section 8.1(b);~~

~~“KERP/KEIP” means, collectively, (a) the key employee retention plan and (b) the key employee incentive plan, in each case, as more particularly described in the Affidavit and the Confidential Supplement attached as Exhibit 20 to the Affidavit; have the meanings given to them in the Initial Order;~~

~~“KERP/KEIP Charge” means a charge on all present and future assets and property of the Loan Parties, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired or otherwise become the property of a Loan Party in respect of the KERP/KEIP, as provided for in the Initial Order;~~

**“Lender Charge”** means, collectively, (a) the super- priority charge granted by the Court pursuant to the Initial Order and (b) the super-priority charge granted by the Bankruptcy Court, in either case, in favour of the Agent and the Lenders over all of the present and after-acquired real and personal property of the Loan Parties;

**“Lender Distress Event”** means, in respect of a given Lender, such Lender or its Lender Parent:

- (a) is subject to a forced liquidation, merger, sale or other change of control supported in whole or in part by guarantees or other support (including the nationalization or assumption of ownership or operating control by the

Government of the United States, Canada or any other Governmental Authority);  
or

- (b) is otherwise adjudicated as, or determined to be, insolvent or bankrupt, in each case, by any Governmental Authority having regulatory authority over such Lender or Lender Parent or their respective assets; provided that, for certainty, a Lender Distress Event shall not have occurred solely by virtue of the ownership or acquisition of any equity interest in such Lender or its Lender Parent by any Governmental Authority;

**“Lender Insolvency Event”** means, in respect of a Lender, such Lender or its Lender Parent:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent, is deemed insolvent by Applicable Law or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) (i) institutes, or has instituted against it by a regulator, supervisor or any similar Governmental Authority with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, (A) a proceeding pursuant to which such Governmental Authority takes control of such Lender’s or Lender Parent’s assets, (B) a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors’ rights, or (C) a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar Governmental Authority; or (ii) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (i) above and either (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial portion of all of its assets;

- (g) has a secured party take possession of all or a substantial portion of all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case, within fifteen (15) days thereafter;
- (h) causes or is subject to any event with respect to it which, under the Applicable Law of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (g) above, inclusive; or
- (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing;

**“Lender Parent”** means any Person that directly or indirectly controls a Lender and, for the purposes of this definition, “control” shall have the same meaning as set forth in the definition of “Affiliate” contained herein;

**“Lender Transfer Agreement”** means an agreement substantially in the form attached hereto as Schedule “D”;

**“Lender’s Proportion”** means, with respect to each Lender, the proportion that such Lender’s Commitment bears to the Total Commitment;

**“Lenders”** means each of the ~~financial institutions~~ Persons named in Schedule “A” hereto as Lenders, ~~including Scotia in its capacity as a Lender (but excluding Scotia in its capacity as the Agent),~~ and any other financial institution which is a Permitted Assignee that has executed a Lender Transfer Agreement pursuant to Section 13.1 which Lender Transfer Agreement has been executed by the assignee, the assignor and the Agent, and **“Lender”** means any one of them;

**“Loan Documents”** means this Agreement, the Security, all other agreements, certificates, instruments and documents delivered by or on behalf of any Loan Party in connection herewith or therewith from time to time and all future renewals, extensions, or restatements of, or amendments, modifications or supplements to, all or any part of the foregoing;

**“Loan Parties”** means, collectively, the Borrower and the Guarantors and **“Loan Party”** means any of them;

**“Loan Party Guarantee”** means an unlimited guarantee provided by each Loan Party in favour of the Agent on behalf of the Lenders with respect to the payment and performance of the Secured Obligations, as amended, supplemented or replaced from time to time;

**“Loans”** means the advances or any portion thereof made available by the Lenders to the Borrower pursuant to Section 3.4 and outstanding from time to time and on which the Borrower has agreed to pay interest in accordance with Section 5.1;

**“Majority Lenders”** means:

- (a) when there are ~~threetwo~~ (32) or fewer Lenders, all of the Lenders; and
- (b) at any other time, those Lenders whose Commitments are, in the aggregate, at least 66 2/3% of the Total Commitment;

**“Material Adverse Change”** means any event, circumstance, occurrence or change which results, or which would reasonably be expected to result, in a material adverse change in:

- (a) the ability of any Loan Party to perform any material obligation under this Agreement, any other Loan Document or any Restructuring Court Order, or the ability of any Loan Party to carry out a Plan or Restructuring ~~Option~~ Transaction;
- (b) the validity or enforceability of any of the Lender Charge or the ranking of any of the Security Interests granted thereby or the material rights or remedies intended or purported to be granted to the Agent and the Lenders under or pursuant to such Lender Charge; or
- (c) the business, operations, assets, condition (financial or otherwise) or results of operations of the Loan Parties, on a consolidated basis,

provided that a change in commodity prices for Petroleum Substances shall not be regarded as an event which constitutes or would reasonably be expected to constitute a Material Adverse Change;

**“Material Contracts”** means the agreements described in Schedule “G” hereto;

**“Maturity Date”** means the earlier of:

- (a) ~~(d)~~ the occurrence of any Event of Default which is continuing and has not been cured;
- (b) ~~(e)~~ the implementation of a ~~Plan~~ Plan which has been approved by the requisite majorities of the Loan Parties’ creditors and by ~~order~~ orders entered by the Court and the Bankruptcy Court;
- (c) ~~(f)~~ the closing of a ~~Bankruptcy Sale~~ Restructuring Transaction within the CCAA Proceedings and the U.S. Proceedings which has been approved by orders entered by the Court and the Bankruptcy Court;
- (d) ~~(g)~~ conversion of the CCAA Proceedings into a proceeding under the BIA or conversion of the U.S. Proceedings into a Chapter 7 proceeding under the Bankruptcy Code; and
- (e) ~~(h)~~ June 3, November 30, 2016;

**“Minimum Production Volume”** means, in respect of any four week period, the aggregate of the BOE anticipated to be produced by the Loan Parties as set forth in the applicable week ending columns in the Agreed Budget opposite the row entitled “Production (boe/d)”;

**“Minor Title Defects”** means, in respect of a Person, Title Defects or irregularities which are of a minor nature if such defects do not constitute Security Interests and do not materially detract from the value or use of such Person’s title to such property for the purposes for which it is held, or impair its saleability, or cause a material disruption or reduction in the production of Petroleum Substances or cash flow (if any) associated therewith;

**“Miscellaneous Interests”** means, in respect of any P&NG Rights or Tangibles, all interests, property and rights at such time, whether contingent or absolute, legal or beneficial, present or future which affect or are related to or are associated with such P&NG Rights or Tangibles, including, without limitation, the following property, rights, and assets:

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

**“Monitor”** means FTI Consulting Canada Inc.;

**“Oil and Gas Properties”** means, in respect of the Loan Parties:

- (a) all of their P&NG Rights;
- (b) all of their Tangibles; and



(c) all of their Miscellaneous Interests;

**“Operator”** means, in respect of any of the Oil and Gas Properties, such Person as has from time to time been appointed by a Loan Party (or by the Administrator on behalf of a Loan Party, as applicable) or its predecessor in title to conduct the development and operation of such Oil and Gas Properties and as used hereunder, where the context requires, means collectively all such Persons in respect of all of the Oil and Gas Properties;

**“Other Connection Taxes”** means with respect to any recipient, taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document);

**“Other Taxes”** means all present and future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to this Agreement or any other Loan Document;

~~**“Outside Date”** means February 17, 2016;~~

**“P&NG Rights”** means the entire right, title, estate and interest of the Loan Parties (whether legal or beneficial, contingent or absolute, present or future) in and to all:

- (a) rights to explore for, drill for, produce, save or market Petroleum Substances;
- (b) rights to a share, when produced, of Petroleum Substances;
- (c) rights to a share of proceeds of, or to receive payments calculated by reference to the quantity or value of, production from Petroleum Substances when produced;
- (d) rights in lands or documents of title relating thereto, including leases, subleases, licenses, permits, reservations, rights and privileges; and
- (e) rights to acquire any of the rights described in subparagraphs (a) through (d) of this definition;

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

**“Participant Register”** has the meaning ascribed thereto in Section 13.3(g);

“**Patriot Act**” means the *USA Patriot Act* (Title III of Pub. L. 107-56 (signed into law October 26, 2001));

“**Permitted Assignee**” has the meaning ascribed thereto in Section 13.1;

“**Permitted Dispositions**” means, in respect of the Loan Parties:

- (a) the sale or disposition of its share of current production of Petroleum Substances from its Oil and Gas Properties; provided that such sales are not Prepaid Obligations, Production Payments or sales or other such dispositions made as a means of borrowing or raising monies or providing, directly or indirectly, Financial Assistance to any Person;
- (b) any sale, lease, sublease, trade or other disposition of any tools, implements, equipment or machinery which may have become worn out, unservable, unserviceable, obsolete, unsuitable or unnecessary in operations or activities relating to its Oil and Gas Properties provided that such sale, lease, sublease, trade or other disposition is in keeping with prudent industry practice; and
- (c) abandonments, surrenders or terminations of P&NG Rights or interests therein which (i) are effected in accordance with prudent industry practice and which dispositions are effected with respect to P&NG Rights which are not capable of production in economic quantities and (ii) do not have a positive value in the most recent ~~Engineering Report (as defined in the Pre Filing Secured Credit Agreement)~~applicable engineering report.

provided in each case that no Default or Event of Default has occurred and is continuing or would reasonably be expected to occur as a result thereof;

“**Pension Plan**” means any “employee pension benefit plan” (as defined in Section 3(2) of ERISA) that is subject to Title IV of ERISA, section 302 of ERISA or section 412 of the Code;

“**Permitted Encumbrances**” means any of the following Security Interests or other encumbrances:

- (a) ~~the Lender Charge;~~
- (a) ~~(b) any Security Interest created under the Initial Order or any other order of the Court or the Bankruptcy Court in the CCAA Proceedings or U.S. Proceedings~~Restructuring Court Order, solely to the extent that (i) such Security Interest, with the exception of the Administration Charge and the Ad Hoc Committee First Charge, is subordinate and subsequent in priority to the Lender Charge (and which will include the KERP/KEIP Charge and the Directors’ Charge), the limit and priority of each of which shall be as set out in the Initial Order or otherwise, and (ii) the amount and beneficiaries of such Security Interest are acceptable to the Lenders in their discretion;

- (b) ~~(e)~~ valid and perfected Security Interests existing prior to the Effective Date and to the extent such Security Interests were ~~Permitted Encumbrances (under and as defined in~~ permitted pursuant to the Pre-Filing Secured Credit Agreement);
- (c) ~~(d)~~ inchoate statutory Security Interests arising after the Effective Date in respect of any accounts payable ~~arising after the Outside Date~~ incurred in the ordinary course of business, provided that all such amounts are paid by the applicable Loan Party as and when due;
- (d) ~~(e)~~ Security Interests against cash collateral and accounts (including all investments thereof and all intangibles, securities accounts, securities entitlements and other financial assets and proceeds comprising or relating thereto) in favour of Wells Fargo Bank, N.A. securing obligations under, pursuant or relating to the WF Credit Card Obligations; provided that, the principal amount of the WF Credit Card Obligations shall not exceed U.S. \$60,000; and
- (e) ~~(f)~~ the Permitted Priority Liens;

~~“Permitted Financial Assistance” means any Financial Assistance provided by the Loan Parties on or prior to date hereof and which was Permitted Financial Assistance (under and as defined in the Pre-Filing Secured Credit Agreement);~~

**“Permitted Indebtedness”** means, without duplication:

- (a) all Debt of a Loan Party to the Agent or a Lender under this Agreement or under or secured by any Loan Document;
- (b) all Debt of the Loan Parties which has been issued, created, incurred, assumed or existed on or prior to the Effective Date ~~and to the extent such Debt was Permitted Indebtedness (under and as defined in the Pre-Filing Secured Credit Agreement);~~
- (c) Debt incurred in the ordinary course of business by a Loan Party after the Effective Date with respect to trade payables;
- (d) all Debt secured by a Permitted Encumbrance;
- (e) the WF Credit Card Obligations, provided that, the principal amount of the WF Credit Card Obligations shall not exceed U.S. \$60,000; and
- (f) such other Debt of a Loan Party which the Majority Lenders have consented to in writing;

**“Permitted Priority Liens”** means:

- (a) the Administration Charge;
- (b) the Ad Hoc Committee First Charge;

- (c) ~~(b)~~ statutory super-priority Security Interests for unpaid employee source deductions;
- (d) ~~(e)~~ Security Interests for unpaid municipal or county property taxes or utilities to the extent that are given first priority over other Security Interests by statute; and
- (e) ~~(d)~~ such other Security Interests as may be agreed to in writing by the Agent and the Lenders,

provided that, for greater certainty, except as expressly set forth herein, Security Interests arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be "Permitted Priority Liens";

**"Person"** means any individual, firm, partnership, limited partnership, trust company, corporation, limited liability company or other body corporate, government, governmental body, agency, instrumentality, unincorporated body of persons or association;

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

**"Plan"** means a plan of compromise or arrangement within the CCAA Proceedings or the U.S. Proceedings;

~~"Pre-Filing Agent" means~~ **"Secured Creditors"** means, collectively, each of the lenders under the Pre-Filing Secured Credit Agreement and the The Bank of Nova Scotia, in its capacity as administration agent for the lenders under the Pre-Filing Secured Credit Agreement;

~~"Pre-Filing Secured Creditors" means, collectively, each of the lenders under the Pre-Filing Secured Credit Agreement, and the Pre-Filing Agent;~~

**"Pre-Filing Secured Credit Agreement"** means the credit agreement dated August 10, 2012, as amended and restated pursuant to an amended and restated credit agreement dated October 25, 2012, among Argent Energy (US) Holdings Inc., as borrower, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Wells Fargo Bank, N.A., Canadian Branch, as lenders, and The Bank of Nova Scotia as administration agent for the lenders, as amended by a first amending agreement made effective December 28, 2012, a second amending agreement made effective May 14, 2013, a third amending agreement dated May 28, 2013, a fourth amending agreement made effective October 25, 2013, a fifth amending agreement made effective June 30, 2014, a sixth amending agreement made effective December 8, 2014, a seventh amending agreement made effective May 11, 2015, an eighth amending agreement made effective June 30, 2015 and a ninth amending agreement made effective November 30, 2015;

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

**“Production Payment”** means:

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

**“Purchase Money Security Interest”** means:

- (a) a Security Interest taken or reserved in property or assets to secure payment of all or part of the cost of acquisition, construction, installation or improvement of such property or assets; and
- (b) a Security Interest taken in property or assets by a Person who gives value for the purpose of enabling a Loan Party to acquire rights in such property or assets, to the extent that the value is applied to acquire those rights;

but does not include a Capital Lease or an operating lease;

**“Rateable”** and **“Rateably”** means, subject to adjustment pursuant to Section 10.6, the proportion that the Borrowings of any Lender bears to the aggregate of the Borrowings of all Lenders, as determined at the Adjustment Time;

**“RCRA”** means the Resource Conservation and Recovery Act of 1976;

**“Receiver”** means any receiver, interim receiver, manager, or receiver and manager of the Collateral or any part thereof or the business and undertaking of any Loan Party, or any part thereof, whether appointed by the Agent under a Loan Document or by a court pursuant to Applicable Law and any nominee of the Agent or any other person that is appointed by the Agent to exercise all or any of the powers, rights, benefits and discretion of the Agent under such Loan Document;

**“Register”** has the meaning specified in Section 13.1;

**“Regulation T”**, **“Regulation U”** and **“Regulation X”** mean, respectively, Regulation T, Regulation U and Regulation X of the Federal Reserve Board as from time to time in

effect and any successor to all or any portion of such provisions establishing comparable requirements;

**“Release”** means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, leeching or migration of any element or compound in or into the indoor or outdoor environment (including the abandonment or disposal of any barrels, tanks, containers or receptacles containing any contaminant), or in, into or out of any vessel or facility, including the movement of any contaminant through the air, soil, subsoil, surface, water, groundwater, rock formation or otherwise;

**“Reorganization Transaction”** has the meaning ascribed thereto in Section 9.2(hg);

**“Repayment Notice”** means a notice to effect a repayment of Borrowings delivered under Section 3.5 and substantially in the form of Schedule “B” with all applicable blanks completed;

**“Restructuring Court Orders”** means, collectively, the court orders made in the CCAA Proceedings and the U.S. Proceeding applicable to a Loan Party and “Restructuring Court Order” means any one of such orders;

**“Restructuring Option Transaction”** means any ~~transaction involving the material refinancing of a Loan Party or any investment, sale or other restructuring transaction in respect of the Loan Parties’ businesses and operations~~ a Loan Party and/or its assets and obligations, including, without limitation, a Bankruptcy Sale;

**“ROFR”** means, in relation to any of the Oil and Gas Properties, an option, right of first refusal, right to first purchase, right of first offer or similar right;

**“Sale/Leaseback”** means an arrangement under which title to any property or asset, or an interest therein, is transferred by a Person (the **“First-Mentioned Person”**) to some other Person which leases or otherwise gives or grants the right to use such property or asset or interest therein to the First-Mentioned Person, whether or not in connection therewith the First Mentioned Person also acquires a right or is subject to an obligation to re-acquire the property, asset or interest, and regardless of the accounting treatment of such arrangement;

~~**“Scotia”** means The Bank of Nova Scotia, a Canadian chartered bank, and its successors and permitted assigns;~~

**“Security”** has the meaning ascribed thereto in Section 6.1, any amendments thereto and any indentures or instruments supplemental to or in implementation thereof, and any and all other documents, instruments or agreements pursuant to which the Agent or any Lender is granted or receives a Security Interest pursuant to the terms hereof or thereof;

**“Security Interest”** means all mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in

property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event:

- (a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;
- (b) (i) rights of set-off or (ii) any other right of or arrangement of any kind with any creditor, which in any case are made, created or entered into, as the case may be, for the purpose of or having the effect (directly or indirectly) of (A) securing indebtedness, (B) preferring some holders of indebtedness over other holders of indebtedness or (C) having the claims of any creditor be satisfied prior to the claims of other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired (other than, with respect to (C) only, rights of set-off granted or arising in the ordinary course of business); and
- (c) absolute assignments of accounts receivable;

“**Secured Obligations**” has the meaning ascribed thereto in Section 6.1;

~~“**Subordinated Debt**” means all obligations, liabilities and indebtedness of the Trust under or~~  
“**Syndicate Lenders**” means, collectively, The Bank of Nova Scotia, Wells Fargo Bank, N.A., Canadian Branch, Canadian Imperial Bank of Commerce, Royal Bank of Canada and any other lender pursuant to the Existing Interim Credit Agreement.

“**Debentureholders**” means the beneficial holders of the Debentures;

“**Debentures**” means the 6.00% convertible unsecured subordinated debentures due June 30, 2018 and the 6.50% convertible unsecured subordinated debentures due December 31, 2018, in each case, issued pursuant to a convertible debenture indenture dated as of June 4, 2013 between the Trust and Computershare Trust Company of Canada;

“**Subsidiary**” means:

- (a) a Person of which another Person alone or in conjunction with its other Subsidiaries owns an aggregate number of the Voting Shares sufficient to enable the election of a majority of the directors (or other persons performing similar functions) regardless of the manner in which other Voting Shares are voted;
- (b) a Person of which another Person alone or in conjunction with its other Subsidiaries has, through the operation of any agreement or otherwise, the ability to elect or cause the election of a majority of the directors (or other Persons performing similar functions) or otherwise exercise control over the management and policies of such Person; and

- (c) any partnership or trust of which any Loan Party:
  - (i) is the general or managing partner or trustee; or
  - (ii) directly or indirectly owns more than fifty percent (50%) of the equity or beneficial interest thereof;

and shall include any Person in like relation to a Subsidiary;

“**Swap**” means a Commodity Swap, Currency Swap or Interest Swap;

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

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

“**Tax**” or “**Taxes**” means all present and future taxes, rates, levies, imposts, assessments, dues, government fees, stamp taxes, deductions, charges or withholdings, and all liabilities with respect thereto, and any interest, additions to tax and penalties imposed with respect thereto, excluding, with respect to the Agent or any Lender, (a) taxes imposed on its net income or franchise taxes (i) imposed on it by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Branch of Account is located or (ii) that are Other Connection Taxes, (b) any branch profits or similar taxes imposed by any jurisdiction in which the Borrower is located or by any jurisdiction described in (i) above, (c) in the case of a Lender, any U.S. withholding tax that is imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment or (ii) such Lender changes its Branch of Account, except in each case to the extent that, pursuant to Section 7.3, amounts with respect to such taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Branch of Account, (d) taxes attributable to such Lender’s failure or inability to comply with Section 7.3(b), and (e) any U.S. tax imposed pursuant to FATCA;



**“Title Defect”** means:

- (a) the exercise of a ROFR with respect to any of the Oil and Gas Properties; or
- (b) a determination made by a Governmental Authority or a claim made by a third party that could reasonably be expected to prevail asserting, in either such case, that a Loan Party’s right or title to any Oil and Gas Property is void, forfeited, lost or subject to a ROFR, or was never acquired by it, or comprises an interest less than, or is subject to greater burdens, encumbrances or adverse claims of whatsoever nature or kind (other than Permitted Encumbrances) than, that evaluated in the most recent ~~Engineering Report (as defined in the Pre-Filing Secured Credit Agreement)~~applicable engineering report;

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

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

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

**“Total Commitment”** means, at any time, the amount equal to the aggregate of the Commitment of each Lender at such time;

**“Trust”** means Argent Energy Trust, an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta;

**“Trust Indenture”** means the trust indenture establishing the Trust made as of January 31, 2012, as amended and restated on May 9, 2012 and on December 3, 2013 between Argent Energy Ltd., as settlor, and Computershare Trust Company of Canada, as trustee;

**“Trustee”** means the trustee of the Trust, which as of the Effective Date is Computershare Trust Company of Canada;

**“United States”** or **“U.S.”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

**“Unitholder”** means a registered holder of the Units;

**“Units”** means the trust units of the Trust, each such trust unit representing an equal undivided beneficial interest in the Trust;

**“Updated Budget”** has the meaning ascribed thereto in Section 9.1(i);

**“Updated Budget Default”** has the meaning ascribed thereto in Section 10.1(¶);

**“U.S. Base Rate”** means, on any day, the greater of:

- (a) the annual rate of interest announced from time to time by the Agent as being its reference rate then in effect for determining interest rates on U.S. Dollar denominated commercial loans made by the Agent in Canada; and
- (b) the Federal Funds Rate plus one percent (1.00%);

**“U.S. Dollars”** and the symbol **“U.S. \$”** each mean lawful money of the United States;

**“U.S. Loan Party”** means a Loan Party which is incorporated under or otherwise created or governed by the laws of the United States or a state or territory thereof;

**“U.S. Person”** means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code;

**“U.S. Proceedings”** means the proceedings to be commenced in the United States by the Borrower and Can Holdco before the Bankruptcy Court pursuant to Chapter 15;

**“U.S. Tax Compliance Certificate”** has the meaning ascribed thereto in Section 7.3(b)(ii)(B)(3);

**“Variance Testing Date”** means the second Wednesday occurring after the ~~Outside~~Effective Date and each Wednesday thereafter;

**“Voting Shares”** means:

- (a) share capital of any class of any corporation or securities of any other Person which carry voting rights to elect the board of directors or other body exercising similar functions under any circumstances, but ~~shares~~shares or other securities which carry the right to so vote conditionally upon the happening of an event shall not be considered Voting Shares until the occurrence of such event; and
- (b) an interest in a general partnership, limited partnership, trust, joint venture or similar Person which entitles the holder of such interest to receive a share of the profits, or on dissolution or partition, of the assets, of such Person;

**“WF Credit Card Arrangements”** means any arrangement entered into or to be entered into by the Borrower with Wells Fargo Bank, N.A. for or in respect of credit card processing services, credit or debit cards, purchase cards and any indemnity given in connection with any of the foregoing;

**“WF Credit Card Documents”** means, collectively, all agreements, instruments and other documents which evidence, establish, govern or relate to any or all of the WF Credit Card Arrangements; and

**“WF Credit Card Obligations”** means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Borrower to Wells Fargo Bank, N.A. under, pursuant or relating to the WF Credit Card Arrangements or WF Credit Card Documents and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal and other costs, charges and expenses, and other amounts payable by the Borrower under the WF Credit Card Arrangements or WF Credit Card Documents.

## **1.2 Headings and Table of Contents**

The headings, the table of contents and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## **1.3 References**

Unless something in the subject matter or context is inconsistent therewith, all references to Sections, Articles and Schedules are to Sections and Articles of and Schedules to this Agreement. The words “hereto”, “herein”, “hereof”, “hereunder” and similar expressions mean and refer to this Agreement.

## **1.4 Rules of Interpretation**

In this Agreement, unless otherwise specifically provided,

- (a) the singular includes the plural and vice versa, “month” means calendar month, “quarter” means calendar quarter, and “in writing” or “written” includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including facsimile;
- (b) references to any agreement, contract, document or other instrument means a reference to any such agreement, contract, document or other instrument as the same has been or may be amended, modified, supplemented or restated from time to time; provided that, if consent to any such amendment, modification, supplement or restatement is required under any Loan Document, such consent must have been obtained; and

- (c) references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced.

#### **1.5 Generally Accepted Accounting Principles**

All financial statements of any Loan Party required to be furnished by the Trust to the Agent hereunder shall be prepared in accordance with GAAP. Each accounting term used in this Agreement, unless otherwise defined herein, has the meaning assigned to it under GAAP consistently throughout the relevant period and relevant prior periods and, except as otherwise provided herein, reference to any balance sheet item, statement of income item or statement of cash flows item means such item as computed from the applicable financial statement prepared in accordance with GAAP.

#### **1.6 References to Trusts**

All references herein to representations and warranties by, covenants of, actions and steps by, or the performance of the terms and conditions of this Agreement, any other Loan Document or any Material Contract by the "Trust" shall, as the context requires, be and shall be construed as being by the trustee of such trust on behalf of and in respect of the such trust.

#### **1.7 Accounting Terms: Changes to Generally Accepted Accounting Principles**

If there occurs a material change in generally accepted accounting principles and such change would require disclosure under GAAP in the financial statements of the Trust and would cause an amount required to be determined hereunder (the "**Relevant Amount**") to be materially different than the amount that would be determined without giving effect to such change, the Borrower shall notify the Agent of such change (an "**Accounting Change**"). Such notice (an "**Accounting Change Notice**") shall describe the nature of the Accounting Change, its effect on the current and immediately prior year's Financial Statements in accordance with GAAP and state whether the Borrower desires to revise the method of calculating the Relevant Amount (including the revision of any of the defined terms used in the determination of such Relevant Amount) in order that amounts determined after giving effect to such Accounting Change and the revised method of calculating such Relevant Amount 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 Relevant Amount. The Accounting Change Notice shall be delivered to the Agent within forty-five (45) 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 ninety (90) days after the end of such period. Promptly after receipt from the Borrower of an Accounting Change Notice, the Agent shall deliver to each Lender a copy of such notice.

If, pursuant to the Accounting Change Notice, the Borrower does not indicate that it desires to revise the method of calculating the Relevant Amount, the Lenders may within thirty (30) days after their receipt of the Accounting Change Notice notify the Agent that they wish to revise the method of calculating the Relevant Amount in the manner described above. If the Majority Lenders so notify the Agent, the Agent shall promptly notify the Borrower.

If either the Borrower or the Majority Lenders so indicate that they wish to revise the method of calculating the Relevant Amount, the Borrower, the Agent and the Majority Lenders shall in good faith attempt to agree on a revised method of calculating the Relevant Amount. If, however, within thirty (30) days after the foregoing notice by the Borrower or the Agent of the desire to revise the method of calculating the Relevant Amount, the Borrower, the Agent and the Majority Lenders have not reached agreement in writing on such revised method of calculation, 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 Relevant Amount in respect of an Accounting Change is given by either the Borrower or the Majority Lenders within the applicable time period described above, the method of calculating the Relevant Amount shall not be revised in response to such Accounting Change and all amounts to be determined pursuant to the Relevant Amount shall be determined after giving effect to such Accounting Change.

**1.8 Time**

Unless otherwise provided herein, all references to a time in this Agreement shall mean local time in the city of Calgary, Alberta.

**1.9 Payment for Value**

All payments required to be made hereunder shall be made for value on the required day in same day immediately available funds.

**1.10 References**

Whenever an amount of money is referred to herein, such amount shall, unless otherwise expressly stated, be in U.S. Dollars.

**ARTICLE 2  
REPRESENTATIONS AND WARRANTIES**

**2.1 Representations and Warranties**

Each Loan Party represents and warrants to each of the Lenders and the Agent (all of which representations and warranties the Borrower and each other Loan Party hereby acknowledges are being relied upon by the Lenders and the Agent in entering into this Agreement) that:

- (a) **Existence:**
- (i) the Borrower is a corporation duly created, validly existing and in good standing under the laws of the State of Delaware;
  - (ii) the Trust is an unincorporated open-ended limited purpose trust duly created and validly existing under the laws of the Province of Alberta;
  - (iii) each other Loan Party is a duly incorporated corporation, a duly organized limited liability company or a duly created partnership or trust, as applicable, and is validly existing under its jurisdiction of formation, organization or creation, as applicable; and
  - (iv) each Loan Party is duly licensed, registered or qualified in all jurisdictions in which the nature of any business transacted by it or the character of any properties and assets owned or leased by it make such licensing, registration or qualification necessary or desirable, except where the failure to be so registered or qualified would not reasonably be expected to result in the occurrence of a Material Adverse Change;
- (b) **Trust Status:** the Trust is a “mutual fund trust” and is not a “SIFT trust”, in each case within the meanings of the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;
- (c) **Power:** each Loan Party has full corporate, limited liability company, partnership or trust, as applicable, capacity, power and authority to own its properties and assets, including without limitation its Oil and Gas Properties, as applicable, to conduct business as now conducted and as proposed to be conducted, to execute and deliver each Loan Document and Material Contract to which it is a party and to perform its obligations thereunder;
- (d) **Authorization:** the execution, delivery and performance by each Loan Party of each of the Loan Documents and the Material Contracts to which it is a party have been duly authorized by all necessary corporate, limited liability company, partnership, trust or other action and, if required, all shareholder, partner, trustee or administrator, as the case may be, approval has been obtained;
- (e) **Execution:** each Loan Document and Material Contract to which any Loan Party is a party has been duly executed and delivered by it;
- (f) **Binding Obligations:** each Loan Document and Material Contract to which any Loan Party is a party is a legal, valid and binding obligation of such Loan Party that is a party thereto, enforceable against each such Loan Party and, in the case of a Material Contract, the Administrator, as applicable, in accordance with its terms except as enforceability may be limited by general principles of equity and by Applicable Laws regarding bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally and by moratorium laws from time to time in effect;

- (g) **No Legal Bar or Resultant Lien re: Loan Documents:** the execution, delivery and performance by each Loan Party of each Loan Document and Material Contract to which it is a party:
- (i) does not and will not violate its articles, by-laws, unanimous shareholders agreement, company agreement, partnership agreement, trust indenture (each as applicable) or other governing documents;
  - (ii) does not and will not result in a breach of, or constitute a default or require any consent under, or result in the creation of any Security Interest, other than a Permitted Encumbrance, upon any of its property or assets pursuant to any material indenture or other material agreement or material instrument to which it is a party or by which it or its property or assets may be bound or affected;
  - (iii) does not require any Governmental Action, licence, consent or approval of or notice to or filing with any Governmental Authority other than such as (A) are necessary with respect to the registration and perfection of the Security and the Security Interests constituted thereby; (B) have been obtained or made and are in full force and effect; or (C) are specifically contemplated herein; and
  - (iv) does not and will not contravene any presently existing provision of Applicable Law or any Governmental Action applicable to it or any of its property and assets;
- (h) **Title to Assets:** each Loan Party has good and valid title to all of its properties and assets free and clear of all Security Interests, claims and encumbrances other than Minor Title Defects which, in the aggregate, would not reasonably be expected to result in the occurrence of a Material Adverse Change and Permitted Encumbrances which are applicable to it and, to the best of its knowledge, information and belief, no Person is asserting or has given notice of its intention to assert any Security Interest other than Permitted Encumbrances relating to any such properties or assets;
- (i) **Litigation:** there are no actions, suits or proceedings pending or, to the best of the knowledge, information and belief of any Loan Party or threatened against any Loan Party at law or in equity by or before any court, tribunal, governmental department, commission, board, bureau, agent or instrumentality, domestic or foreign, or before any arbitrator of any kind which would reasonably be expected to result in the occurrence of a Material Adverse Change and no Loan Party nor the Administrator is in default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, tribunal, governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign or any arbitrator of any kind which, in the aggregate, would reasonably be expected to result in the occurrence of a Material Adverse Change;

- (j) **Financial Condition:** all financial statements of the Loan Parties provided to the Agent by or on behalf of any Loan Party, fairly reflect, as of the dates thereof, the financial condition of the Loan Parties, as applicable, in all material respects and the results of their operations for the periods covered thereby, have been prepared in accordance with GAAP (except that any unconsolidated financial statements of any Subsidiary may be prepared without notes);
- (k) **Agreed Budget and Updated Budgets:** the Agreed Budget and each Updated Budget (when the same is delivered) are reasonable and have been prepared in good faith;
- (l) **Taxes:** all necessary and material income tax and other returns and other remittances required to be filed prior to the date hereof have been filed by or on behalf of each Loan Party to the relevant taxation or other Governmental Authority and no Loan Party is in default of payment of any taxes and other remittances of any material amount, except for taxes and other remittances the payment of which are being contested by it in good faith and for which provision in accordance with GAAP has been made for adequate reserves, and no reassessment, appeal or material claim is, to the best of the knowledge, information and belief of any Loan Party being asserted or processed with respect to taxes and other remittances which is not disclosed in the financial statements referred to in Section 2.1(j);
- (m) **Payroll Obligations:** no Loan Party has defaulted in respect of its obligations for payroll and source deductions or is in arrears in respect of the payment of any such obligations;
- (n) **Insurance:** each Loan Party has in full force and effect such policies of insurance in such amounts issued by insurers of recognized standing insuring its properties, assets and undertakings and providing such coverage as would be maintained by Persons engaged in the same or similar business in the localities where its properties and assets are located or, if such insurance is not available on commercially reasonable terms, such other insurance to the satisfaction of the Agent, acting reasonably;
- (o) **Indebtedness:** no Loan Party has any Debt other than Permitted Indebtedness;
- (p) **Compliance with Laws and Contracts:** subject to the provisions of the CCAA and the Bankruptcy Code, each Loan Party is:
  - (i) in compliance in all material respects with all Applicable Laws; and
  - (ii) not in breach or default of, nor has any event or circumstance occurred, which, but for the passage of time or the giving of notice, or both, would constitute a breach or default under any contract or agreement (including any Material Contract), licence, permit or employee benefit plan to which



any Loan Party is a party or by which it or any of its properties, assets or undertakings are bound,

except as may be permitted under a Restructuring Court Order or as to which any enforcement in respect of non-compliance is stayed by a Restructuring Court Order, provided the issuance of such Restructuring Court Order does not result in the occurrence of an Event of Default;

(q) **Environmental Laws:**

- (i) each Loan Party has obtained, made or given all Governmental Actions which are required, obtained, made or given under any applicable Environmental Laws, all necessary Governmental Actions are in full force and effect, and no Loan Party has received any written notice or otherwise has knowledge that any such existing Governmental Action will be revoked, except in each case to the extent that failure to obtain, make or give the same would not reasonably be expected to result in the occurrence of a Material Adverse Change;
- (ii) each Loan Party is in compliance with all Environmental Laws and all terms and conditions of all such Governmental Actions, except to the extent failure to comply would not reasonably be expected to result in the occurrence of a Material Adverse Change;
- (iii) no Loan Party has received a written notice of non-compliance with any Environmental Laws from any Governmental Authority which would reasonably be expected to result in the occurrence of a Material Adverse Change, and no Loan Party has received a written notice of any Release that has occurred of, from, around, or under any of the Oil and Gas Properties which would reasonably be expected to result in the occurrence of a Material Adverse Change;
- (iv) except as would not reasonably be expected to result in the occurrence of a Material Adverse Change, none of the properties of any Loan Party contain or have contained any (A) underground storage tanks; (B) asbestos-containing materials; or (C) landfills or dumps not authorized under Environmental Laws;
- (v) none of the properties of any Loan Party are on or have been nominated for the National Priorities List promulgated pursuant to CERCLA or any state remedial priorities list promulgated or published pursuant to any comparable state law except as would not reasonably be expected to result in the occurrence of a Material Adverse Change;
- (vi) except as would not reasonably be expected to result in the occurrence of a Material Adverse Change, there has been no Release or, to the knowledge of any Loan Party, threatened Release, of Hazardous Materials

at, on, under or from any Loan Party's properties, there are no investigations, remediations, abatements, removals, or monitorings of Hazardous Materials required under applicable Environmental Laws at such properties, and, to the knowledge of any Loan Party, none of such Properties are adversely affected by any Release or threatened Release of a Hazardous Material originating or emanating from any other real property;

- (r) **Subsidiaries and Organizational Chart:** The chart contained in Schedule "F", as amended or updated from time to time, lists each Subsidiary of the Trust, the Borrower is the only Subsidiary holding Oil and Gas Properties and the organizational chart contained in Schedule "F", as amended or updated from time to time, describes the complete organizational structure of the Trust and its Subsidiaries;
- (s) **Administrator:** Argent Energy Ltd. is the Administrator;
- ~~(t) **Financial Assistance:** no Loan Party has provided any Financial Assistance to any Person or Persons other than Permitted Financial Assistance;~~
- ~~(t)~~ **Material Contracts:** (i) each Loan Party is in compliance with its obligations in all material respects under each Material Contract; (ii) there have been no amendments made to any Material Contract, except to the extent permitted under this Agreement; and (iii) notice of all amendments to any Material Contract has been provided to the Agent as required by this Agreement;
- ~~(u)~~ **Events of Default:** no Default or Event of Default has occurred and is continuing;
- ~~(v)~~ **Accuracy of Information:** except to the extent that any information, materials and documents have been superseded or replaced by additional information, materials and documents provided to the Agent hereunder, all information (including, without limitation, the Agreed Budget, the Updated Budgets, all financial information, engineering reports and projections), materials and documents delivered by or on behalf of the Borrower or any other Loan Party to the Agent in contemplation of the transactions contemplated by this Agreement or as required by the terms of this Agreement were:
  - (i) in the case of all such information, materials and documents (but excluding therefrom any projections), true, complete and accurate in all material respects as at their respective dates; provided that with respect to any information which is provided by a third party, such representations and warranties shall be limited to the knowledge of the Borrower; and
  - (ii) in the case of any such projections prepared by the Borrower or any Loan Party, prepared in good faith based upon assumptions believed to be reasonable at the time made and, in the case of projections prepared by

other Persons, to the best knowledge, information and belief of the Borrower prepared in good faith based upon assumptions believed to be reasonable at the time made;

(w) ~~(x)~~ **Compliance with Pension Laws:**

- (i) no event (other than routine claims for benefits) has occurred, or is reasonably expected to occur, with respect to any “employee benefit plan” (as defined in section 3(3) of ERISA) of the Borrower, any ERISA Subsidiary, or any ERISA Affiliate which individually or in the aggregate could result in the occurrence of a Material Adverse Change;
- (ii) neither the Borrower, any ERISA Subsidiary nor any ERISA Affiliate sponsors, maintains, or contributes to an “employee welfare benefit plan” (as defined in section 3(1) of ERISA), which provides benefits (other than in accordance with Section 4980B of the Code) to former employees of such entities and may not be terminated by the Borrower, such ERISA Subsidiary or such ERISA Affiliate in its sole discretion at any time without resulting in the occurrence of a Material Adverse Change; and
- (iii) neither the Borrower, any ERISA Subsidiary nor any ERISA Affiliate sponsors, maintains or contributes to, or has at any time in the six-year period preceding the date hereof sponsored, maintained or contributed to, any Pension Plan;

(x) ~~(y)~~ **Material Adverse Change:** no material adverse change in the financial condition of any Loan Party or any matter that has had, or would reasonably be expected to result in the occurrence of a Material Adverse Change has occurred since the date hereof;

(y) ~~(z)~~ **Foreign Assets Control Regulations, Etc.:** the Borrower’s use of the proceeds of the Credit Facility will not violate the United States Trading with the Enemy Act, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto;

(z) ~~(aa)~~ **Status under Certain Statutes:** no Loan Party is an “investment company” or a company “controlled” by an “investment company”, within the meaning of the United States Investment Company Act of 1940;

(aa) ~~(bb)~~ **Imbalances:** except as set forth on Schedule “J1” attached hereto, on a net basis there are no production or pipeline imbalances, take or pay or other prepayments which would require any Loan Party to deliver Petroleum Substances at some future time without then, or within sixty (60) days thereafter, receiving full payment therefor; and

(bb) ~~(ee)~~ **ROFRs and Consents**: except as set forth on Schedule “~~K~~J” attached hereto, there are no ROFRs or consents to assignment affecting the Oil and Gas Properties.

## **2.2 Deemed Representations and Warranties**

Each request by the Borrower for a Loan on any Drawdown Date after the Effective Date shall be deemed to be a representation and warranty by the Borrower to the Agent and each Lender that the representations and warranties contained in Section 2.1 (other than those made as of a specific date) are, as of the date of such request, and will be, as of the applicable Drawdown Date, true and correct in all material respects.

## **2.3 Other Documents**

All (a) representations and warranties and (b) certifications (including all statements and confirmations contained in any Borrowing Notice or Compliance Certificate), in each case, of the Borrower or any other Loan Party contained in any other Loan Document delivered pursuant hereto or thereto shall be deemed to constitute representations and warranties made by the Loan Parties to the Agent and the Lenders under Section 2.1 of this Agreement.

## **2.4 Effective Time of Repetition**

All representations and warranties, when repeated or deemed to be repeated hereunder, shall be deemed to be repeated and construed with reference to the facts and circumstances existing at the time of repetition, unless they are expressly stated herein or therein to be made as at the date hereof or thereof or as at another date.

# **ARTICLE 3 THE CREDIT FACILITY**

## **3.1 Establishment of the Credit Facility**

- (a) **Credit Facility**: From and after the Effective Date and relying on each of the representations and warranties set out in Article 2 and subject to the terms and conditions of this Agreement, each Lender agrees to make Loans available to the Borrower up to the amount of its Commitment by way of an interim non-revolving credit facility for the purposes set forth in Section 3.3, commencing on the Effective Date and ending on the Maturity Date (the “**Credit Facility**”); and
- (b) **Maximum Amount**: At no time shall Borrowings exceed the Total Commitment.

## **3.2 Nature of Credit Facility**

The Credit Facility is a non-revolving facility. Any repayment of any Borrowings under the Credit Facility shall result in a permanent reduction of the Credit Facility to the extent of such repayment, the Commitment of each Lender shall be reduced pro rata in the same

proportion that the amount of the reduction of the Credit Facility bears to the amount of the Credit Facility in effect immediately prior to such reduction and the Borrower shall not be entitled to request any further Loans in respect of and to the extent of any such repayment.

### **3.3 Purpose**

To enable the Loan Parties to repay in full the Existing Interim Facility Obligations and to provide for the short-term liquidity needs of the Loan Parties pursuant to the Agreed Budget while the Loan Parties ~~are~~ subject to the CCAA Proceedings and the U.S. Proceedings.

### **3.4 Borrowings**

Subject to the provisions of this Agreement, the Borrower may make a Drawdown under the Credit Facility by delivering a Borrowing Notice to the Agent requesting a Drawdown in minimum aggregate amounts of U.S. \$200,000 and in integral multiples of U.S. \$100,000 thereafter, not later 10:00 a.m. (Calgary time) two (2) Business Days prior to the proposed Drawdown Date for the Drawdown. All proceeds of a Drawdown shall be deposited into the Deposit Account.

### **3.5 Notice of Repayment**

The Borrower shall give the Agent prior written notice substantially in the form of Schedule "B" of any repayment of the Loans hereunder.

### **3.6 Pro-Rata Treatment of Borrowings**

- (a) Each Loan shall be made available by each Lender and all repayments and reductions in respect thereof shall be made and applied in a manner so that the Borrowings outstanding hereunder to each Lender will, to the extent possible, thereafter be in the same proportion as the Lender's Proportion of such Lender. The Agent is authorized by the Borrower and each Lender to determine, in its sole and unfettered discretion, the amount of Loans to be made available by each Lender and the application of repayments and reductions of Borrowings to give effect to the provisions of this Section 3.6(a) and Section 7.2; provided that no Lender shall, as a result of any such determination, have Borrowings outstanding in an amount which is in excess of the amount of its Commitment.
- (b) **Further Assurances by Borrower:** To the extent reasonably possible, the Borrower and each Lender agrees to be bound by and to do all things necessary or appropriate to give effect to the provisions of this Section 3.6.

### **3.7 Notices Irrevocable**

All notices delivered or deemed to be delivered by the Borrower pursuant to this Article 3 shall be irrevocable and shall oblige the Borrower to take the action contemplated on the date specified therein.

**ARTICLE 4**  
**REPAYMENT AND PREPAYMENT**

**4.1 Repayment on Maturity Date and Reduction of Commitment**

On the Maturity Date the Borrower shall repay all Borrowings and all accrued and unpaid interest and fees (including, without limitation, all Financing Fees and Expenses) then outstanding and the Commitment of all Lenders shall be reduced to zero; provided that, in the event that the Maturity Date occurs on (a) the conversion of the CCAA Proceedings into a proceeding under the BIA with the consent of the Lenders, or (b) the closing of a ~~Bankruptcy Sale~~ Restructuring Transaction within the CCAA Proceedings and the U.S. Proceedings, then the Lenders, in their sole and absolute discretion, shall advance to the Borrower or allow it to retain, subject to the terms hereof, reasonable amounts necessary to wind up the bankruptcy or insolvency proceedings to their appropriate conclusion.

**4.2 Mandatory Repayments**

Unless otherwise consented to in writing by the Lenders, and provided the Monitor is satisfied that there are sufficient cash reserves in the Loan Parties' bank accounts to satisfy (x) amounts secured by the Permitted Priority Liens and (y) amounts anticipated on the date of the mandatory repayment under the Agreed Budget in respect of which Loans were made that have not yet been incurred or paid (including, for greater certainty, anticipated legal or advisory fees in the CCAA Proceedings or U.S. Proceedings):

- (a) upon receipt by a Loan Party of a refund or payment on account of taxes from any Governmental Authority, excluding refunds or payments on account of sales taxes;
- (b) upon receipt by a Loan Party of the proceeds of any sale, assignment, transfer, conveyance, surrender, exchange, lease, sublease or other disposition of property (including by way of farmout or by way of dedication of P&NG Rights, Tangibles or reserves of Petroleum Substances) other than Permitted Dispositions; and
- (c) on each Variance Testing Date following the entry of the Initial Order,

the Borrower shall or shall cause Borrowings in an amount equal to all cash and cash equivalents held by or otherwise available to the Loan Parties on such date (net of any funds which are being held in escrow) in excess of the amount of cash which the Borrower is permitted to hold pursuant to the Agreed Budget to be immediately repaid and the Total Commitment shall be permanently cancelled by the amount of each such repayment.

**4.3 Cancellation of Commitment and Prepayment**

Provided that the Monitor is satisfied that there are sufficient cash reserves in the Loan Parties' bank accounts to satisfy amounts secured by the Permitted Priority Liens, the Borrower may, without penalty or premium, at any time during the term of this Agreement, upon prior written notice to the Agent in the form attached hereto as

Schedule "B", prepay all or any portion of the Borrowings or cancel all of the Total Commitment or any portion thereof in each case, in minimum amounts of U.S. \$200,000 and whole multiples of U.S. \$100,000 thereafter; provided that on or prior to the last day of such notice period the Borrower has:

- (a) **Amount of Reduction:** identified in writing, the amount of the prepayment or reduction to be applicable to the Total Commitment;
- (b) **Prepaid Borrowings:** in the case of the cancellation of all or a portion of the Total Commitment, prepaid or otherwise reduced Borrowings outstanding to each Lender in an amount equal to the amount by which Borrowings outstanding to such Lender would otherwise be in excess of its Lender's Proportion immediately after the reduction of the Commitments provided for in such notice; and
- (c) **Paid Interest:** paid all accrued interest and other charges and fees (including, without limitation, all Financing Fees and Expenses) in respect of the Borrowings being repaid or reduced as aforesaid.

Any such notice of cancellation is irrevocable and the amount of the Commitment of each Lender so cancelled and reduced may not be reinstated hereunder.

#### **4.4 Evidence of Indebtedness**

The Agent shall open and maintain accounts and records on the books of the Agent at the Agent's Branch of Account evidencing the Borrowings and other amounts owing by the Borrower to the Lenders under this Agreement. The Agent shall debit therefrom the amount of such Borrowings and shall enter therein each payment of principal of and interest on the applicable Borrowings and fees and other amounts payable pursuant to this Agreement and shall record all other amounts becoming due to the Agent and each Lender under this Agreement. The accounts and records of the Agent so kept shall constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the Agent and each Lender pursuant to this Agreement, the date each such Lender made each Borrowing available to the Borrower and the amounts the Borrower has paid from time to time on account of the principal and interest on the Borrowings, fees payable pursuant to this Agreement and other amounts owing hereunder.

### **ARTICLE 5 PAYMENT OF INTEREST AND FEES**

#### **5.1 Interest on Loans**

The Borrower shall pay interest in U.S. Dollars on each Loan made by each Lender at the Agent's Account for Payments at a rate per three hundred sixty-five (365) day period equal to the U.S. Base Rate plus 4.00% per annum. A change in the U.S. Base Rate will simultaneously cause a corresponding change in the interest payable on each Loan. Such interest shall accrue daily based on the U.S. Base Rate in effect on each day and is payable monthly in arrears on each Interest Date for the period commencing on and

including the immediately prior Interest Date up to but not including the Interest Date on which such interest is to be paid and shall be calculated on a daily basis and on the basis of the actual number of days elapsed in a year of three hundred sixty-five (365) days.

## **5.2 Interest on Overdue Amounts**

Notwithstanding any other provision hereof, in the event that any amount due hereunder (including, without limitation, any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall and hereby agrees to pay to the Lenders interest on such unpaid amount (including, without limitation, interest on interest), if and to the fullest extent permitted by Applicable Law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is made before 11:00 a.m. Calgary time), and such interest shall accrue daily, be calculated and compounded on the last Business Day of each calendar month and be payable in the currency of the relevant Borrowing on demand, as well after as before maturity, default and judgment, at a rate per annum that is equal to the U.S. Base Rate plus 6.00% per annum.

The Borrower hereby waives, to the fullest extent it may do so under Applicable Law, any provisions of Applicable Law, including specifically the *Interest Act* (Canada) and the *Judgment Interest Act* (Alberta), which may be inconsistent with this Agreement.

## **5.3 Agent's Fees**

The Borrower shall pay an agency fee to the Agent (for the Agent's sole account) at the Agent's Account for Payments, in an amount equal to U.S. \$20,000, on the Effective Date and on each annual anniversary of the Effective Date and such fees shall, for purposes of this Agreement, be deemed to be an amount payable pursuant to this Agreement.

## **5.4 Maximum Rate Permitted by Law**

No interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by Applicable Law. In the event any such interest or fee exceeds such maximum rate, such interest or fee shall be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under Applicable Law.

## **5.5 Interest Generally**

The theory of deemed reinvestment shall not apply to the calculation of interest or payment of fees or other amounts hereunder, notwithstanding anything contained in this Agreement or in any other Loan Document now or hereafter granted to or taken by the Agent or any Lender and all interest and fees payable by the Borrower to a Lender shall accrue from day to day and be computed as described herein in accordance with the "nominal rate" method of interest calculation,



## ARTICLE 6 SECURITY

### 6.1 Security

To secure the payment and performance of all amounts from time to time owing by the Loan Parties to the Agent and the Lenders (including without limitation, all Borrowings, interest thereon and all Financing Fees and Expenses) and all obligations owing by the Loan Parties to the Agent and the Lenders, in each case, under or pursuant to the Loan Documents and which may arise pursuant to the CCAA Proceedings and the U.S. Proceedings (collectively, the “**Secured Obligations**”), the Borrower shall, or shall cause:

- (a) the Lender Charge to be granted to and in favour of the Agent and the Lenders; and
- (b) each Loan Party to execute and deliver to the Agent a Loan Party Guarantee; (collectively, the “**Security**”).

In addition to and without in any way derogating from the foregoing, the Deposit Account shall be subject to a priority Security Interest in favour of the Agent, for and on behalf of the Lenders, subordinate only to the Permitted Priority Liens set forth in paragraphs (a) and (b) of the definition thereof.

### 6.2 Security Effective Notwithstanding Date of Advance

The Security Interests constituted by any of the Security or required to be created hereby or thereby shall be effective, and the undertakings as to Security Interests herein or in any Security shall be continuing, whether the monies hereby or thereby secured or any part thereof shall be advanced before or after or at the same time as the creation of any such Security Interest or before or after or upon the date of execution of this Agreement, and shall not be affected by the indebtedness hereunder fluctuating from time to time or the accounts established by the Agent or any Lender ceasing to be in debit balance.

### 6.3 Extensions, Etc.

The Lenders may directly, or through the Agent or other duly authorized representatives, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with any Loan Party or any other Persons, sureties or securities as the Lenders, in their sole discretion, may see fit, all without prejudice to the liability of any Loan Party under the Loan Documents or the rights of the Lenders under the Loan Documents.

### 6.4 No Merger

The taking of any Security as provided in the Initial Order, any other Restructuring Court Order, under this Agreement or any other Loan Document shall not operate by way of merger of any of the obligations of any Loan Party or any successor of any Loan Party

under any Loan Document, or of any Security Interest, guarantee, contract, promissory note, bill of exchange or security in any other form, whether or not similar to the foregoing, and no judgment recovered by the Agent on behalf of the Lenders shall operate by way of merger or in any way affect the Security provided for in this Agreement, which shall be in addition to and not in substitution for any other security now or hereafter held by the Agent or any Lender whether for indebtedness hereunder or under any Security. For greater certainty, no judgment recovered by the Agent or any Lender shall operate by way of merger or in any way affect the obligation of the Borrower to pay interest at the rates, times and manner as provided in this Agreement.

#### **6.5 Release and Amendment of Security**

No Lender shall, during the term of this Agreement, discharge, surrender, amend or otherwise modify any Security without the prior written consent of all of the Lenders, provided that the Agent (i) is authorized by the Lenders to provide postponements of the Security at the reasonable discretion of the Agent with respect to Permitted Encumbrances and (ii) may discharge Security provided hereunder at the discretion of the Agent with respect to Permitted Dispositions and if all the capital stock of a Loan Party is included in such Permitted Disposition, to release and discharge such Loan Party from its obligations under the Loan Party Guarantee and the Security.

The Lenders hereby authorize the Agent, and the Agent hereby agrees, to discharge, or arrange for the discharge of, the Security at the Borrower's sole cost and expense forthwith after all of the Secured Obligations have been unconditionally and irrevocably paid or performed in full and the Credit Facility has been terminated or collateralized to the satisfaction of the Agent and the Lenders.

#### **6.6 Permitted Encumbrances and Permitted Indebtedness**

None of:

- (a) the fact that any Person is permitted to create or suffer to exist any Permitted Encumbrance or Permitted Indebtedness;
- (b) the fact that any representation, warranty or covenant herein may make an exception for the existence of Permitted Encumbrances or Permitted Indebtedness; or
- (c) the fact that the Security Interests created pursuant to the Loan Documents are stated to be subject to, or are not required to rank in priority to, Permitted Encumbrances;

shall in any manner, nor in any cause or proceeding, directly or indirectly, be taken to constitute a subordination of any Security Interest created pursuant to the Security to any Permitted Encumbrance or to any other Security Interest or other obligation whatsoever, or that the indebtedness under the Loan Documents is in any way subordinate or junior in right of payment to any Permitted Indebtedness, it being the intention of the parties that all Security Interests created pursuant to the Security shall at all times, to the maximum

extent permitted by Applicable Law and subject to Permitted Priority Liens, rank as first priority Security Interests in priority to Permitted Encumbrances and all other Security Interests or other obligations whatsoever and that the indebtedness under the Loan Documents will rank in right of payment at all times at least equally with such Permitted Indebtedness.

## **ARTICLE 7 PAYMENT AND TAXES**

### **7.1 Time, Place and Currency of Payment**

Payments of principal, interest, fees and all other amounts payable by the Borrower pursuant to this Agreement shall be paid in the currency in which it is due for value at or before 11:00 a.m. (Calgary time) on the day such payment is due. If any such day is not a Business Day, such amount shall be deemed for all purposes of this Agreement to be due on the Business Day next following such day and any such extension of time shall be included in the computation of the payment of any interest or fees payable under this Agreement. All payments shall be made at the Agent's Account for Payments.

### **7.2 Application of Payments**

Except as otherwise agreed to by all of the Lenders in their sole discretion, all payments made by or on behalf of the Borrower pursuant to this Agreement, so long as no Default or Event of Default has occurred and is continuing, shall be applied by the Agent rateably among the Lenders and the Agent in accordance with amounts owed to the Lenders and the Agent in respect of each category of amounts set forth below, each such application to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category:

- (a) **Agent's Fees:** firstly, in payment of any amounts due and payable as Agent's fees referred to in Section 5.3;
- (b) **Expenses:** secondly, in payment of any amounts due and payable as and by way of recoverable expenses hereunder or under any Loan Document if the Borrower have failed to pay such expenses when required hereunder or thereunder;
- (c) **Interest and Fees:** thirdly, in payment of any amounts due and payable as and by way of interest pursuant to Section 5.1 and interest on overdue amounts pursuant to Section 5.2; and
- (d) **Other Amounts (other than Borrowings):** fourthly, in payment of any amounts (other than Borrowings) then due and payable by the Borrower hereunder or under any Loan Document other than amounts hereinbefore referred to in this Section 7.2;

with the balance to be applied to repay or otherwise reduce Borrowings then due and payable so that the Borrowings outstanding hereunder to each Lender will to the extent possible, be in the same proportion as its Lender's Proportion.

### 7.3 Taxes

- (a) (i) The Borrower shall make all payments to the Agent on behalf of the Lenders without set-off or counterclaim, free and clear of, and without deduction for or on account of, any Tax except as required by Applicable Law. If any Applicable Law requires the deduction or withholding of any Tax from any such payment by the Borrower or the Agent, then the Borrower shall promptly remit to the Agent on behalf of the Lenders the equivalent of the amounts so deducted or withheld together with the relevant official receipts or other evidence satisfactory to the Agent evidencing payment to the appropriate taxing authority of each such Tax by the Borrower on behalf of the Lenders.
  - (ii) In the event that, following the imposition of any withholding Taxes as aforesaid upon any payment by the Borrower, the relevant Lender is granted a credit against or refund in respect of such withholding Taxes for any tax payable by it, such Lender shall (subject to the Borrower having paid any additional amounts payable in accordance with this Section 7.3), to the extent that it is satisfied in its sole discretion that it can do so without prejudice to the retention of the amount of such credit or refund, reimburse the Borrower with such amount as such Lender shall certify to be the proportion of such credit or refund as shall leave such Lender (after such reimbursement) in no worse position than it would have been if there had been no withholding Taxes imposed upon the payment by the Borrower as aforesaid. Such reimbursement shall be made as soon as practicable following the receipt of such credit or refund.
- (b) (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Agent, at the time or times reasonably requested by the Borrower or the Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than the documentation set forth in Sections 7.3(b)(ii)(A), 7.3(b)(ii)(B), 7.3(b)(ii)(D) below) shall not be required if in the Lender's reasonable judgement such completion, execution or submission would subject any Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

- (ii) Without limiting the generality of the foregoing,
  - (A) any Lender that is a U.S. Person shall deliver to the Borrower and the Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;
  - (B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), whichever of the following is applicable:
    - (1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;
    - (2) executed originals of IRS Form W-8ECI;
    - (3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(e) of the Code, (x) a certificate substantially in the form of Exhibit “1” to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “**U.S. Tax Compliance Certificate**”) and (y) executed originals of IRS Form W-8BEN; or
    - (4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit

“2” or Exhibit “3”, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit “4” on behalf of each such direct and indirect partner;

- (C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), executed originals of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Agent to determine the withholding or deduction required to be made; and
  - (D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Agent at the time or times prescribed by Applicable Law and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower and the Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement. Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Agent in writing of its legal inability to do so.
- (c) Solely for purposes of this Section 7.3, the term “Applicable Law” includes FATCA.

#### 7.4 Account Debit Authorization

~~The Borrower authorizes and directs the Agent in its discretion, to automatically debit, by mechanical, electronic or manual means, the bank accounts of the Borrower maintained with Scotia (for so long as Scotia is Agent hereunder) for all amounts payable under the Loan Documents including, without limitation, in respect of principal, interest and fees payable under this Agreement and recoverable expenses due and payable hereunder or under any Loan Document.~~

### ARTICLE 8

## CONDITIONS PRECEDENT TO DISBURSEMENT OF THE BORROWINGS

### 8.1 Effectiveness and Conditions Precedent

This Agreement shall become effective at such time as the following conditions precedent have been satisfied:

(a) **Court Approval:** the Court shall have issued and entered an Order, or shall have ordered an amendment to the Initial Order, in either case satisfactory to the Agent and the Lenders in their sole discretion:

- (i) approving this Agreement and the Credit Facility,
- (ii) granting the Agent and the Lenders the Lender Charge securing all Secured Obligations, which shall have priority over all Security Interests other than the Permitted Priority Liens,
- (iii) authorizing and directing the Borrower to repay in full all Existing Interim Facility Obligations from the proceeds of the first Drawdown made pursuant to this Credit Facility and ordering that, upon repayment in full of the Existing Interim Facility Obligations, the Existing Interim Credit Agreement shall be automatically terminated and extinguished,

and such order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Agent and the Lenders, as determined by the Lenders (acting reasonably);

(b) **Initial Order:** the Court shall have ordered amendments to the Initial Order such that the Initial Order is in form and substance satisfactory to the Agent and the Lenders in their discretion, which amendments shall include, without limitation:

- (i) effective upon the repayment of the Existing Interim Facility Obligations, (A) the removal from the Initial Order of any provisions in respect of, or relating to, the Existing Interim Credit Agreement and (B) the discharge and cancellation of any Court-ordered charge or encumbrance in favour of the Syndicate Lenders with respect to the Existing Interim Credit Agreement or the Existing Interim Facility Obligations;

- (ii) the removal of any provision providing for or authorizing the payment of the professional fees, expenses or disbursements of the Syndicate's Advisors (as defined in the Initial Order), including, without limitation, the removal of the Syndicate's Advisors as beneficiaries of the Administration Charge; and
  - (iii) the removal of any provision providing consultation, notification or consent rights in favour of Syndicate Lenders (as defined in the Initial Order).
- (a) ~~Initial Order~~: the Court shall have issued and entered the Initial Order on the Outside Date, satisfactory to the Agent and substantially in the form attached hereto as Schedule "I", approving this Agreement and the Credit Facility and granting the Agent and the Lenders the Lender Charge securing all Secured Obligations, which shall have priority over all Security Interests other than the Permitted Priority Liens, and approving the sale solicitation process described in the Affidavit, and, except in accordance with this Section 8.1(b), the Initial Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Agent and the Lenders, as determined by the Lenders (acting reasonably), without the consent of all of the Lenders;
- (c) ~~(b) Interim Chapter 15 Recognition Order~~: the Borrower shall have filed an application a motion in the Bankruptcy Court seeking ~~interim orders pursuant to Chapter 15 (the "Interim Chapter 15 Recognition Order") to have the CCAA Proceedings recognized by the Bankruptcy Court, including recognition of this Agreement and the Lender Charge~~ any order of the Bankruptcy Court that is necessary or desirable to give effect to the orders of the Court and/or amendments to the Initial Order made in accordance with Sections 8.1(a) and 8.1(b);
- (d) ~~(e) No Event of Default~~: as of such time, there exists no Default or Event of Default, and the Agent has received a certificate from the Borrower certifying the same;
- (e) ~~(d) Representations and Warranties True~~: the representations and warranties contained in Article 2 are true and correct as of such time, and the Agent has received a certificate from the Borrower certifying the same;
- (f) ~~(e) Receipt of Documentation~~: the Agent has received, in form and substance satisfactory to the Lenders, the following:
- (i) a duly executed original of this Agreement;
  - (ii) duly executed copies of the Security as required pursuant to Section 6.1;
  - (iii) a certificate of status, certificate of good standing or similar document in respect of the Borrower and each other Loan Party issued under the laws



of each jurisdiction where such Loan Party is registered to carry on business;

- (iv) an officer's certificate provided by or on behalf of each Loan Party attaching thereto its constating documents and bylaws and other governing documents, any authorizing resolutions, and an incumbency certificate of the officer's executing the Loan Documents;
- ~~(v) an officer's certificate of the Borrower attaching a true and complete copy of the Initial Order;~~
- ~~(v)~~ ~~(vi)~~ an officer's certificate of the Borrower attaching a true and complete copy of the Interim Chapter 15 Recognition Order and certifying as to the matters set forth in Sections 8.1(~~ed~~), 8.1(~~de~~) and 8.1(~~fg~~);
- ~~(vi)~~ ~~(vii)~~ a certificate of insurance in respect of the Borrower;
- ~~(vii)~~ ~~(viii)~~ any applicable "know your client" or anti-money laundering information which a Lender may require; and
- ~~(viii)~~ ~~(ix)~~ such other documents as are required under this Agreement or which the Agent and the Lenders may reasonably request;
- ~~(g)~~ ~~(f)~~ **Material Adverse Change:** no Material Adverse Change shall have occurred since the date of the issuance of the Initial Order and the Agent and the Lenders shall have received a certificate of the Borrower certifying the same;
- ~~(h)~~ ~~(g)~~ **Lender Charge:** there are no Security Interests ranking in priority to the Lender Charge, other than Permitted Priority Liens; and
- ~~(i)~~ ~~(h)~~ **Upfront Fee:** the Borrower has paid to the Agent, for and on behalf of the Lenders, an upfront fee in an amount equal to U.S. \$146,000.

## 8.2 Conditions Precedent to each Loan

The obligation of the Lenders to provide any Loan to the Borrower is subject to and conditional upon satisfaction of each of the following conditions precedent:

- (a) on each Drawdown Date there exists no Default or Event of Default and no Default or Event of Default will occur as a result of the Loan requested on each such Drawdown Date;
- (b) on each Drawdown Date the representations and warranties referred to in Section 2.2, other than those stated to be made as at a specific date, are true and correct in all material respects with the same effect as if made as of such date;
- (c) on each Drawdown Date:

- (i) the Lenders shall be satisfied that no Material Adverse Change shall have occurred since the date of the issuance of the Initial Order;
  - (ii) no Security Interests shall rank in priority to the Lender Charge, other than Permitted Priority Liens;
  - (iii) the Initial Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a manner that ~~materially~~ adversely impacts the rights and interests of the Agent and Lenders, (as determined by the Lenders (acting reasonably) without the consent of the Lenders;
  - (iv) the Borrower and the other Loan Parties shall be in compliance with all Restructuring Court Orders; and
  - (v) any orders granted by the Bankruptcy Court shall be in full force and effect and shall not have been reversed, modified, stayed or amended in a manner that ~~materially~~ adversely impacts the rights and interests of the Agent Lenders, (as determined by the Lenders (acting reasonably) without the consent of the Lenders;
- (d) on each Drawdown Date all required Borrowing Notices shall have been delivered;
  - (e) on each Drawdown Date the Loan requested on each such Drawdown Date shall not (i) cause the aggregate amount of Borrowings to exceed the Total Commitment or (ii) be greater than the amount of such Loan contemplated by the Agreed Budget; and
  - (f) on each Drawdown Date the Borrower has paid to the Agent, or will pay to the Agent from the proceeds of the Loan requested on each such Drawdown Date, all Financing Fees and Expenses for which invoices have been provided to the Borrower prior to each such Drawdown Date.

### **8.3 Waiver of a Condition Precedent**

The terms and conditions of Sections 8.1 and 8.2 are inserted for the sole benefit of the Agent and the Lenders and may be waived by the Majority Lenders, in whole or in part, with or without terms or conditions, in respect of all or any portion of a Borrowing, without affecting the right of the Agent or the Lenders to assert such terms and conditions in whole or in part in respect of any other Borrowing.

## ARTICLE 9 COVENANTS

### 9.1 Positive Covenants

The Loan Parties covenant and agree with each of the Lenders and the Agent as set forth in this Article 9, each such covenant and agreement to remain in full force and effect for the term of this Agreement as provided in Section 14.11 or, in the case of provisions stated to survive termination of this Agreement as described in Section 14.11, until the discharge thereof. The covenants and agreements set forth in this Article 9 are without limitation to any covenants, undertakings or agreements elsewhere contained herein or in any of the other Loan Documents:

- (a) **Payment and Performance:** each Loan Party shall duly and punctually pay all indebtedness and liabilities as and when due by it hereunder and perform all other obligations on its part to be performed under the terms of the Loan Documents at the times and places and in the manner provided for therein;
- (b) **Maintain Corporate or Other Existence and Status:** except as permitted by Section 9.2(hg) and unless as otherwise agreed by all of the Lenders, each Loan Party shall maintain its corporate, limited liability company, partnership or trust existence, as applicable, in good standing and duly register and qualify and remain duly registered and qualified to do business or own or lease property or assets in each jurisdiction in which the nature of any business transacted by it, or the character of any properties or assets owned or leased by it, requires such registration or qualification, except to the extent such failure to be so registered or qualified would not reasonably be expected to result in the occurrence of a Material Adverse Change;
- (c) **Maintenance of and Access to Books and Records:** each Loan Party shall keep proper and adequate records and books of account in which true and complete entries will be made in a manner sufficient to enable the preparation of financial statements in accordance with GAAP, and shall permit, and shall cause each other Loan Party to permit, the Agent and the Lenders, or their respective representatives, agents and advisors, upon reasonable notice and from time to time during normal business hours to enter its premises and to inspect its books of accounts and operations thereof, and shall, and shall cause each other Loan Party to, afford access to the Agent and the Lenders, or their respective representatives, agents and advisors, at any time and from time to time upon reasonable notice and during normal business hours and subject to all Applicable Laws, including any related to health, safety and the environment, to inspect the assets and properties of the Loans Parties (including, without limitation, the Tangibles and the operation of the Oil and Gas Properties) and in particular to review documents, books, studies, reports and records relating to the assets and properties (including, without limitation the Oil and Gas Properties and the Tangibles) and the business of any Loan Party in relation thereto and further, each Loan Party shall cause the management of the Loan Parties to fully cooperate with the Agent and the

Lenders, or their respective representatives, agents and advisors, with respect to foregoing; provided that, any representative of the Agent or any Lender shall agree to be bound by the provisions of Section 13.3 hereof;

- (d) **Annual Financial Statements:** the Borrower shall furnish to the Agent as soon as available and in any event within ninety (90) days after the end of each Fiscal Year a consolidated balance sheet of the Trust as at the close of such Fiscal Year and statements of income and changes in financial position of the Trust for such Fiscal Year, setting forth in comparative form the corresponding figures of the preceding Fiscal Year together with an auditor's report prepared by a national firm of accountants confirming that its examinations of such financial statements were made in accordance with generally accepted auditing standards and, accordingly, included such tests and other procedures as it considered necessary in the circumstances and that such financial statements present fairly in all material respects the financial position of the Trust on a consolidated basis, as of the close of such Fiscal Year and the results of operations and the changes in financial position for the Fiscal Year then ended, in accordance with GAAP (except as otherwise noted therein and consented to by the Majority Lenders, such consent not to be unreasonably withheld), provided, however, that such reports and documents may be provided by a notice to the Agent that the same have been posted on [www.SEDAR.com](http://www.SEDAR.com).
- (e) **Monthly Working Capital and Lease Operating Statement Reports:** the Borrower shall furnish to the Agent as soon as available and in any event within seven (7) days after the end of each calendar month a written report setting forth the Loan Parties' working capital position (including a summary of priority payables) and a lease operating statement, in each case, as at the end of such month, such report and statement to include all supporting ledgers, analysis and other information, each such report to be in a form and with such level of detail as shall be satisfactory to the Lenders, acting reasonably;
- (f) **Compliance Certificate:** the Borrower shall furnish to the Agent, concurrently with the provision of the financial statements pursuant to Section 9.1(d) and effective as of the last day of the Fiscal Year, a duly executed and completed Compliance Certificate for such Fiscal Year;
- (g) **Agreed Budget:** on Wednesday of each week by 5:00 p.m. (Calgary time), commencing on the Wednesday of the calendar week immediately following the ~~Outside~~Effective Date, the Borrower shall deliver to the Agent for distribution to the Lenders:
  - (i) a report showing actual cash receipts and actual expenditures for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line item during such one week period; and

- (ii) production and operating reports in respect of the Oil and Gas Properties showing, *inter alia*, the HOE produced by the Loan Parties for the immediately preceding week;
- (h) **Compliance with Agreed Budget:** the Borrower shall and shall cause each other Loan Party to manage and operate their respective properties and assets and conduct their respective businesses and activities, in each case, in a manner which is consistent with the Agreed Budget;
- (i) **Updated Budgets:** to the extent there are any material updates or changes to the Agreed Budget, the Borrower shall prepare an update to the Agreed Budget (each an “**Updated Budget**”), for the period commencing from the end of the previous week through and including the end of the period set forth in the Agreed Budget, which shall reflect the Borrower’s good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Agent (for certainty, the Updated Budget shall not constitute an amendment of the Agreed Budget);
- (j) ~~Conference Calls:~~ The Borrower shall, and shall use commercially reasonable efforts, if requested by the Agent, to cause: **Financial Restructuring Advisor:** at the request of the Lenders, the Borrower shall retain a financial restructuring advisor acceptable to the Lenders;
- (k) **Chief Restructuring Advisor:** at the request of the Lenders, the Borrower shall retain a chief restructuring officer acceptable to the Monitor;
- (l) ~~(i) Conference Calls:~~ The Borrower shall, and shall use commercially reasonable efforts, if requested by the Agent, to cause its non-legal advisors to, participate on weekly conference calls with the Agent and the Lenders, and their respective non-legal advisors, to discuss the Agreed Budget and any Updated Budgets, the Borrower’s current and projected operational performance, and any related financial matters; ~~and,~~
  - (ii) ~~The Oil & Gas Asset Clearinghouse, LLC to, participate on weekly conference calls with the Agent and the Lenders, and their respective non-legal advisors, to discuss the sale process in respect of the sale of all or substantially all of the assets or equity of the Borrower;~~
- (m) ~~(k) Cash Flow Test:~~ The Borrower shall ensure that when measured as of each Variance Testing Date, the following cash flow test (the “**Cash Flow Test**”) for each of the components of the Agreed Budget is met:
  - (i) the Borrower’s total expenditures ~~(excluding any legal or advisory fees incurred on behalf of the Agent and the Lenders paid before February 17, 2016)~~ for the prior four week period shall not have exceeded 110% of the amount of total expenditures for such prior four week period as set forth in the Agreed Budget;

- (ii) the Borrower's net cash receipts for the prior four week period shall not be less than 90% of the amount of cash receipts for such prior four week period as set forth in the Agreed Budget;
- (iii) on each Variance Testing Date, the Borrower shall provide detailed bridges (quantitative explanations of the budget-to-actual variances) for each variable line-item of the financial statements (revenues, royalties, processing costs, production taxes) as well as for any other line item variances outside of the management's direct control (foreign exchange gains/losses) that impact the overall consolidated financial results (the "**Budget Variance Report**"); and
- (iv) in the event the cash receipts for the prior four weeks is less than 90% of the Agreed Budget for such prior four weeks, for reasons outside the control of the Borrower, the Cash Flow Test set forth in subparagraph (ii) above shall not apply and, in the alternative, the average daily barrel of oil equivalent (the "**BOE**") actually produced during the prior four week period will not be less than the Minimum Production Volume for such prior four week period.

Notwithstanding any other provision in this Section 9.1(~~km~~), the Borrower shall be permitted to incur extraordinary expenses not otherwise permitted under the Cash Flow Test with the consent of the Agent and the Majority Lenders. For certainty, any amount or other information contained in any Updated Budget shall not be used in determining whether the Borrower has met the Cash Flow Test (it being expressly acknowledged and agreed by the Loan Parties that the Cash Flow Test shall solely be determined based upon the Agreed Budget and the actual total expenditures, actual cash receipts and actual production volumes of the Borrower and the other Loan Parties);

- (n) ~~(l)~~ **Notices, Filings and other Information:** the Borrower shall, on a timely basis, furnish to the Agent (in sufficient copies for each of the Lenders):
  - (i) all prospectuses, material change reports (except those filed on a confidential basis, but only for so long as such confidentiality remains in effect) and material press releases filed by any Loan Party with securities commissions having jurisdiction and other documents distributed by the Trust to its unitholders, provided, however, that such reports and documents may be provided by a notice to the Agent that the same have been posted on [www.SEDAR.com](http://www.SEDAR.com);
  - (ii) as soon as practically possible upon the filing of the same, an officer's certificate provided by the Borrower attaching a true and complete copy of the Chapter 15 Recognition Order;
  - (iii) notice of all material developments with respect to the business and affairs of the Loan Parties, including (without limitation) the development of a Plan or a Restructuring ~~Option~~ Transaction;

- (iv) within a reasonable period of time prior to filing with the Court or Bankruptcy Court, which, in any event, shall be:
  - (A) in the event of any filing or proposed filing by, or on behalf of, a Loan Party which is in response to materials filed or proposed to be filed by any Person who is not a Loan Party or the Monitor, as soon as practicable, but in any event, in advance of such filing; and
  - (B) in all other circumstances, at least 3 Business Days prior to any such filing or proposed filing by, or on behalf of, a Loan Party,

copies of all pleadings, motions, applications, proposed orders or financial information and other documents proposed to be filed by, or on behalf of, any Loan Party with the Court or Bankruptcy Court;
- (v) regular (which, in any event shall be at least once weekly) updates regarding the status of the CCAA Proceedings and U.S. Proceedings including, without limitation, reports on the progress of any Plan, Restructuring Option or Bankruptcy Sale Transaction and any information which may otherwise be confidential subject to same being maintained as confidential by the Lenders as provided in Section 13.3; and
- (vi) copies of any financial reporting provided to the Monitor and any reports or commentary received from the Monitor regarding the financial position of the Loan Parties;

In addition to the foregoing and without in any way derogating therefrom, the Borrower shall provide to the Agent copies of all such other information relating to the business, affairs, operations and financial condition of any Loan Party as the Agent or any Lender may reasonably request;

- (o) ~~(m)~~ **Taxes:** subject to the terms of the Initial Order and, ~~when issued,~~ the Chapter 15 Recognition Order, the Borrower shall and shall cause each other Loan Party ~~and~~ to file all tax returns which are required to be filed, pay or make provision for payment (in accordance with GAAP) of all Taxes which are due and payable by it, and provide adequate reserves (in accordance with GAAP) for the payment of any Tax imposed upon such Loan Party or its assets, the payment of which is being contested in good faith, and shall provide the Agent upon request with evidence of such payment, in form and substance satisfactory to the Agent, acting reasonably, all except to the extent failure to do so would not reasonably be expected to result in the occurrence of a Material Adverse Change;
- (p) ~~(n)~~ **Insurance:** the Borrower shall and shall cause each other Loan Party to maintain in full force and effect such policies of insurance issued by insurers of recognized standing insuring such properties and operations and providing such coverages as would be maintained by Persons engaged in the same or similar business in the localities where such properties and operations are located, and

shall, if required, furnish the Agent with certificates or other evidence satisfactory to the Agent demonstrating compliance with the foregoing provisions and, in respect of insurance policies maintained by any of the Loan Parties, the Agent shall be added as a loss payee or additional insured, as its interest may appear. If such insurance is not available on commercially reasonable terms, the Borrower shall and shall cause each other Loan Party to maintain in full force and effect such policies of insurance as are acceptable to the Agent, acting reasonably.

- (q) ~~(o)~~ **Compliance With Laws and Regulations; Maintenance of Permits:** each Loan Party shall:
- (i) comply with and manage and operate its properties and assets in compliance with all Applicable Laws, rules, regulations and orders of Governmental Authorities, including, without limitation, Environmental Laws;
  - (ii) observe and conform to all valid requirements, including Governmental Actions, of any Governmental Authority relative to its properties or assets and all covenants, terms and conditions of all agreements upon or under which any of such properties and assets are held;
  - (iii) keep and maintain in effect and comply with all permits, approvals, licences and authorizations required in connection with its business or operations; and
  - (iv) store, treat, transport or otherwise handle and dispose of all Hazardous Materials and waste owned, managed or controlled by it in compliance with all Environmental Laws,

except to the extent failure to so possess or comply or failure to so observe and conform would not reasonably be expected to result in the occurrence of a Material Adverse Change;

- (r) ~~(p)~~ **Material Contracts:** the Borrower shall and shall cause each other Loan Party to observe and perform all covenants, terms and conditions applicable to it under each Material Contract to which it is a party, except to the extent that any failure to so observe and perform would not reasonably be expected to result in the occurrence of a Material Adverse Change;
- (s) ~~(q)~~ **Defence of Title:** if the Security Interests granted in any Loan Document or the title to or the rights of the Agent in or to any Oil and Gas Properties or any part thereof shall be endangered or shall be attacked, directly or indirectly, or if any legal proceedings are instigated against any Loan Party with respect thereto, the Borrower shall (other than with respect to Minor Title Defects) promptly give written notice thereof to the Agent and the Borrower shall and shall cause each applicable Loan Party to:



- (i) conduct itself diligently to cure any such Title Defect that is discovered or claimed;
  - (ii) take all necessary and proper steps for the defence of title to such properties and the security granted thereunder or under any Security; and
  - (iii) take such action, including employment of legal counsel, as is reasonably appropriate to the prosecution or defence of litigation with the view to the release or discharge of claim made against the title to any such properties;
- (t) ~~(t)~~ **Notice of Certain Events:** the Borrower shall provide the Agent with prompt written notice of:
- (i) the occurrence of any Default or Event of Default (including without limitation an Updated Budget Default);
  - (ii) the commencement of any actions, suits, litigation or other proceedings, or any change to the status of any ongoing actions, suits, litigation or other proceedings, in each case, of which the Borrower has knowledge which are commenced against or adversely affect any Loan Party or any Loan Party's assets or properties, and which, if adversely determined, would reasonably be expected to result in the occurrence of a Material Adverse Change;
  - (iii) any claim that has been made by any Person against any Loan Party, or any Operator or any Oil and Gas Properties which, if adversely determined, would reasonably be expected to result in the occurrence of a Material Adverse Change;
  - (iv) the discovery of any title defect in respect of any material Oil and Gas Properties, other than a Minor Title Defect or Permitted Encumbrance;
  - (v) any breach or non-performance of, or any default under, any Material Contract which would reasonably be expected to result in the occurrence of a Material Adverse Change;
  - (vi) any amendment of any Material Contract permitted by the provisions of Section 9.2(~~m~~) and such other details as the Agent may reasonably request;
  - (vii) any other matter, circumstance or event that has had or would reasonably be expected to result in the occurrence of a Material Adverse Change; and
  - (viii) any change of the Fiscal Year end of any Loan Party no later than 30 days after any such change;
- (u) ~~(s)~~ **Operational Covenants:** the Borrower shall and shall cause each applicable Loan Party to, and shall use commercially reasonable efforts to cause each

Operator to, (i) carry on and conduct its business and keep, maintain and operate the Oil and Gas Properties and process, transport and sell the production attributable thereto, in accordance with Applicable Law and prudent oil and gas industry practice and (ii) pay and discharge promptly, or appropriately hold in suspense, all rentals, delay rentals, royalties, overriding royalties, payments out of production and, subject to the terms of the Initial Order and, ~~when issued,~~ the Chapter 15 Recognition Order, other obligations accruing under, and otherwise comply with, the oil and gas leases and all other agreements and contracts constituting the Oil and Gas Properties;

(v) ~~(t)~~ **Compliance Orders:** the Borrower shall forthwith notify the Agent and shall and shall cause each other Loan Party to make copies available for inspection and review on a confidential basis by representatives of the Agent upon receipt of all written orders, control orders, directions, action requests, claims and complaints from a Governmental Authority:

(i) relating to the defective or unsatisfactory condition of the Oil and Gas Properties including, for greater certainty, the Tangibles, which would reasonably be expected to result in the occurrence of a Material Adverse Change; or

(ii) relating to non-compliance with any Environmental Law which would reasonably be expected to result in the occurrence of a Material Adverse Change;

~~(iii)~~ (iii) ~~the~~The Borrower shall and shall cause each other Loan Party to proceed diligently to resolve (including without limitation, commence and diligently pursue proceedings for judicial or quasi-judicial determination as to the merits of any thereof) any claims, complaints, notices or inquiries relating to compliance with Environmental Law where the failure to resolve the same would reasonably be expected to result in the occurrence of a Material Adverse Change;

(w) ~~(u)~~ **Environmental Audit:** upon the occurrence or discovery of any circumstance, condition or event which, in the reasonable opinion of the Agent, would reasonably be expected to result in any Environmental Liability to any Loan Party which would reasonably be expected to result in the occurrence of a Material Adverse Change and, in any event, after the occurrence of an Event of Default which is continuing, the Agent may arrange for an environmental audit to be conducted by an independent environmental engineer or other environmental consultant, at the expense of the Borrower. The Borrower shall and shall cause each other Loan Party to, upon reasonable notice, and so long as any such engineer or consultant agrees to comply with the health and safety standards generally applicable to the property or assets to be audited, provide access to its property and assets in order for such engineer or consultant to conduct such environmental and other inspections as it deems advisable and in that connection to examine the books, records, assets, affairs and business operations of the Loan Parties relating to the circumstances, condition or event and to make inquiries of

government offices concerning compliance by the Loan Parties with Environmental Laws, provided any such engineer or consultant shall agree to be bound by the provisions of Section 13.3 hereof;

(x) ~~(v)~~ **Environmental Indemnity:**

- (i) the Borrower shall and shall cause each other Loan Party to forthwith on demand fully indemnify, defend and save each Lender and the Agent and each of their respective directors, officers, employees and agents, and any of them, (in this Section 9.1(~~v~~x)) any one or more or of all such Persons is referred to as the “**Indemnified Party**”) harmless from and against any and all liabilities, losses, claims, damages and expenses (including, without limitation, all reasonable fees of counsel on a solicitor and his own client full indemnity basis and accountant fees and expenses, court costs and all other out-of-pocket expenses) sustained, paid, incurred or suffered by the Indemnified Party arising in any manner whatsoever out of or as a result of any environmental claims, liabilities or obligations of any and every nature whatsoever relating to or affecting any Loan Party or the Collateral, or the property of others where any Loan Party would be reasonably likely to have any liability in respect thereof under Applicable Law (all or any item or part of the foregoing liabilities, losses, claims, damages and expenses are referred to in this Section 9.1(~~v~~x)) as “**Loss**”). Notwithstanding the generality of the foregoing, the Loan Parties shall not be obliged to indemnify an Indemnified Party to the extent any Loss has been incurred by reason of the gross negligence or wilful misconduct of such Indemnified Party or the actions of an Indemnified Party following foreclosure or any other transfer of title with respect to the Oil and Gas Properties to such Indemnified Party. The Borrower acknowledges on behalf of itself and each Loan Party that each Lender is entering into the provisions of this Section 9.1(~~v~~x)) on its own behalf and as agent and trustee for its directors, officers, employees and agents;
- (ii) if any claim (in this Section 9.1(~~v~~x)) referred to as a “**Claim**”) shall be asserted by any Person against the Indemnified Party which may give rise to a Loss, the Indemnified Party shall promptly notify the Borrower of all particulars of such Claim upon learning of same. The failure to give any such notice, however, shall not affect any Loan Party’s liability to indemnify the Indemnified Party except to the extent such failure adversely and materially affects its ability to defend, object to, oppose or contest that Claim; In addition:
  - (A) each Loan Party shall at all times have the right, if no Default or Event of Default has occurred and is continuing, but shall not be required, at its sole expense, to resist, defend and compromise any Claim in the name of the Indemnified Party, by legal counsel reasonably acceptable to the Indemnified Party who will cooperate in such defence on a reasonable basis; provided that the

Indemnified Party shall have the right to participate in the defence or compromise of any Claim by other legal counsel of its choosing if the Indemnified Party, acting reasonably, determines it should so participate; provided that subject to Section 9.1(~~v~~x)(ii)(B) the fees and disbursements of such other counsel shall be paid by the Borrower. The Indemnified Party shall not effect any settlement or compromise of any Claim without the prior written consent of the Borrower. Notwithstanding anything herein to the contrary, the Borrower on its own behalf must defend or must cause the applicable Loan Party to defend such claim, diligently and reasonably throughout the period while such Claim exists. If any Loan Party exercises its rights under this Section 9.1(~~v~~x), the Borrower shall cause such Loan Party not to compromise or otherwise settle a Claim without the consent of the Indemnified Party suffering such Claim, which consent shall not be unreasonably withheld or delayed. The inability of the Loan Parties to pay such Claim in full shall constitute a sufficient reason to withhold such consent; and

- (B) the Loan Parties shall not, in connection with any Loss in the same jurisdiction, be liable for the fees and expenses of more than one separate legal firm for the Indemnified Parties unless such representation by the same legal counsel would be inappropriate due to actual or potential differing interests or the employment thereof has been specifically authorized by the Borrower in writing and such firm or firms shall be designated in writing by the Agent on behalf of each Indemnified Party;
- (iii) This environmental indemnification obligation shall be in addition to (but without duplication with) the indemnifications to be provided by Borrower pursuant to Article 11 below;
- (y) ~~(w)~~ **Properties:** the Borrower shall ensure that the aggregate combined net assets of the Loan Parties (determined on an unconsolidated basis) shall not at any time be less than ninety-five percent (95%) of the consolidated net assets of the Trust;
- (z) ~~(x)~~ **Further Assurances:** the Borrower shall do and cause each Loan Party to do all such further acts and things and execute and deliver all such further documents as shall be reasonably required by the Agent in order to ensure the terms and provisions of the Loan Documents are fully performed and carried out;
- (aa) ~~(y)~~ **Use of Credit Facility:** unless otherwise agreed to in writing by the Lenders, the Borrower shall use the Credit Facility and the proceeds thereof solely:
  - (i) for the purposes described in Section 3.3;

- (ii) (A) to finance operating expenses, restructuring costs in the CCAA Proceedings and U.S. Proceedings, (B) to pay professional fees ~~(including fees of the Monitor and the fees of Canadian and American legal counsel to of the Loan Parties, the Monitor and the Agent and Lenders and the fees of the financial advisor to the Agent and the Lenders), the Agent and the Lenders,~~ and (C) for general corporate purposes of the Borrower and the Loan Parties, all in accordance with the Agreed Budget, subject to permitted expenditure variances referenced in Section 9.1(km)(i) and Section 9.1(km)(ii); and
- (iii) to pay fees and expenses related to the Credit Facility, the CCAA Proceedings and the U.S. Proceedings ~~and those payments to the Pre Filing Secured Creditors, in each case, as contemplated into the extent authorized by the Initial Order and the provisions of this Agreement,~~

provided that, no proceeds of any Loan will be used:

- (iv) for any purpose which violates, or would be inconsistent with, Regulation T, Regulation U or Regulation X;
- (v) to pay the professional fees or legal expenses of the Pre-Filing Secured Creditors or the Syndicate Lenders, except in connection with the repayment of the Existing Interim Facility Obligations;
- (vi) ~~(v)~~ to investigate, object to or challenge in any way any claims of the Lenders against any of the Loan Parties in respect of the Credit Facility or of the Pre Filing Secured Creditors under the Pre Filing Secured Credit Agreement Debentures; or
- (vii) ~~(vi)~~ to investigate, object to or challenge in any way the validity, perfection or enforceability of the Security Interests created pursuant to the Lender Charge or any Security Interests granted pursuant to the U.S. Proceedings,

provided further that, nothing in this paragraph shall restrict the Loan Parties or the Monitor, including the engagement by the Monitor of independent legal counsel, from (and receiving their fees, costs and expenses therefor): ~~(A) assessing the validity and enforceability of the Security Interests in respect of advances under the Pre Filing Secured Credit Agreement, and (B) conducting a claims process in accordance with any Restructuring Court Order; and~~

- (bb) ~~(z)~~ **Compliance with CCAA Proceedings and U.S. Proceedings:** the Borrower shall and shall cause each other Loan Party to comply with the provisions of each Restructuring Court Order.

## 9.2 Negative Covenants

During the term of this Agreement, the Loan Parties covenant and agree with each of the Lenders and the Agent that it shall not, and shall ensure that each other Loan Party shall not, without the prior written consent of the Agent on behalf of the Majority Lenders:

- (a) **Conduct of Business:** engage in any material business or make any material investments or enter into any material ventures other than the ownership and related operation of oil and gas properties and assets in the United States and other activities directly related to the foregoing; nor make or enter into any material property acquisitions, investments, joint ventures or partnerships which are not in the ordinary course of, and made for the purpose of, conducting the business of the Loan Parties as described aforesaid;
- (b) **Incur Debt:** issue, create, incur, assume, permit or suffer to exist or directly or indirectly be or become in any way liable for or in respect of any Debt, other than Permitted Indebtedness;
- (c) ~~**Financial Assistance:** provide any form of Financial Assistance to any Person other than Permitted Financial Assistance;~~
- (c) ~~(d)~~ **Prohibited Dispositions:** without the prior written consent of the Lenders and approval of the Court or the Bankruptcy Court, directly or indirectly sell, assign, transfer, convey, surrender, exchange, lease, sub-lease or otherwise dispose of (including by way of farmout or by way of dedication of P&NG Rights, Tangibles or reserves of Petroleum Substances) any or all of its right, title, estate and interest in or to all or any part of the Collateral, other than Permitted Dispositions;
- (d) ~~(e)~~ **Negative Pledge:** create, incur, assume, permit or suffer to exist any Security Interest upon or with respect to any of the Collateral except for Permitted Encumbrances;
- (e) ~~(f)~~ **Permitted Priority Liens:** create, permit to exist or seek or support a motion by another party to provide to any third party a Security Interest on the Collateral which is senior to or *pari passu* with the Lender Charge, other than the Permitted Priority Liens;
- (f) ~~(g)~~ **Change in Name or Location:** change its name, trade name or locations of business from those set forth in Schedule "E" without giving the Agent 15 days prior notice thereof;
- (g) ~~(h)~~ **Corporate Reorganizations:** enter into or become party to any transaction (each a "Reorganization Transaction") or merger, amalgamation, consolidation, winding-up, plan of arrangement, reorganization or restructuring with any Person or enter into any transaction by way of transfer, liquidation, sale, lease, disposition or otherwise whereby all or substantially all of its undertaking, property or assets would become the property of any other Person, or take any corporate, limited liability company, partnership or trust action in pursuance of

any of the foregoing; provided that any Loan Party may undertake a Reorganization Transaction if such Reorganization Transaction is undertaken pursuant to a Restructuring Court Order or with the prior written consent of the Lenders;

- (h) ~~(i)~~ **Transactions with Affiliates:** except for the KERP/KEIP, enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any of its shareholders, partners 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, partner 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 the applicable Loan Party and which is upon fair and reasonable terms not less favourable to the applicable Loan Party ~~that~~ than it would obtain in comparable arms-length transaction; provided that such restriction will not apply to any transaction among the Loan Parties;
- (i) ~~(j)~~ **Limitation on Distributions:** make, give effect to or implement any steps or procedures to make any Distributions other than Distributions that:

  - (i) may be permitted by a Restructuring Court Order, provided that any such Distribution does not cause an Event of Default; and
  - (ii) are provided for in the Agreed Budget;
- (j) ~~(k)~~ **Payments to Administrator:** make any payments to the Administrator for any fees in consideration for services it provides as Administrator, other than payments for the reimbursement of costs and expenses reasonably incurred by Administrator in carrying out its obligations and duties under, and any other amounts contemplated by, the Administrative Services Agreement and which is in accordance with the Agreed Budget;
- (k) ~~(l)~~ **Swaps:** enter into any Swap;
- (l) ~~(m)~~ **Amend or Terminate Material Contracts:** modify, alter, amend, replace, knowingly waive strict and timely performance of any compliance with (including, without limitation waive any default under) any Material Contract or terminate, cancel or suspend or assign any Material Contract (except in accordance with its terms) or any material term, agreement, provision, item, obligation or covenant contained in any Material Contract, in each case, in any material respects;
- (m) ~~(n)~~ **Insurance Proceeds:** make any application or use of any insurance proceeds (other than proceeds in respect of business interruption insurance) received by it in respect of any single claim or event which are not used to repair or replace Tangibles which are the subject of such insurance claim until such application has been approved by the Majority Lenders in writing;

- (n) ~~(n)~~ **Status under Certain Statutes:** conduct its business in a manner which would require it to be registered as an “investment company” under the United States Investment Company Act of 1940;
- (o) ~~(o)~~ **Foreign Assets Control Regulations:** knowingly use the proceeds of the Credit Facility in violation of the United States Trading with the Enemy Act or any of the foreign assets control regulations of the United States Treasury Department (31CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto;
- (p) ~~(p)~~ **ERISA Compliance:** in the case of the Borrower and any Loan Party that is an ERISA Affiliate, sponsor, maintain, or contribute to or assume an obligation to contribute to, or permit any ERISA Affiliate to sponsor, maintain, or contribute to or assume an obligation to contribute to, (i) any employee welfare benefit plan (as defined in section 3(1) of ERISA), which provides benefits (other than in accordance with Section 4980B of the Code) to former employees of such entities and may not be terminated by such entities in their sole discretion at any time without resulting in the occurrence of a Material Adverse Change, or (ii) any Pension Plan;
- (q) ~~(q)~~ **Cash Management System:** subject to the Agreed Budget and other limitations set forth herein, request or apply any Loan except through the Borrower’s cash management system in the form existing immediately prior to the ~~Outside~~Effective Date or otherwise as agreed to with the Lenders, acting reasonably;
- (r) ~~(r)~~ **Distribution of Funds Only to Loan Parties:** except as set out in the Agreed Budget, permit to occur, any payment or distribution of funds (whether from proceeds of any Loan under the Credit Facility or otherwise) from a Loan Party to any Subsidiary or Affiliate that is not a Loan Party;
- (s) ~~(s)~~ **Payments Consistent with Agreed Budget:** make or permit any Loan Party to make any payment or distribution which is not consistent with the Agreed Budget;
- (u) ~~**Bankruptcy Sale Restriction:** without the prior written consent of all of the Lenders, permit any Loan Party to seek any authorization, approval or other order of the Court or the Bankruptcy Court which will result in, or would reasonably be expected to result in, the authorization, approval or other order of such Court or Bankruptcy Court of a Bankruptcy Sale which does not repay and satisfy:~~
  - (i) ~~all Secured Obligations (including, for certainty and without limitation, all Borrowings, interest thereon and all Financing Fees and Expenses); and~~
  - (ii) ~~all of the obligations, indebtedness and liabilities of the Borrower and the Loan Parties to the Pre Filing Secured Creditors under, pursuant or relating to the Facilities (under and as defined in the Pre Filing Credit~~



~~Agreement) or the Loan Documents (under and as defined in the Pre Filing Credit Agreement) and including all principal, interest, fees, legal and other costs, charges and expenses, and other amounts payable by the Borrower under the Pre Filing Credit Agreement;~~

~~in each case, in full and in cash;~~

- (f) **Restructuring Transaction Restriction:** enter into a written agreement with respect to a Restructuring Transaction or seek to obtain, or support any other Person in seeking to obtain, approval of a Restructuring Transaction by the Court or the Bankruptcy Court;
- (u) ~~(v)~~ **Payments under Employment Benefit Plans:** make any payment or distribution in respect of post-employment benefit payments (excluding the KERP/KEIP) in accordance with the Agreed Budget;
- (v) ~~(w)~~ **New Subsidiaries:** acquire, create or cause to exist any Subsidiary which does not already exist on and as of the date hereof; or
- (w) ~~(x)~~ **Contracts:** enter into any gas, oil, condensate and other production sale contract or gathering, common stream, transportation or processing agreement, in any such case, that is not terminable by the Loan Parties without fee or penalty upon less than thirty (30) days' prior notice to the counterparty thereunder.

## ARTICLE 10 EVENTS OF DEFAULT

### 10.1 Events of Default

The occurrence of any one or more of the following events or circumstances constitutes an Event of Default under this Agreement:

- (a) **Failure to Pay Principal:** the failure of the Borrower to make any payment of any Borrowings when due hereunder;
- (b) **Failure to Pay Interest or Fees:** the failure of the Borrower to make any payment of any interest or fees (including, without limitation, any Financing Fees and Expenses) or any portion thereof when due hereunder and such default shall remain unremedied for a period of two (2) Business Days after written notice from the Agent to the Borrower that such amount is overdue;
- (c) **Negative Covenants:** if there is a breach or failure of due performance or observance by any Loan Party of any covenant set forth in Section 9.2 of this Agreement or any negative covenant set forth in any other Loan Document;
- (d) **General Covenants:** if there is a breach or failure of due performance or observance by any Loan Party of any covenant or provision of this Agreement or any of the other Loan Documents (other than those otherwise dealt with in this

Section 10.1), unless such breach or failure is cured to the satisfaction of the Majority Lenders, acting reasonably, within three (3) Business Days after such breach or failure;

- (e) **Misrepresentations:** if any representation or warranty made or deemed to be made by or on behalf of the Borrower or any other Loan Party in any Loan Document shall prove to have been incorrect in any material respect when made or deemed to be made or repeated hereunder or thereunder; provided that if the matter, defect or deficiency which is the subject matter of the misrepresentation is capable of correction or remedy (and not merely by changing the representation made), then if it is not corrected or remedied to the satisfaction of the Majority Lenders, acting reasonably, within five (5) days after written notice thereof by the Agent to the Borrower;
- (f) **Disposition of Assets:** if any Loan Party shall pass an effective resolution or initiate steps or proceedings (including applications to the Court and the Bankruptcy Court) without the prior written consent of the Lenders for the purpose of authorizing the disposition of all or substantially all of its property, assets and undertakings (except for a disposition ~~in accordance with and as that is otherwise permitted by Section 9.2(d) or 9.2(h)~~ pursuant to the terms of this Agreement);
- (g) **Invalid Loan Documents:** if any material provision of any Loan Document continues to be invalid or unenforceable in whole or in a material part, or any of the Security Interests in and to any material Collateral constituted by the Security fails to attach thereto or to have the priority intended thereby;
- (h) **Adverse Proceedings:**
  - (i) if any proceeding, motion or application is commenced or filed by any of the Loan Parties, or, if commenced by another party, supported or otherwise consented to by any Loan Party, seeking the invalidation, subordination or other challenging of the terms of the Credit Facility, the Lender Charge, this Agreement, any other Loan Document or the Initial Order;
  - (ii) ~~unless the Plan or Restructuring Option provides for repayment in full of the Credit Facility,~~ the filing of any Plan or application to the Court or the Bankruptcy Court for approval of a Restructuring ~~Option~~ Transaction which does not have the prior written consent of the Lenders; or
  - (iii) if any Loan Party commences an action or takes any other proceeding to obtain any form of relief against the Agent, the Lenders, ~~or the Pre-Filing Creditors~~ or any Affiliate thereof, including, without limitation, a proceeding to recover damages or to obtain payment of any amounts purported to be owing by the Agent, the Lenders, ~~or the Pre-Filing Creditors~~ or any Affiliate thereof to any Loan Party or any Affiliate

thereof if the Agent, any Lender, ~~any Pre-Filing Creditor~~ or such Affiliate disputes any of the same;

- (i) **Restructuring Court Orders:** if:
  - (i) any Restructuring Court Order contravenes this Agreement or any other Loan Document so as to ~~materially~~ adversely impact the rights or interests of the Agent or the Lenders, as determined by the Lenders, acting reasonably;
  - (ii) any Loan Party breaches or otherwise violates in any way any Restructuring Court Order;
- (j) **Court Order:** the issuance of an order of the Court or the Bankruptcy Court (including any Restructuring Court Order) or any other court of competent jurisdiction:
  - (i) dismissing the CCAA Proceedings or U.S. Proceedings, or lifting the stay in the CCAA Proceedings or U.S. Proceedings to permit (A) the enforcement of any Security Interest against a Loan Party, or a material portion of their respective property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against a Loan Party;
  - (ii) ~~granting any Security Interest which is senior to or *pari passu* with the Lender Charge, other than the Administration Charge on the Collateral without the consent of the Majority Lenders;~~
  - (iii) staying, reversing, vacating or otherwise modifying the Loan Documents or any Restructuring Court Order in a manner ~~materially~~ adverse to the interests of the Lenders, as determined by the Lenders acting reasonably;
  - (iv) ~~materially~~-adversely impacting the rights and interests of the Agent or the Lenders, as determined by the Agent or the Lenders acting reasonably, without the prior written consent of the Agent or the Lenders, as applicable; or
  - (v) directing any Loan Party to pay any post-employment benefits (excluding the KERP/KEIP);
- (k) **Prohibited Filings:** the filing of any pleading by any Loan Party seeking any of the matters set forth in Section 10.1(j) or failure of any Loan Party to diligently oppose any Person that brings an application or motion for the relief set out in Section 10.1(j);
- (l) ~~**Chapter 15 Recognition Order:** the failure of the Borrower to obtain a Chapter 15 Recognition Order from the Bankruptcy Court within 24 days of the Outside Date;~~

- ~~(m)~~ ~~**Bankruptcy Sale:** the failure of the Borrower to obtain approval from the Bankruptcy Court for a Bankruptcy Sale by no later than May 17, 2016;~~
- ~~(l)~~ ~~**Updated Budget Default:** if any information in the Updated Budget or Budget Variance Report (each of the following being an “**Updated Budget Default**”):~~

  - ~~(i)~~ contemplates or forecasts an adverse change or changes from the then existing Agreed Budget and such change or changes constitute a Material Adverse Change; or
  - ~~(ii)~~ forecasts that Borrowings under the Credit Facility will exceed the Total Commitment at any time (unless and until the Lenders consent to increase the Total Commitment, which shall be in the Lenders’ sole and absolute discretion);
- ~~(m)~~ ~~**Cash Flow Test:** if any of the Loan Parties fails to meet the Cash Flow Test at any time;~~
- ~~(n)~~ ~~**Material Adverse Change:** if there occurs any Material Adverse Change;~~
- ~~(o)~~ ~~**Total Commitment:** if at any time the Borrowings exceed the Total Commitment;~~
- ~~(p)~~ ~~**Plans and Restructuring Options/Transactions:** if any Plan is sanctioned or any Restructuring ~~Option/Transaction~~ is consummated by any of the Loan Parties that is not consistent with or contravenes any provision of this Agreement or any other Loan Document in a manner that is ~~materially~~-adverse to the interests of the Lenders (as determined by the Lenders acting reasonably) or would reasonably be expected to ~~materially~~-adversely affect the interests of the Lenders (as determined by the Lenders acting reasonably); ~~or~~~~
- ~~(q)~~ ~~**Prohibited Payments:** if:~~

  - ~~(i)~~ except as set out in the Agreed Budget, or as otherwise agreed to in writing by the Lenders, any Loan Party is required by any Governmental Authority to make expenditures or pay damages, fines, claims, costs or expenses to remediate, in respect of any Environmental Liabilities, and such requirement is not stayed by a Restructuring Court Order; or
  - ~~(ii)~~ any Loan Party pays or agrees to pay any of the legal, consulting or other professional fees and/or disbursements not otherwise included in the Agreed Budget without the prior written consent of the Lenders; or
- ~~(t)~~ ~~**Failure by the Borrower to Accept a Successful Bid by March 24, 2016:** if the Borrower fails to accept a Successful Bid (under and as defined in the sale solicitation process attached as Schedule “A” to the Initial Order) by no later than March 24, 2016.~~

## 10.2 Acceleration

Upon the occurrence of any Event of Default which has not been remedied or waived, the Agent, on behalf of the Lenders and with the approval of the Majority Lenders, shall be entitled to, without limiting or restricting other remedies or rights under contract, at law or in equity, as the Agent and the Majority Lenders may in their sole and unfettered discretion determine:

- (a) **Terminate Commitment:** cease to make or continue any Borrowings hereunder, notwithstanding any prior receipt by the Agent of a Borrowing Notice or any other event and the Agent may, by written notice to the Borrower, declare the Total Commitment and the right of the Borrower to apply for further Loans to be terminated and/or permanently reduce the Total Commitment by an amount to be agreed to by all of the Lenders, in their sole and absolute discretion; and
- (b) **Acceleration Notice:** by written notice to the Borrower (an “**Acceleration Notice**”), declare all Borrowings and other liabilities and indebtedness (whether matured or unmatured) of the Borrower to the Agent and the Lenders hereunder and under the other Loan Documents to be immediately due and payable (or to be due and payable at such later time as may be stated in such notice) without further demand, presentation, protest or other notice of any kind, all of which are expressly waived by the Borrower,

provided that upon the occurrence of an Event of Default specified in Section 10.1(j)(i) the Commitment shall automatically terminate and all Borrowings and other indebtedness and liabilities hereunder and under the other Loan Documents shall automatically become due and payable, in each case without any requirement that notice be given to the Borrower. Immediately upon the occurrence of an Event of Default specified in Section 10.1(j)(i) or at the time stated in an Acceleration Notice, the Borrower shall pay to the Agent on behalf of the Lenders all amounts owing or payable in respect of all Borrowings and other indebtedness and liabilities hereunder and under the other Loan Documents, failing which all rights and remedies of the Agent and the Lenders under the Loan Documents shall thereupon become enforceable.

## 10.3 Remedies on Default

After an Event of Default:

- (a) **Lenders Instructions:** if the Majority Lenders provide directions or instructions to the Agent, the Agent, on behalf of all Lenders, shall take such actions and commence such proceedings as the Majority Lenders in their sole discretion may determine and may enforce or otherwise realize upon any Security, all without any obligation to marshal any Security Interests and without additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent such rights may be waived under Applicable Law). The rights and remedies of the Agent and the Lenders under the Loan Documents are

cumulative and are in addition to and not in substitution for any rights or remedies provided by law; and

- (b) **General Remedies:** the rights and remedies of the Agent and each Lender under the Loan Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. The Agent may, on behalf of all Lenders, and shall, if so required by the Majority Lenders, to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:
- (i) **Specific Performance:** the specific performance of any covenant or agreement contained in the Loan Documents;
  - (ii) **Injunction:** enjoining a violation of any of the terms of the Loan Documents;
  - (iii) **Assistance:** aiding in the exercise of any power granted by the Loan Documents or by law;
  - (iv) **Judgment:** obtaining and recovering judgment for any and all amounts due in respect of the Borrowings or amounts otherwise due hereunder or under the Loan Documents;
  - (v) **Receiver:** applying to a court for the appointment of a Receiver over the Collateral, or for the appointment of a trustee in bankruptcy of the Loan Parties;
  - (vi) **Monitor:** applying to the Court and/or the Bankruptcy Court for an order or orders, on terms satisfactory to the Monitor and the Lenders, providing the Monitor with the power, in the name of and on behalf of the Loan Parties, to take all necessary steps in the CCAA Proceedings and U.S. Proceedings; or
  - (vii) **Remedies at Law:** subject to obtaining prior approval from the Court and/or the Bankruptcy Court, exercising the powers and rights of a secured party under the *Personal Property Security Act* (Alberta), the Uniform Commercial Code (United States) or any legislation of similar effect and all such other rights and remedies under the Loan Documents, the Restructuring Court Orders and Applicable Law.

#### **10.4 Right of Set-Off**

Upon the occurrence and during the continuance of any Event of Default, and in addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, the Agent and each Lender is authorized at any time and from time to time thereafter, without notice to the Borrower or to any other Person (any such notice being expressly waived by the Borrower), to combine, consolidate or merge all or any of the Borrower's accounts with, and liabilities, to it and to set-off and to appropriate and to

apply any and all deposits (general or special, time or demand, provisional or final) and any other indebtedness at any time held by or owing by it to or for the credit of or the account of the Borrower against and on account of the Borrowings and other liabilities and indebtedness of the Borrower to the Agent or such Lender under this Agreement and the other Loan Documents, including, without limitation, all claims of the Agent or any Lender of any nature or description arising out of or connected with this Agreement and the other Loan Documents, irrespective of whether or not the Agent or any Lender has made any demand under this Agreement or any of the other Loan Documents and although such obligations, liabilities or claims of the Borrower or any of them are contingent or unmatured.

#### **10.5 Application and Sharing of Payments Following Acceleration**

Except as otherwise agreed to by all the Lenders in their sole discretion, all monies and property received by the Lenders (in their capacity as Lenders) for application in respect of the Borrowings subsequent to the delivery of an Acceleration Notice and all proceeds received as a result of a realization upon the Security shall, notwithstanding any provision herein to the contrary, and for certainty, notwithstanding the definition of "Lender's Proportion" or the application of Sections 3.6(a) and 10.6, be applied and distributed to the Lenders (in their capacity as Lenders) in the order and manner set forth below, each such application to be made in the following order with any balance remaining after application in respect of each category to be applied to the next succeeding category:

- (a) firstly, in or towards payment of any fees or expenses then due and payable to the Agent hereunder or under any other Loan Document;
- (b) secondly, *pro rata* among the Lenders in respect of amounts due and payable to such Lenders as and by way of recoverable expenses hereunder or under any of the Security;
- (c) thirdly, *pro rata* among the Lenders in respect of amounts due and payable to such Lenders by way of interest pursuant to Section 5.1 and interest on overdue amounts pursuant to Section 5.2;
- (d) fourthly, *pro rata* among the Lenders in respect of any other amount (other than Borrowings) not hereinbefore referred to in this Section 10.5 which are then due and payable to any of them by the Borrower hereunder or under any other Loan Document; and
- (e) fifthly, *pro rata* among the Lenders in or towards repayment of the Borrowings.

#### **10.6 Adjustments**

In the event that any of the Lenders are required by Applicable Law to continue to make advances or other amounts available to the Borrower subsequent to the Adjustment Time by reason of a requirement in Applicable Law to give the Borrower a reasonable period

of notice prior to terminating such Lender's obligation to make such advances or other amounts available, then, whenever and so often as that occurs:

- (a) **Sharing Adjustment:** the terms "Rateable" and "Rateably" shall, *ipso facto*, as at the Adjustment Time be redetermined by including in the determination of the amount of Borrowings any amount required to be made available pursuant to this Section 10.6; and
- (b) **Borrowings:** Borrowings shall be redetermined by including in the determination of Borrowings any amount required to be made available pursuant to this Section 10.6,

and the Lenders shall thereupon make all such payments and adjustments as may be necessary to ensure amounts outstanding to the Lenders are thereafter outstanding in the same proportion as the Lender's Proportion of each Lender.

#### **10.7 Agent May Perform Covenants**

If any Loan Party shall fail to perform any of its obligations under any covenant contained in any of the Loan Documents within the time permitted for the performance of any such covenant or for the cure of any default thereof, the Agent may, on behalf of the Lenders and with the approval of the Majority Lenders and with prior notification to the Borrower, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, it may make such payment or expenditure with its own funds on behalf of the Lenders. If the Agent elects to effect such observance or performance, neither the Agent nor any Lender shall be liable for any failure or deficiency in effecting such observance or performance, nor for the payment of any bills, invoices or accounts incurred or rendered in connection therewith, except to the extent the Agent or such Lender is grossly negligent or acts with wilful misconduct. All amounts so paid by any Lender or the Agent hereunder shall be repaid by the Borrower on demand therefor, and shall bear interest at the rate set forth in Section 5.2 from and including the date paid by the Agent hereunder to but excluding the date such amounts are repaid in full by the Borrower and shall be secured by the Security.

#### **10.8 Waiver of Default**

Any single or partial exercise by any Lender, the Agent or by the Agent on behalf of any Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in the Loan Documents shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy to which the Agent or such Lender may be lawfully entitled for the same default or breach, and any waiver by any Lender, the Agent or by the Agent on behalf of any Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement contained in the Loan Documents, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. To the extent permitted by Applicable Law, the Borrower hereby waives any rights now or hereafter conferred by statute or otherwise which are



inconsistent with the Agent's or a Lender's rights or remedies under the Loan Documents.

## ARTICLE 11 EXPENSES AND INDEMNITIES

### 11.1 Reimbursement of Expenses

All statements, reports (including engineering reports and environmental reports), certificates, opinions and other documents or information required to be furnished to the Agent or the Lenders by any Loan Party under this Agreement shall be supplied by the Borrower without cost to the Agent or any Lender. The Borrower agrees to pay promptly to the Agent and the Lenders on demand (collectively, the “**Financing Fees and Expenses**”):

- (a) all reasonable out-of-pocket expenses incurred by the Agent or any Lender prior to ~~and/or~~ after the Effective Date with respect to the Credit Facility, the Lender Charge, the CCAA Proceedings and the U.S. Proceedings including, without limitation, other expert or professional costs and fees (including, without limitation, the fees and expenses of any legal or financial advisors to the Agent or the Lenders) incurred in relation to the Credit Facility, the Lender Charge, the CCAA Proceedings and the U.S. Proceedings;
- (b) all reasonable legal fees and other reasonable documented out-of-pocket expenses (including syndication expenses) incurred or which may hereafter be incurred from time to time by the Agent or the Lenders in respect of or in connection with:
  - (i) the Lender Charge, the CCAA Proceedings and the U.S. Proceedings; and
  - (ii) the documentation, preparation, registration, negotiation, execution, administration, periodic review, modification or amendment of the Loan Documents (including any Other Taxes payable in connection with the execution, delivery or enforcement of the Loan Documents); and
- (c) all reasonable expenses (including legal fees on a solicitor and his own client basis) which are incurred from time to time by the Agent or the Lenders in respect of the enforcement of the Loan Documents, the Lender Charge or any Restructuring Court Order.

All amounts required to be paid by the Borrower pursuant to this Section 11.1 shall be paid notwithstanding that no Borrowings may be advanced under the Credit Facility or secured by the Security.

### 11.2 Increased Cost

If, after the date hereof, the introduction of, any change in, or the implementation of, any Applicable Law (including any capital adequacy requirement but excluding any taxes on the overall net income of a Lender or upon the overall capital of a Lender), regulation,

treaty or official directive now or hereafter in effect (whether or not having the force of law) or any change in the interpretation or application thereof by any court or by any judicial or Governmental Authority charged with the interpretation or administration thereof, or if compliance by any Lender with any request from any central bank or other fiscal, monetary or other authority (whether or not having the force of law) (individually, a “**Circumstance**”):

- (a) subjects a Lender to any Tax or increases any existing Tax, on payments of principal, interest or other amounts payable by the Borrower to a Lender under a Loan Document;
- (b) imposes, modifies or deems applicable any reserve, special deposit, capital adequacy, regulatory or similar requirement against assets or liabilities held by a Lender, or deposits of or for the account of a Lender, or loans by a Lender, or any other acquisition of funds for loans by a Lender or commitments by a Lender to fund loans or obligations of a Lender in respect of bankers’ acceptances accepted by such Lender; or
- (c) imposes on a Lender any other condition with respect to this Agreement;

and the result of (a), (b) or (c) is, in the sole determination of such Lender acting reasonably and in good faith, to increase the cost to such Lender or to reduce the income receivable by such Lender in respect of a Borrowing, such Lender shall promptly notify the Agent. The Agent shall promptly notify the Borrower and the Borrower shall pay to the Agent for the benefit of such Lender from time to time that amount which compensates such Lender for such additional cost or reduction in income from time to time (“**Additional Compensation**”) on the next Interest Date (and each successive Interest Date, if applicable) unless such Lender knew, on the date of execution of this Agreement, of such Circumstance and the likely result thereof. The Borrower shall not be obligated to pay any portion of such Additional Compensation accruing under this Section 11.2 for any period prior to the date which is three (3) months prior to the date on which the Agent, on behalf of such Lender gives notice to the Borrower that such Additional Compensation is so accruing. A photocopy of the relevant law, regulation, treaty, official directive or regulatory requirement (or, if it is impracticable to provide a photocopy, a written summary of the same) and a certificate by a duly authorized officer of such Lender (prepared in good faith) setting forth the amount of the Additional Compensation and the basis for it must be submitted by the Agent to the Borrower and is prima facie evidence of the amount of the Additional Compensation. If the Agent notifies the Borrower that Additional Compensation is owed, the Borrower shall pay such Additional Compensation to the Agent for the account of such Lender and the Borrower shall have the right, upon written irrevocable prior notice of at least three (3) Business Days to the Agent to make payment in full to the Agent for the account of such Lender in respect of the applicable Borrowing on the date specified in such notice together with accrued but unpaid interest and fees in respect of such Borrowing. Each Lender agrees that it shall not claim Additional Compensation from the Borrower under this Section 11.2 if it is not generally claiming similar compensation from its other customers in similar circumstances.

### **11.3 Illegality**

If the introduction of or any change in applicable law, regulation, treaty, official directive or regulatory requirement now or hereafter in effect (whether or not having the force of law) or any change in the interpretation or application thereof by any court or by any judicial or governmental authority charged with the interpretation or administration thereof, makes it unlawful or prohibited for a Lender (in its sole opinion acting reasonably and in good faith) to make, fund or maintain the Borrowings or a portion of the Borrowings or to perform its obligations under this Agreement, such Lender may by written notice to the Borrower through the Agent terminate its obligations under this Agreement to make such Borrowings or perform such obligations and the Borrower shall prepay such Borrowings within fifteen (15) Business Days together with all accrued but unpaid interest and fees as may be applicable to the date of payment.

### **11.4 General Indemnity**

Each Loan Party hereby covenants with the Agent and each Lender that it shall at all times hereafter keep the Agent, each Lender and every Receiver (each an “**Indemnified Party**”) indemnified and held harmless from and against all suits (whether founded or unfounded), actions, proceedings, judgments, demands or claims instituted or made against such Indemnified Party (collectively, “**Indemnified Claims**”) in any way relating to, arising out of or incidental to any of the Loan Documents (including, without limitation, all costs, losses, liabilities, damages and expenses (including all legal fees on a solicitor and his own client basis) incurred by such Indemnified Party in any way relating to, arising out of, or incidental to any default by the Borrower or any other Loan Party under any provision of any of the Loan Documents and regardless of whether such Indemnified Claim is made in the CCAA Proceedings, the U.S. Proceedings, or any other proceeding, including a bankruptcy or insolvency proceeding) except to the extent such losses result from the gross negligence or wilful misconduct of the Indemnified Party. This indemnity shall extend to the officers, directors, employees, agents, counsel, advisors, shareholders and assignees of each Indemnified Party.

## **ARTICLE 12 THE AGENT AND THE LENDERS**

### **12.1 Authorization of Agent**

Each Lender irrevocably appoints and authorizes the Agent to exercise such powers, perform such duties, take such actions, make such decisions and determinations and give such consents under the Loan Documents as are required to be exercised, performed, taken, made, given or otherwise carried out by the Agent hereunder or under any other agreement between the Lenders, together with all powers reasonably incidental thereto. As to any matters not expressly required by this Agreement, the other Loan Documents or by any other agreement between the Lenders to be carried out by the Agent, the Agent is not required to exercise any discretion or take or to refrain from taking any action except upon the written instructions of the Majority Lenders. Notwithstanding anything to the contrary in this Agreement, the Agent shall not be required to exercise any

discretion or to take or to refrain from taking any action in any manner which is contrary to the Loan Documents, to any other agreement between the Lenders or to Applicable Law.

## **12.2 Responsibility of Agent**

The Agent makes no representation or warranty and accepts no responsibility with respect to the due execution, legality, validity, sufficiency, enforceability or priority of any of the Loan Documents nor with respect to the due execution, legality, validity, sufficiency, enforceability, accuracy or authenticity of any documents, papers, materials or other information furnished by the Borrower (or any other Person, including the Agent or any Loan Party) in connection with the Loan Documents, whether provided before or after the date of this Agreement. The Agent shall incur no liability to the Lenders under or in respect of the Loan Documents with respect to anything which it may do or refrain from doing in the reasonable exercise of its judgment or which may seem to it to be necessary or desirable in the circumstances, except for its gross negligence or wilful misconduct. The Agent assumes no responsibility for the payment of any of the Borrowings or other amounts outstanding hereunder or under any other Loan Document by any Loan Party.

## **12.3 Acknowledgment of Lenders**

Each Lender acknowledges to the Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, environmental soundness, affairs, status and nature of the Loan Parties and accordingly each Lender confirms to the Agent that it has not relied, and will not hereafter rely, on the Agent:

- (a) **Information:** to check or inquire on its behalf into the adequacy, accuracy or completeness of any information provided by any Loan Party or in connection with the Loan Documents or any Credit Agreement (whether or not such information has been or is hereafter circulated to such Lender by the Agent);
- (b) **Performance:** to inquire as to the performance by any Loan Party of its obligations under the Loan Documents or any Credit Agreement; or
- (c) **Credit Review:** to assess or keep under review on its behalf the financial condition, creditworthiness, environmental soundness, affairs, status or nature of any Loan Party.

## **12.4 Rights and Obligations of Each Lender**

The rights and obligations of each Lender under this Agreement are several and no Lender shall be obligated to make Borrowings available to the Borrower in excess of the amount of such Lender's Commitment. The failure of a Lender to perform its obligations under this Agreement shall neither:

- (a) **No Liability to Other Lenders:** result in any other Lender incurring any liability whatsoever; nor
- (b) **No Relief from Obligations:** relieve any Loan Party or any other Lender from its respective obligations under any Loan Document.

Nothing contained herein or in any other Loan Document or Credit Agreement nor any action taken pursuant hereto or thereto shall be deemed to constitute the Lenders a partnership, joint venture or any other similar entity.

Each of the Lenders hereby acknowledge that, to the extent permitted by Applicable Law, the remedies provided hereunder to the Lenders are for their benefit collectively and acting together and not severally, and further acknowledge that its rights hereunder are to be exercised not severally but collectively by the Agent upon the decision of the Majority Lenders regardless of whether an Acceleration Notice has been delivered. Notwithstanding any of the provisions contained herein each of the Lenders hereby covenants and agrees that it shall not be entitled to individually take any action with respect to the Loan Documents including, without limitation, taking (including in respect of its Commitment or any indebtedness or liability owed to it) any action contemplated in Sections 10.2 and 10.3, but that any such action shall be taken only by the Agent with the prior written agreement or instructions of the Majority Lenders; provided that notwithstanding the foregoing, if the Agent, having been adequately indemnified against costs and expenses of doing so by the Lenders, shall fail to carry out any such instructions of the Majority Lenders, any Lender may do so on behalf of all Lenders and shall, in so doing, be entitled to the benefit of all protection give the Agent hereunder or elsewhere.

## **12.5 Notice to Lenders**

Unless otherwise specifically dealt with in this Agreement, in the event the Agent delivers a written notice to a Lender requesting advice from such Lender as to whether it consents or objects to any matter in connection with the Loan 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:

- (a) where a time period is specified hereunder for the Agent or the Lenders to provide any response, notice or other communication prior to the end of such period; or
- (b) where no such time period is specified hereunder, then within five (5) Business Days of the delivery of such written notice by the Agent to such Lender;

such Lender shall be deemed not to have consented thereto.

## **12.6 Notices between the Lenders, the Agent and the Borrower**

All notices by the Lenders to the Agent shall be through the Agent's Branch of Account and all notices by the Agent to a Lender shall be through such Lender's Branch of Account. All notices or communications between the Borrower and the Lenders which

are required or contemplated pursuant to the Loan Documents shall be given or made through the Agent at the Agent's Branch of Account.

**12.7 Agent's Duty to Deliver Documents Obtained from the Borrower**

The Agent shall promptly, and in any event within five (5) Business Days, deliver to each Lender, at its Branch of Account in hard copy or electronic form, such documents, papers, materials and other information as are furnished by the Borrower to the Agent on behalf of such Lender pursuant to this Agreement, and the Borrower shall provide the Agent with sufficient copies of all such information for such purpose.

**12.8 Arrangements for Borrowings**

The Agent shall promptly give written notice to each Lender at its Branch of Account upon receipt by the Agent of any notice given pursuant to Article 3 or Section 4.3. The Agent shall advise each Lender of the amount, date and details of each Borrowing and of such Lender's share in each Borrowing. At or before 11:00 a.m. (Calgary time) on each Drawdown Date, each Lender will make available to the Borrower its share of Borrowings by forwarding to the Agent at the Agent's Account for Payments the amount of Loans required to be made available by such Lender.

**12.9 Arrangements for Repayment of Borrowings**

- (a) **Prior to Demand or Acceleration:** Prior to the delivery of an Acceleration Notice, upon receipt by the Agent of payments from the Borrower on account of principal, interest, fees or any other payment made to the Agent on behalf of the Lenders, the Agent shall pay over to each Lender at its Branch of Account the amount to which it is entitled under this Agreement and shall use its best efforts to make such payment to such Lender on the same Business Day on which such payment is received by the Agent. If the Agent does not remit any such payment to a Lender on the same Business Day as such payment is received by the Agent, the Agent shall pay interest thereon to such Lender until the date of payment at a rate determined by the Agent (such rate to be conclusive and binding on such Lender) in accordance with the Agent's usual banking practice in respect of deposits of amounts comparable to the amount of such payment which are received by the Agent at a time similar to the time at which such payment is received by the Agent.
- (b) **Subsequent to Acceleration:** Following delivery of an Acceleration Notice, the Lenders shall share any payments subsequently received in accordance with Section 10.5.

**12.10 Repayment by Lenders to Agent**

- (a) **Where the Borrower Fails to Pay:** Unless the Agent has been notified in writing by the Borrower at least one (1) Business Day prior to the date on which any payment to be made by the Borrower hereunder is due that the Borrower does not intend to remit such payment, the Agent may (but shall not be obligated to), in its

discretion, assume that the Borrower has remitted such payment when so due and the Agent may, in its discretion and in reliance upon such assumption, make available to each Lender on such payment date an amount equal to the amount of such payment which is due to such Lender pursuant to this Agreement. If the Borrower does not in fact remit such payment to the Agent, the Agent shall promptly notify each Lender and each such Lender shall forthwith on demand repay to the Agent the amount of such assumed payment made available to such Lender, together with interest thereon until the date of repayment thereof at a rate determined by the Agent (such rate to be conclusive and binding on such Lender) in accordance with the Agent's usual banking practice for similar advances to financial institutions of like standing to such Lender.

- (b) **Where a Lender Fails to Pay:** Unless the Agent has been notified in writing by a Lender at least one (1) Business Day prior to a Drawdown Date that such Lender does not intend to make available the amount required to be made available by such Lender pursuant to this Agreement on such Drawdown Date, the Agent may, in its discretion, assume that such Lender has remitted funds to the Agent in an amount equal to the amount required to be made available by such Lender pursuant to this Agreement and the Agent may, in its discretion and in reliance upon such assumption, make available to the Borrower on such Drawdown Date an amount equal to the amount required to be made available by such Lender pursuant to this Agreement. If a Lender does not in fact remit such funds to the Agent and, if the Agent has provided funds to the Borrower on behalf of such Lender, the Agent shall promptly notify such Lender and such Lender shall forthwith remit such funds to the Agent, failing which the Borrower shall forthwith on demand repay to the Agent (without prejudice to the Borrower's rights against such Lender) the amount made available by the Agent on behalf of such Lender, in each case together with interest thereon until the date of repayment thereof at a rate determined by the Agent (such rate to be conclusive and binding on such Lender or the Borrower, as the case may be) in accordance with the Agent's usual banking practice for similar advances to financial institutions of like standing to such Lender.

#### **12.11 Lenders' Consents to Waivers, Amendments, etc.**

- (a) **Unanimous Consent of Lenders:** Any waiver of or any amendment to a provision of the Loan Documents which relates to:
- (i) a change in the types of Borrowings or interest periods relating thereto, a decrease in interest rates or a change in notice periods or the amount of any payments payable by the Borrower to any Lender under this Agreement including any waiver of the time of payment thereof;
  - (ii) an increase or decrease in the Commitment of any Lender other than as provided for herein;
  - (iii) a change in the definition of "Majority Lenders" or "Maturity Date";

- (iv) any matter which, pursuant to the Loan Documents, specifically requires the consent or agreement of all of the Lenders, rather than the consent or agreement of “the Lenders” or the “Majority Lenders” or the “Agent”;
- (v) the provisions of this Section 12.11;
- (vi) Section 9.2(4) or any Event of Default;
- (vii) any release or material modification of the Security, except as provided by Section 6.5 or the applicable provisions of the Loan Party Guarantee or the Security;

shall bind the Lenders only if such waiver or amendment is agreed to in writing by all of the Lenders.

- (b) **Majority Consent:** Subject to Section 12.11(a) and except as otherwise provided in the Loan Documents, any waiver, consent to or any amendment to any provision of the Loan Documents and any action, consent or other determination in connection with the Loan Documents shall bind all of the Lenders if such waiver, amendment, action, consent or other determination is agreed to in writing by the Majority Lenders.
- (c) **Agent’s Consent:** Any waiver, consent to or any amendment to any provision of the Loan Documents which relates to the rights or obligations of the Agent shall require the agreement of the Agent thereto.

#### **12.12 Reimbursement of Agent’s Expenses or Lender’s Costs**

Each Lender agrees that it will indemnify the Agent for its Lender’s Proportion of any and all costs, expenses and disbursements (including, without limitation, those costs and expenses referred to in Section 11.1) which may be incurred or made by the Agent in good faith in connection with the Loan Documents, and agrees that it will, on written demand detailing such costs, expenses and disbursements, reimburse the Agent for any such costs, expenses or disbursements for which the Agent is not promptly reimbursed at any time by the Borrower. The Agent may refrain from exercising any right, power or discretion or taking any action to protect or enforce the rights of any Lender under the Loan Documents until it has been so reimbursed.

#### **12.13 Reliance by Agent on Notices, etc.**

The Agent shall be entitled:

- (a) **Reliance on Written Documents:** to rely upon any writing, letter, written notice, certificate, telex, facsimile copy, cable, statement, order, email or other document believed by the Agent to be genuine and correct and to have been signed, sent or made by the proper Person or Persons; and



- (b) **Reliance on Legal Advice:** with respect to legal matters, to act upon advice of legal advisors selected by the Agent concerning all matters pertaining to the Loan Documents and the Agent's duties thereunder,

and the Agent shall assume no responsibility and shall incur no liability to the Borrower or any Lender by reason of relying on any such document or acting on any such advice.

#### **12.14 Relations with the Borrower**

Except for the transactions provided for in this Agreement, each Lender may deal with the Borrower and any other Loan Party in all transactions and generally do any banking business with or provide any financial services to the Borrower and any other Loan Party without having any liability to account to the other Lenders therefor. Where any Lender is the Agent, with respect to its Commitment and Lender's Proportion, such Lender shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent.

#### **12.15 Successor Agent**

The Agent shall resign if at any time it is no longer a Lender hereunder by reason of an assignment of its rights and obligations under this Agreement and the Loan Documents pursuant to Section 13.1 and, in such event, it shall provide thirty (30) days prior written notice of any such intended assignment to each of the Lenders and the Borrower. The Agent may resign at any time by giving thirty (30) days prior written notice thereof to each of the Lenders and the Borrower. Upon any such resignation, the remaining Lenders (the "**Remaining Lenders**") shall have the right to appoint a successor agent, subject to the approval of the Borrower provided that no Event of Default has occurred and is continuing, such consent not to be unreasonably withheld. ~~Any successor agent appointed under this Section 12.15 shall be a Lender which has offices in Calgary, Alberta or Toronto, Ontario.~~ If no successor agent shall have been appointed by the Remaining Lenders and shall have accepted such appointment within thirty (30) days after the retiring agent's giving of notice of resignation, then the retiring agent may, on behalf of the Lenders appoint a successor agent, subject to the approval of the Borrower provided that no Event of Default has occurred and is continuing, such consent not to be unreasonably withheld. Upon the acceptance of any appointment as Agent by a successor agent, such successor agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring agent as Agent, and the retiring agent shall be discharged from its duties and obligations under this Agreement as Agent. After any retiring agent's resignation or removal hereunder as the Agent, the provisions of this Agreement shall continue in effect for its benefit and for the benefit of the Lenders in respect of any actions taken or omitted to be taken by the retiring agent while it was acting as the Agent.

### **12.16 Indemnity of Agent**

Each Lender hereby agrees to indemnify the Agent (to the extent not reimbursed by the Borrower) as to its Lender's Proportion from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by the Agent under or in respect of the Loan Documents; provided that the Lenders shall not 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 Lender's Proportion of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preservation of any rights of the Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under, the Loan Documents, but only to the extent that the Agent is not reimbursed for such expenses by the Borrower.

### **12.17 Sharing of Information**

Subject to Section 13.3, the Borrower authorizes the Agent and each Lender to share among each other and with any successor, assignee, or any potential assignee, any information possessed by it regarding a Loan Party or the Loan Documents. The Agent and each Lender agree to keep all information provided by the Loan Parties confidential and shall not disclose such information other than as provided for herein and other than to employees and professional advisors in the necessary course of business.

### **12.18 The Agent and Defaulting Lenders**

- (a) Each Defaulting Lender shall be required to provide to the Agent cash in an amount, as shall be determined from time to time by the Agent in its discretion, equal to all obligations of such Defaulting Lender to the Agent that are owing or may become owing pursuant to this Agreement, including such Defaulting Lender's obligation to pay its Lender's Proportion of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrower. Such cash shall be held by the Agent in one or more cash collateral accounts, which accounts shall be in the name of the Agent and shall not be required to be interest bearing. The Agent shall be entitled to apply the foregoing cash in accordance with Section 12.16, in the case of amounts owing to the Agent.
- (b) In addition to the indemnity and reimbursement obligations noted in Section 12.16, the Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower and without limiting the obligations of the Borrower hereunder) rateably according to their respective Lender's Proportion (and in calculating the Lender's Proportion of a Lender, ignoring the Commitments of Defaulting Lenders) any amount that a Defaulting Lender fails to pay the Agent and which is due and owing to the Agent pursuant to Section 12.16. Each Defaulting Lender

agrees to indemnify each other Lender for any amounts paid by such Lender and which would otherwise be payable by the Defaulting Lender.

- (c) The Agent shall be entitled to set off any Defaulting Lender's Proportion of all payments received from the Borrower against such Defaulting Lender's obligations to make payments and fund Loans required to be made by it and to purchase participations required to be purchased by it in each case under this Agreement and the other Loan Documents. To the extent permitted by law, the Agent shall be entitled to withhold and deposit in one or more non-interest bearing cash collateral accounts in the name of the Agent all amounts (whether principal, interest, fees or otherwise) received by the Agent and due to a Defaulting Lender pursuant to this Agreement, for so long as such Lender is a Defaulting Lender, which amounts shall be used by the Agent:
  - (i) first, to reimburse the Agent for any amounts owing to it, in its capacity as Agent, by such Defaulting Lender pursuant to any Loan Document;
  - (ii) second, to repay on a *pro rata* basis the incremental portion of any Loans made by a Lender pursuant to Section 14.2 in order to fund a shortfall created by a Defaulting Lender and, upon receipt of such repayment, each such Lender shall be deemed to have assigned to the Defaulting Lender such incremental portion of such Loans;
  - (iii) third, to cash collateralize all other obligations of such Defaulting Lender to the Agent owing pursuant to this Agreement in such amount as shall be determined from time to time by the Agent in its discretion, including such Defaulting Lender's obligation to pay its Lender's Proportion of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrower; and
  - (iv) fourth, to fund from time to time the Defaulting Lender's Proportion of Borrowings.
- (d) For greater certainty and in addition to the foregoing, neither the Agent nor any of its Affiliates nor any of their respective shareholders, officers, directors, employees, agents or representatives shall be liable to any Lender (including a Defaulting Lender) for any action taken or omitted to be taken by it in connection with amounts payable by the Borrower to a Defaulting Lender and received and deposited by the Agent in a cash collateral account and applied in accordance with the provisions of this Agreement, save and except for the gross negligence or wilful misconduct of the Agent as determined by a final non-appealable judgment of a court of competent jurisdiction.

**ARTICLE 13**  
**SUCCESSORS AND ASSIGNS,**  
**JUDGMENT CURRENCY AND CONFIDENTIAL INFORMATION**

**13.1 Successors and Assigns**

No Loan Party shall assign its rights or obligations hereunder or under any other Loan Document without the prior written consent of all of the Lenders. If an Event of Default has occurred and is continuing, a Lender may, at its sole cost and expense, with the prior consent of the Agent and the Lenders (such consents not to be unreasonably withheld) and without the Borrower's consent, sell, assign or otherwise transfer in whole or in part and/or grant a syndication or participation in its rights and obligations under this Agreement and the other Loan Documents, and a Lender may do so at any other time with the prior written consent of the Borrower and the Agent (such consents not to be unreasonably withheld) (a "**Disposition**") and, if assigned in part only, such assignee would acquire a Commitment of at least U.S. \$1,000,000; provided however that: (a) any assignment by a Lender to an Affiliate thereof shall not require the consent of the Borrower, the Agent or any other Lender, (b) any Disposition shall be subject in all cases to providing the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the applicable Lender hereunder and (c) at and after the time of the Disposition, the Borrower will not be under any obligation to pay by way of withholding tax or otherwise any greater amount than it would have been obliged to pay if the Lender had not made such Disposition.

The Borrower acknowledges that on any Disposition by a Lender to an assignee in accordance with the foregoing provisions of this Section 13.1 (a "**Permitted Assignee**"), the Permitted Assignee shall, to the fullest extent permitted by Applicable Law and subject to the terms of the Disposition, have the same rights and benefits hereunder and under the other Loan Documents and the same continuing obligations as it would have if it were such Lender hereunder; provided, however that the Agent and the Borrower shall be entitled to continue to deal solely and directly with the assignor Lender in connection with the interests so assigned unless and until such assignee becomes a Lender pursuant to a Lender Transfer Agreement executed by such assignee, the relevant assignor Lender and, if applicable, the Agent. Upon:

- (a) such execution of such Lender Transfer Agreement;
- (b) delivery of an executed copy thereof to the Borrower and the Agent;
- (c) payment by such assignee Lender to such assignor Lender of an amount equal to the purchase price agreed between such assignor Lender and such assignee Lender; and
- (d) payment by the assignor Lender of a processing and recording fee in the amount of U.S. \$~~5,000~~1,000 to the Agent;

such assignor Lender shall be released from its obligations hereunder to the extent of such assignment and such assignee Lender shall for all purposes be a Lender party to this Agreement and shall have all the rights and obligations of a Lender under this Agreement to the same extent as if it were an original party hereto, and no further consent or action by the Borrower, the Lenders or the Agent shall be required. Such Lender Transfer Agreement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such assignee Lender as a Lender and the resulting adjustment of the Commitments arising from the purchase by such assignee Lender of all or a portion of the Loans and the Commitment of such assignor Lender.

The Agent, acting solely for this purpose as an agent of the Borrower, shall maintain a copy of each Lender Transfer Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, at any reasonable time and from time to time upon reasonable prior notice.

### **13.2 Judgment Currency**

If for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement it becomes necessary to convert into the currency of such jurisdiction (herein called the "**Judgment Currency**") any amount due hereunder in any currency other than the Judgment Currency, then such conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For such purpose, "rate of exchange" means the spot rate at which the Agent on the relevant date at or about 10:00 a.m. (Calgary time), would be prepared to sell a similar amount of such currency in Calgary, Alberta against the Judgment Currency. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of payment of the amount due, the Borrower shall, on the date of payment, pay such additional amounts (if any) as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of payment is the amount then due under this Agreement in such other currency. Any additional amount due from the Borrower under this Section 13.2 shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Agreement.

### **13.3 Exchange and Confidentiality of Information**

Each of the Lenders and the Agent acknowledge the confidential nature of the financial, environmental, operational and other information, reports and data provided and to be provided to them by the Loan Parties pursuant to this Agreement and the other Loan Documents (the "**Information**") and agrees to hold the Information in confidence and

shall not discuss or disclose or allow access to, or transfer or transmit the Information to any Person, provided however that:

- (a) each of the Lenders and the Agent may disclose all or any part of the Information if, in its reasonable opinion, such disclosure is required by any Applicable Law, to the extent of such requirement, or is required in connection with any actual or threatened judicial, administrative or governmental proceeding, including, without limitation, proceedings initiated under or in respect of this Agreement, provided that in any such circumstance the Lenders and Agent, as soon as reasonably practicable, shall advise the Borrower of its obligation to disclose such Information in order to enable the Borrower, if it so chooses, to attempt to ensure that any such disclosure is made on a confidential basis;
- (b) each of the Lenders and the Agent may disclose all or any part of the Information to any regulatory body to which it is subject, to the extent such disclosure is, in the reasonable opinion of such Lender or Agent, required including without limitation to the Office of the Superintendent of Financial Institutions or similar body;
- (c) each of the Lenders and the Agent may disclose Information to each other and to any Permitted Assignees or participants or any actual or prospective counterparty to any securitization, swap or derivative transaction relating to the Loan Parties and the Borrowings and, in each case, to their respective counsel, agents, employees and advisors; provided that in the case of a participant or any counterparty, the participant or counterparty, as applicable, has provided the Agent or the applicable Lender, in the case of a participant, or the Borrower and the Agent, in the case of a counterparty, with the written agreement referred to in Section 13.3(d) and, in the case of any such counsel, agents, employees and advisors, the Agent or the applicable Lender shall advise such Person of the confidential nature of the Information;
- (d) each of the Lenders and the Agent may disclose and discuss the Information with credit officers of any potential Permitted Assignees for the purposes of assignment pursuant to Section 13.1 or any participant for the purposes of a participation or any actual or prospective counterparty for the purposes of any securitization, swap or derivative transaction as described in (c) above; provided that such potential Permitted Assignee or participant or counterparty shall have, for the benefit of the Borrower, previously provided to the Agent or such Lender, in the case of a participant, or the Borrower and the Agent, in the case of a counterparty, as the case may be, its written agreement to hold the Information under the same obligations of confidentiality as set forth in this Section 13.3 at all times prior to and, if applicable, after becoming a Permitted Assignee or participant or counterparty;
- (e) each of the Lenders and the Agent may disclose all or any part of the Information so as to enable such Lender or the Agent to initiate any lawsuit against any Loan Party or to defend any lawsuit commenced by any Loan Party with respect to or

arising from the Loan Documents, the issues of which are directly or indirectly related to the Information, but only to the extent such disclosure is necessary or desirable to the initiation or defence of such lawsuit;

- (f) each of the Lenders and the Agent may disclose Information to any Person with the prior written consent of the Borrower; and
- (g) each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

Notwithstanding the foregoing, "Information" shall not include any such information:

- (h) which is or becomes readily available to the public (other than by a breach hereof or by a breach of an obligation of confidentiality imposed on a Permitted Assignee or participant or other Person referred to in this Section 13.3) or which has been made readily available to the public by a Loan Party;
- (i) which the Agent or any Lender can show was, prior to receipt thereof from a Loan Party, lawfully in the Agent's or such Lender's possession and not then subject to any obligation on its part to or for the benefit of a Loan Party to maintain confidentiality; or
- (j) which the Agent or any Lender received from a third party, prior to receipt thereof from a Loan Party, which was not, to the knowledge of the Agent or such Lender after due enquiry, subject to a duty of confidentiality to or for the benefit of a Loan Party at the time the Information was so received.

## ARTICLE 14 MISCELLANEOUS

### 14.1 Severability

Any provision of this Agreement which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such

jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

#### **14.2 Defaulting Lenders**

- (a) Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:
  - (i) a Defaulting Lender shall not be included in determining whether, and the Commitment and the Lender's Proportion of the Borrowings 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 12.11, provided that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that (A) materially and adversely affects such Defaulting Lender differently than other affected Lenders, (B) increases the Commitment or extends the Maturity Date of such Defaulting Lender, or (C) relates to the matters set forth in Sections 12.11(a)(i), (ii) (in so far as it relates to the Commitment of a Defaulting Lender), (iii), (v) and (vii), shall require the consent of such Defaulting Lender; and
  - (ii) for the avoidance of doubt, the Borrower shall retain and reserve its other rights and remedies respecting each Defaulting Lender.
- (b) If the Agent has actual knowledge that a Lender is a Defaulting Lender at the time that the Agent receives a Borrowing Notice, then each other Lender shall fund its Lender's Proportion of such affected Loan (and, in calculating such Lender's Proportion, the Agent shall ignore the Commitments of each such Defaulting Lender); provided that, for certainty, no Lender shall be obligated by this Section 14.2(b) to make or provide Loans in excess of its Commitment. If the Agent acquires actual knowledge that a Lender is a Defaulting Lender at any time after the Agent receives a Borrowing Notice, then the Agent shall promptly notify the Borrower that such Lender is a Defaulting Lender (and such Lender shall be deemed to have consented to such disclosure). Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender under this Section 14.2(b) and which would otherwise have been paid by the Defaulting Lender if its Commitment had been included in determining the Lender's Proportion of such affected Loans.
- (c) If any Lender shall cease to be a Defaulting Lender, then, upon becoming aware of the same, the Agent shall notify the other Lenders and (in accordance with the written direction of the Agent) such Lender (which has ceased to be a Defaulting Lender) shall purchase, and the other Lenders shall on a rateable basis sell and assign to such Lender, portions of such Borrowings equal in total to such Lender's Proportion thereof without regard to Section 14.2(b).



**14.3 Monitor**

As of the date hereof, the Monitor in the CCAA Proceedings is FTI Consulting Canada Inc. The Monitor is authorized to have direct discussions with the Agent and the Lenders, and the Agent and the Lenders shall be entitled to receive information from the Monitor as may be requested by the Lenders from time to time.

**14.4 No Discharge of Obligations**

The orders of the Court and Bankruptcy Court sanctioning any Plan shall not discharge or otherwise affect in any way any of the obligations of the Loan Parties to the Lenders under the Credit Facility or the Loan Documents, other than after the permanent and indefeasible payment in cash to the Agent and the Lenders of all Secured Obligations and all other obligations under the Credit Facility and the Loan Documents on or before the date the Plan is implemented.

**14.5 Failure to Act**

No failure, omission or delay on the part of the Agent or any Lender in exercising any right, power or privilege hereunder shall impair such right, power or privilege or operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

**14.6 Waivers**

No breach of any of the provisions of any of the Loan Documents may be waived or discharged verbally; any such waiver or discharge may only be made by way of an instrument in writing signed by either the Agent on behalf of the Lenders or the Majority Lenders, as applicable, and, if required by the Agent, the Loan Parties, and such waiver or discharge will then be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given. Any such waiver or discharge which affects the rights of the Agent may only be made by way of an instrument in writing signed by the Agent.

**14.7 Amendments**

No provision of the Loan Documents may be amended verbally and any such amendment may only be made by way of an instrument in writing signed by the Borrower, the Agent and the Lenders required by Section 12.11.

**14.8 Notice**

Unless otherwise provided in the Loan 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) telecopied or sent by other means of recorded electronic communication; and

If to the Loan Parties:

c/o Argent Energy (US) Holdings Inc.  
909 Fannin Street, 10th Floor  
Houston, Texas 77010

Attention: Sean Bovingdon  
Email: [Sbovingdon@argentenergytrust.com](mailto:Sbovingdon@argentenergytrust.com)

With a copy to:

Bennett Jones LLP  
3400 One First Canadian Place  
P.O. Box 130  
Toronto, Ontario  
M5X 1A4 Canada

Attention: Sean Zweig  
Email: [ZweigS@bennettjones.com](mailto:ZweigS@bennettjones.com)

If to the Lenders:

~~Blake, Cassels & Graydon LLP~~  
~~855 2 St SW #3500~~  
~~Calgary, Alberta~~  
~~T2P 4J8~~ Goodmans LLP  
3400-333 Bay Street  
Toronto, Ontario  
M5H 2S7 Canada

Attention: ~~Kelly Bourassa~~/~~Michael McIntosh~~Robert J. Chadwick  
Email: ~~Kelly.bourassa@blakes.com~~, and  
~~Michael.mcintosh@blakes.com~~rchadwick@goodmans.ca

With a copy to:

~~Ernst & Young Inc.~~  
~~Ernst & Young Tower~~  
~~Suite 1000 440 2nd Avenue SW~~  
~~Calgary, Alberta~~  
~~T2P 5E9~~ Canada

Attention: Neil Narfason/Cassie Riglin  
Email: ~~Neil.narfason@ea.ey.com~~, and  
~~Cassie.riglin@ea.ey.com~~

If to the Monitor:

FTI Consulting Canada Inc.  
Suite 720, 440 - 2nd Avenue SW  
Calgary, Alberta  
T2P 5E9 Canada

Attention: Deryck Helkaa  
Email: [Deryck.Helkaa@fticonsulting.com](mailto:Deryck.Helkaa@fticonsulting.com)

With a copy to:

McCarthy Tetrault  
Suite 4000 421 — 7th Avenue SW  
Calgary, Alberta  
T2P 4K9 Canada

Attention: Sean Collins  
Email: [scollins@mccarthy.ca](mailto:scollins@mccarthy.ca)

If to the Agent, for Drawdowns and repayments, to it at:

~~The Bank of Nova Scotia Business Support Centre  
2850 Sunridge Blvd. NE  
Calgary, AB T2A 7P1~~

~~Attention: Corporate Accounts Officer  
Facsimile: (877) 909-7038~~

If to the Agent, for all other matters, to it at:

~~The Bank of Nova Scotia  
16th Floor, 44 King Street West  
Toronto, Ontario M5H 1H1~~

~~Attention: Vice President, Special Accounts Management  
Facsimile: (416) 933-1357~~

Except as otherwise expressly provided herein, all notices, advices, requests and demands hereunder shall be in writing (including facsimile transmissions) and shall be given to or made upon the respective parties hereto at the address set forth above or at such other address as any party shall designate for itself. All notices shall be effective upon actual receipt. All notices to the Agent shall be given to the Agent at the Agent's Branch of Account.

Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including email and Internet or intranet websites) pursuant to procedures approved by the Agent, provided that the foregoing

shall not apply to notices to any Lender if such Lender has notified the Agent that it is incapable of receiving notices by electronic communication. The Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Agent otherwise prescribes:

- (a) notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient; and
- (b) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient as its email address as described in the foregoing clause (a) of notification that such notice or communication is available and identifying the website address therefor.

#### **14.9 Whole Agreement**

This Agreement together with the other Loan Documents constitutes the whole and entire agreement between the parties and cancels and supersedes any prior agreements, undertakings, declarations and representations, written or verbal, in respect of the subject matter of this Agreement and the other Loan Documents.

#### **14.10 Governing Law**

The parties agree that this Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of ~~Alberta~~Ontario and of Canada applicable therein. There shall be no application of any conflict of law or other rules which would result in any laws other than internal laws in force in the Province of ~~Alberta~~Ontario applying to this Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of ~~Alberta~~Ontario for all matters arising out of or relating to this Agreement, or any of the transactions contemplated hereby or by any thereof, without prejudice to the rights of the Agent or any Lender to take proceedings in other jurisdictions.

#### **14.11 Term of Agreement and Survival**

This Agreement and all covenants, undertakings, agreements, representations and warranties shall continue and survive until the termination of this Agreement such that thereafter there is not nor can there be any Borrowings arising under any Loan Document, and with the exception of the indemnities provided in Sections 9.1(~~v~~x) and 11.4 which shall survive any such termination.

#### **14.12 Time of Essence**

Time shall be of the essence of this Agreement.

#### **14.13 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, antiterrorist financing, government sanction and “know your client” Applicable 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, its directors, authorized signing officers, direct or indirect shareholders or unitholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The Borrower shall promptly: (i) provide all such information, including supporting documentation and other evidence, as may be reasonably 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 other Loan Party or any authorized signatories of the Borrower or any other Loan Party 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.

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

#### **14.14 Acknowledgement Respecting Trustee**

The parties hereto acknowledge that Argent Energy Ltd., as the Administrator, is entering into this Agreement solely in its capacity as administrator on behalf of the Trust and the obligations of the Trust hereunder shall not be binding upon the Administrator other than in its capacity as such, nor shall it be binding upon any Unitholder (as defined in the Trust Indenture), beneficial Unitholder (as defined in the Trust Indenture) or any

“annuitant” as defined in the Trust Indenture, such that any recourse against the Trust, the Administrator or any Beneficiary (as defined in the Trust Indenture) in any manner in respect of any indebtedness, obligation or liability arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, including, without limitation, claims based on negligence or otherwise tortious behaviour, shall be limited to, and satisfied only out of, the Trust Property (as defined in the Trust Indenture).

**14.15 Conflict with Other Documents**

In the event there is a conflict or inconsistency as to any matter between the provisions hereof and the provisions of any other Loan Document, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency; provided, however, that for the purposes of this Section ~~14.14~~14.15 there shall not be considered to be a conflict or inconsistency between any provision hereof and any provision of any other Loan Document merely because such Loan Document does, and this Agreement does not, deal with the particular matter.

**14.16 Counterpart Execution**

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

*[remainder of page intentionally left blank]*

**IN WITNESS WHEREOF** the parties hereto have caused this Agreement to be duly executed on the date and year first above written.

**BORROWER:**

**ARGENT ENERGY (US) HOLDINGS INC.**

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

**GUARANTORS:**

**ARGENT ENERGY TRUST**, by its  
Administrator, **ARGENT ENERGY LTD.**

Per:

\_\_\_\_\_

Name:

Title:

Per:

\_\_\_\_\_

Name:

Title:

**ARGENT ENERGY (CANADA) HOLDINGS  
INC.**

Per:

\_\_\_\_\_  
Name:

Title:

Per:

\_\_\_\_\_  
Name:

Title:

**Agent:**

The Bank of Nova Scotia  
44 King Street West, 16<sup>th</sup> Floor  
Toronto, ON M5H 1H1

Attention: Vice President

Faeximile: (416) 933-1357 [**To be  
updated**]

**THE BANK OF NOVA SCOTIA** [**To be  
updated**], as Agent

Per:

\_\_\_\_\_  
Name:

Title:

Per:

\_\_\_\_\_  
Name:

Title:



**Lender:**

The Bank of Nova Scotia  
700—2<sup>nd</sup> Street S.W., Suite 2000  
Calgary, AB T2P 2W1

Attention:     Managing Director and  
                  Industry Head

Facsimile:     (403) 221-6497 [To be  
updated]

~~THE BANK OF NOVA SCOTIA~~ [To be  
updated], as Lender

Per:

\_\_\_\_\_ Name:

Title:

**Lender:**

~~2711~~ 308 4<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 0H7

Attention: Portfolio Manager Oil  
& Gas Division

Faeximile: (403) 776-8727 **[To be  
updated]**

~~WELLS FARGO BANK, N.A., CANADIAN-  
BRANCH~~ **[To be updated]**, as Lender

Per:

\_\_\_\_\_  
Name:

Title:

**Lender:**

Canadian Imperial Bank of Commerce  
25 King Street West  
Commerce Court North  
Toronto, ON M5L 1A2

Attention: Paul Montgomery,  
Senior Director,  
Special Loans

Faeximile: (416) 214-8749

~~CANADIAN IMPERIAL BANK OF  
COMMERCE, as Lender~~

Per:

\_\_\_\_\_  
Name: -

Title: -

Per:

\_\_\_\_\_  
Name: -

Title: -

**Lender:**

Royal Bank of Canada  
20 King Street West, 9<sup>th</sup> Floor  
Toronto, ON M5H 1C4  
Calgary, AB T2P 5C5

Attention: Kirsten Monaghan  
Director, Group Risk  
Management

Faeximile: (416) 974-8508

~~ROYAL BANK OF CANADA, as Lender~~

Per:

\_\_\_\_\_  
Name: -

Title: -

~~SCHEDULE TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016  
BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE  
LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT~~

## COMMITMENTS

<u>Lender</u>	<u>Commitment</u>
<del>The Bank of Nova Scotia</del>	<del>U.S. \$3,212,000</del>
<del>Wells Fargo Bank, N.A., Canadian Branch</del>	<del>U.S. \$1,606,000</del>
<del>Canadian Imperial Bank of Commerce</del>	<del>U.S. \$1,241,000</del>
<del>Royal Bank of Canada</del>	<del>U.S. \$1,241,000</del>
<b>TOTAL:</b>	<b>U.S. <del>\$7,300,000</del><u>10,000,000.00</u></b>

~~SCHEDULE A TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016  
BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE  
LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT~~

**BORROWING / REPAYMENT NOTICE**

Date: \_\_\_\_\_

~~The Bank of Nova Scotia, as Agent  
2850 Sunridge Blvd. NE  
Calgary, AB T2A 7P1~~

~~Attention: Corporate Accounts Officer  
Facsimile: (877) 909-7038~~

**[Insert Agent Information]**

Dear Sirs:

**Re: ARGENT ENERGY (US) HOLDINGS INC.**

We refer to the Credit Agreement dated ~~February 17, April ●~~, 2016 between Argent Energy (US) Holdings Inc., as Borrower, and the ~~lenders~~Agent and Lenders party thereto ~~with The Bank of Nova Scotia, as Agent~~ (as the same may be amended, renewed, extended, modified and/or restated from time to time, the "Credit Agreement"). Capitalized terms used herein have the same meaning as in the Credit Agreement. The undersigned is an officer of Argent Energy (US) Holdings Inc. and is authorized to make and deliver this notice on behalf of the Borrower pursuant to the Credit Agreement.

1. We hereby give notice of **[our request for a Loan pursuant to Section 3.4/repayment of a Borrowing pursuant to Section 3.5]** of the Credit Agreement particulars of which arc as follows:
  - (a) **[Drawdown/Repayment] Date:** \_\_\_\_\_
  - (b) Amount: \$ \_\_\_\_\_
  - (c) Payment Instructions (if any): \_\_\_\_\_
  
2. **[For a Loan only:]** The undersigned hereby certifies that:
  - (a) the Loan requested by this Borrowing Notice is consistent with the Agreed Budget and shall not increase the Borrowings to an amount which exceeds the Total Commitment;
  - (b) the Borrower and the other Loan Parties are in compliance with all Restructuring Court Orders;

- (c) the Initial Order has not been stayed, vacated or otherwise caused to be ineffective; and
  - (d) all orders granted by the Bankruptcy Court are in full force and effect and have not been reversed, modified, stayed or amended.
3. **[For a Loan only:]** All of the representations and warranties of the Borrower deemed to be made by the Borrower pursuant to Section 2.2 of the Credit Agreement are true and correct in all material respects on the date hereof.
  4. **[For a Loan only:]** There exists no Default or Event of Default on the date hereof and no Default or Event of Default will occur as a result of the Loan requested by this Borrowing Notice.
  5. **[For a Loan only]** No Material Adverse Change has occurred since the date of the issuance of the Initial Order.
  6. **[For a Loan only:]** No Security Interest ranks in priority to the Lender Charge, other than Permitted Priority Liens.

Yours very truly,

**ARGENT ENERGY (US) HOLDINGS INC.,**  
as Borrower

Per: \_\_\_\_\_  
Name:  
Title:

~~SCHEDULE B TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016  
BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE  
LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT~~

**COMPLIANCE CERTIFICATE**

I, \_\_\_\_\_, of the City of Calgary, in the Province of Alberta, hereby certify as follows:

1. I am the duly appointed [**insert title of senior officer**] of Argent Energy (US) Holdings Inc. (the "**Borrower**");
2. This Certificate applies to the Fiscal Year ending \_\_\_\_\_;
3. I am familiar with and have examined the provisions of the Credit Agreement dated ~~February 17, April~~ ●, 2016 between Argent Energy (US) Holdings Inc., as Borrower, and the ~~Agent and Lenders~~ lenders party thereto ~~with The Bank of Nova Scotia, as Agent~~ (as the same may be amended, renewed, extended, modified and/or restated from time to time, the "**Credit Agreement**"), and have made such reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrowers and their respective agents as I have deemed necessary for purposes of this Certificate;
4. Except where the context otherwise requires, all capitalized terms used herein have the same meaning as in the Credit Agreement;
5. There is no Default outstanding and no event or circumstance has occurred which, with the giving of notice, lapse of time, or both, would constitute an Event of Default.
6. Each of the representations and warranties made by the Borrower pursuant to Section 2.2 in the Credit Agreement were true and correct in all material respects as at the \_\_\_\_\_ day of \_\_\_\_\_ being the last day of the Fiscal Year of the Trust most recently ended.
7. No Material Adverse Change has occurred since the date of the issuance of the Initial Order.
8. The annual audited consolidated balance sheet of the Trust and statements of income and changes in financial position of the Trust for the Fiscal Year ending ●, ● were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial position of the Trust and its Subsidiaries as at the date thereof.
9. The cumulative proceeds received by the Borrower and the other Loan Parties in respect of sales, conveyances and dispositions of P&NG Rights, Tangibles, Miscellaneous Interests or any other property assets or undertaking from and after the Effective Date is U.S. \$ \_\_\_\_\_.

10. As of the last day of the above referenced Fiscal Year, the aggregate combined net assets of the Loan Parties (determined on an unconsolidated basis) was \_\_\_\_\_% of the consolidated net assets of the Trust.
11. This Certificate is given by the undersigned officer in his or her capacity as an officer of the Borrower without any personal liability.

DATED at the City of Calgary, in the Province of Alberta, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**ARGENT ENERGY (US) HOLDINGS INC.,**  
as Borrower

Per: \_\_\_\_\_  
Name:  
Title:



~~SCHEDULE C TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016  
BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE  
LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT~~

**LENDER TRANSFER AGREEMENT**

**TO:** ~~THE BANK OF NOVA SCOTIA, as~~ The Agent

**AND TO:** Argent Energy (US) Holdings Inc. (the “Borrower”)

**RE:** Credit Agreement dated ~~February 17, April~~ ●, 2016 (as amended, amended and restated or replaced from time to time, the “Credit Agreement”) between Argent Energy (US) Holdings Inc., as Borrower, the Lenders and the Agent and each of the financial institutions which have entered into or shall enter into a Lender Transfer Agreement

---

Capitalized terms used in this Lender Transfer Agreement without definition shall have the meanings set out in the Credit Agreement.

1. **[name of new lender]** (the “Assignee”) acknowledges that its proper officers have received and reviewed a copy of the Loan Documents and further acknowledges the provisions of the Loan Documents.
2. The Assignee desires to become a Lender under the Credit Agreement; **[name of selling Lender]** (the “Assignor”) has agreed to and does hereby sell, assign and transfer to the Assignee an undivided \_\_\_\_\_% interest in the Total Commitment equal to the Commitment as calculated in paragraph 4 below; and, accordingly, the Assignee has agreed to execute this Lender Transfer Agreement.
3. The Assignee, by its execution and delivery of this Lender Transfer Agreement, agrees that from and after the date hereof it shall be a Lender under the Credit Agreement and agrees to be bound by and to perform all of the terms, conditions and covenants of the Credit Agreement applicable to a Lender including, without limitation, the liability to make available its Lender’s Proportion of Borrowings made on or after the date hereof in accordance with its Commitment identified in paragraph 4 of this Lender Transfer Agreement.
4. The Assignee confirms that, after giving effect to the assignment set forth herein, its Commitment under the Credit Agreement shall be \$\_\_\_\_\_.
5. The Assignee agrees to assume, without recourse to the Assignor, all liabilities and obligations of the Assignor as Lender under the Credit Agreement arising after the date hereof to the extent of the Assignee’s Commitment as provided for herein and the Assignor is hereby released and discharged from such obligations and liabilities to the same extent.

6. The Assignee acknowledges and confirms that it has not relied upon, and that the Assignor or the Agent or any of their respective directors, officers, employees or agents have not made, any representation or warranty whatsoever as to the due execution, legality, effectiveness, validity or enforceability of any of the Loan Documents or any other documentation or information delivered by the Assignor or the Agent to the Assignee in connection therewith or for the performance thereof by any party thereto or of the financial condition of the Borrower or any other Loan Party. All representations, warranties and conditions express or implied by law or otherwise are hereby excluded.
7. The Assignee represents and warrants that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, affairs, status and nature of the Borrower and any other Loan Party and has not relied and will not hereafter rely on the Assignor or the Agent or any of their respective directors, officers, employees or agents to appraise or keep under review on its behalf the financial condition, creditworthiness, affairs, status or nature of the Borrower or any other Loan Party.
8. Each of the Assignor and the Assignee represents and warrants to the other, and to the Agent and the Lenders that it has the capacity and power to enter into this Lender Transfer Agreement in accordance with the terms hereof and to perform its obligations arising therefrom, and all actions required to authorize the execution and delivery hereof and the performance of such obligations have been duly taken.
9. This Lender Transfer Agreement shall be governed by and construed in accordance with the laws of the Province of AlbertaOntario.
10. Notices shall be given to the Assignee in the manner provided for in the Credit Agreement as follows:  
  
Branch of Account:  
●  
●  
  
Attention: ●  
Telecopier: ●
11. This Lender Transfer Agreement shall be binding upon the Assignee and its successors and permitted assigns.
12. This Lender Transfer Agreement may be executed in any number of counterparts and by different parties in separate counterparts and by facsimile execution, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

DATED this \_\_\_\_\_ day of \_\_\_\_\_.

**[Name of Assignee]**

Per: \_\_\_\_\_  
Name:  
Title:

The Assignor hereby acknowledges the above Lender Transfer Agreement and agrees that its Commitment is reduced by an amount equal to the Commitment assigned to the undersigned hereby and confirms that its Commitment as so reduced is U.S. \$ \_\_\_\_\_.

**[Name of Assignor]**

Per: \_\_\_\_\_  
Name:  
Title:

~~THE BANK OF NOVA SCOTIA~~, as The Agent, hereby acknowledges the above Lender Transfer Agreement and consents to the Assignee becoming **[continuing as]** a Lender under the Credit Agreement to the extent of its Commitment as set out in paragraph 4 of the Lender Transfer Agreement.

~~THE BANK OF NOVA SCOTIA~~, as Agent

Per: \_\_\_\_\_  
Name:  
Title:

The Borrower hereby acknowledges the above Lender Transfer Agreement and consents to the Assignee becoming **[continuing as]** a Lender under the Credit Agreement to the extent of its Commitment as set out in paragraph 4 of the Lender Transfer Agreement.

**ARGENT ENERGY (US) HOLDINGS INC.,**  
as Borrower

Per: \_\_\_\_\_  
Name:  
Title:

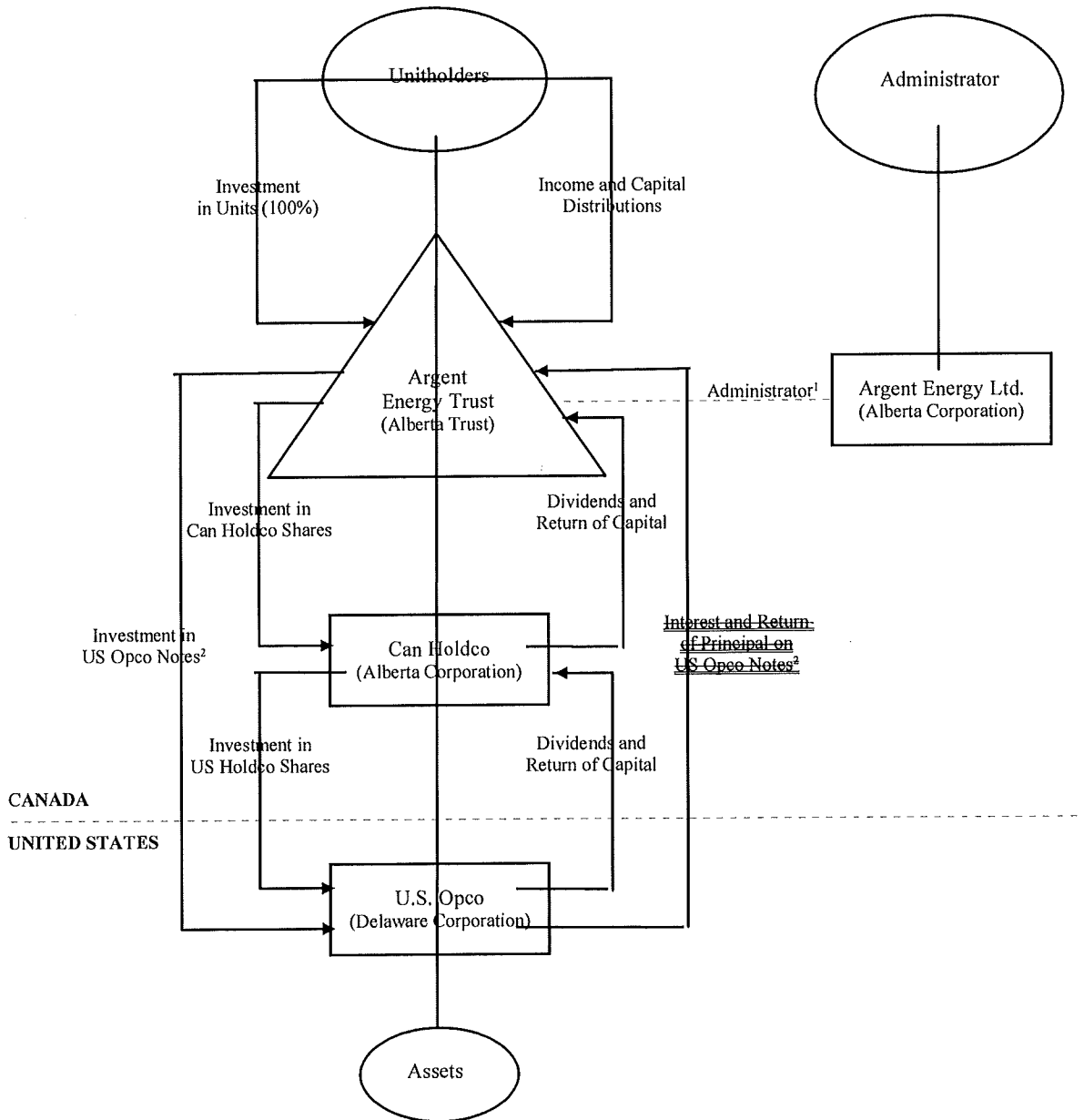
**SCHEDULE D TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016  
BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE  
LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT**

**INFORMATION REGARDING LOAN PARTIES**

<b>Legal Name</b>	<b>Jurisdiction of Incorporation or Formation</b>	<b>Location of Chief Executive Office</b>	<b>Location of Business and Assets</b>	<b>Ownership</b>
Argent Energy Trust	Alberta	Alberta	Alberta	Public Trust
Argent Energy (US) Holdings Inc.	Delaware	Texas	Texas Wyoming Colorado	100% of shares owned by Argent Energy (Canada) Holdings Inc.
Argent Energy (Canada) Holdings Inc.	Alberta	Alberta	Alberta	100% of shares owned by Argent Energy Trust

**SCHEDULE E TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016  
 BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE  
 LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT**

**ORGANIZATIONAL CHART OF AGENT ENERGY TRUST**





**~~SCHEDULE F TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016  
BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE  
LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT~~**

**MATERIAL CONTRACTS**

1. Trust Indenture
2. Administrative Services Agreement
3. Voting agreement dated May 9, 2012 among the shareholders of the Administrator, the Trustee and the Administrator with regard to, among other matters, the election of the directors of the Administrator

**SCHEDULE G TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016  
BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE  
LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT**

**AGREED BUDGET**  
(see attached)



~~SCHEDULE H TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016  
BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE  
LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT~~

~~INITIAL ORDER  
(see attached)~~

~~SCHEDULE TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016  
BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE  
LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT~~

~~IMBALANCES~~

None.

**~~SCHEDULE I TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016  
BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE  
LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT~~**

**ROFRs AND CONSENTS TO ASSIGNMENT**

Attached as follows:

1. Annex I — Consents to Assign (Contracts)
2. Annex 2 — Consents to Assign (Leases)
3. Annex 3 — ROFRS

**Annex 1 — Consents to Assign (Contracts)**

(attached)

**Annex 2 — Consents to Assign (Leases)**

(attached)

**Annex 3 — OFRs**

(attached)

**EXHIBIT 1 TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016 BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT**

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement dated ~~February 17, 2016~~, April 9, 2016 (as the same may be amended, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), among Argent Energy (US) Holdings Inc., a Delaware corporation, as a Borrower, ~~The Bank of Nova Scotia and the other financial institutions named therein or in Lender Transfer Agreements, in their capacities as Lenders, and The Bank of Nova Scotia, in its capacity as Agent and the Agent and Lenders party thereto.~~ Capitalized terms used but not defined herein shall have the meanings given to such terms in the Credit Agreement.

Pursuant to the provisions of Section 7.3 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Borrower with a certificate of its status as not a United States person (as defined in section 7701(a)(30) of the Code) on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

**[NAME OF LENDER]**

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

**EXHIBIT 2 TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016 BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT**

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement dated ~~as of February 17, 2016~~, ~~April 9, 2016~~ (as the same may be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Argent Energy (US) Holdings Inc., a Delaware corporation, as a Borrower, ~~The Bank of Nova Scotia and the other financial institutions named therein or in Lender Transfer Agreements, in their capacities as Lenders, and The Bank of Nova Scotia, in its capacity as Agent and the Agent and Lenders party thereto.~~ Capitalized terms used but not defined herein shall have the meanings given to such terms in the ~~Loan~~ Credit Agreement.

Pursuant to the provisions of Section 7.3 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its status as not a United States person (as defined in section 7701(a)(30) of the Code) on IRS Form W-813EN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

**[NAME OF PARTICIPANT]**

By: \_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_, 20[ ]

**EXHIBIT 3 TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016 BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT**

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement dated ~~as of February 17, 2016~~, April 9, 2016 (as the same may be amended, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), among Argent Energy (US) Holdings Inc., a Delaware corporation, as a Borrower, ~~The Bank of Nova Scotia and the other financial institutions named therein or in Lender Transfer Agreements, in their capacities as Lenders, and The Bank of Nova Scotia, in its capacity as Agent and the Agent and Lenders party thereto.~~ Capitalized terms used but not defined herein shall have the meanings given to such terms in the ~~Loan~~Credit Agreement.

Pursuant to the provisions of Section 7.3 of the Credit Agreement, the undersigned hereby certifies that (1) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

**[NAME OF PARTICIPANT]**

By: \_\_\_\_\_  
Name:  
Title:



Date: \_\_\_\_\_, 20[ ]

**EXHIBIT 4 TO THE CREDIT AGREEMENT DATED FEBRUARY 17, 2016 BETWEEN ARGENT ENERGY (US) HOLDINGS INC., AS BORROWER, AND THE LENDERS PARTY THERETO WITH THE BANK OF NOVA SCOTIA, AS AGENT**

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement dated ~~as of February 17, April 9,~~ 2016 (as the same may be amended, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), among Argent Energy (US) Holdings Inc., a Delaware corporation, as a Borrower, ~~The Bank of Nova Scotia and the other financial institutions named therein or in Lender Transfer Agreements, in their capacities as Lenders, and The Bank of Nova Scotia, in its capacity as Agent, and the Agent and Lenders party thereto.~~ Capitalized terms used but not defined herein shall have the meanings given to such terms in the ~~Loan~~Credit Agreement.

Pursuant to the provisions of Section 7.3 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s), with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partnerishnember’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]