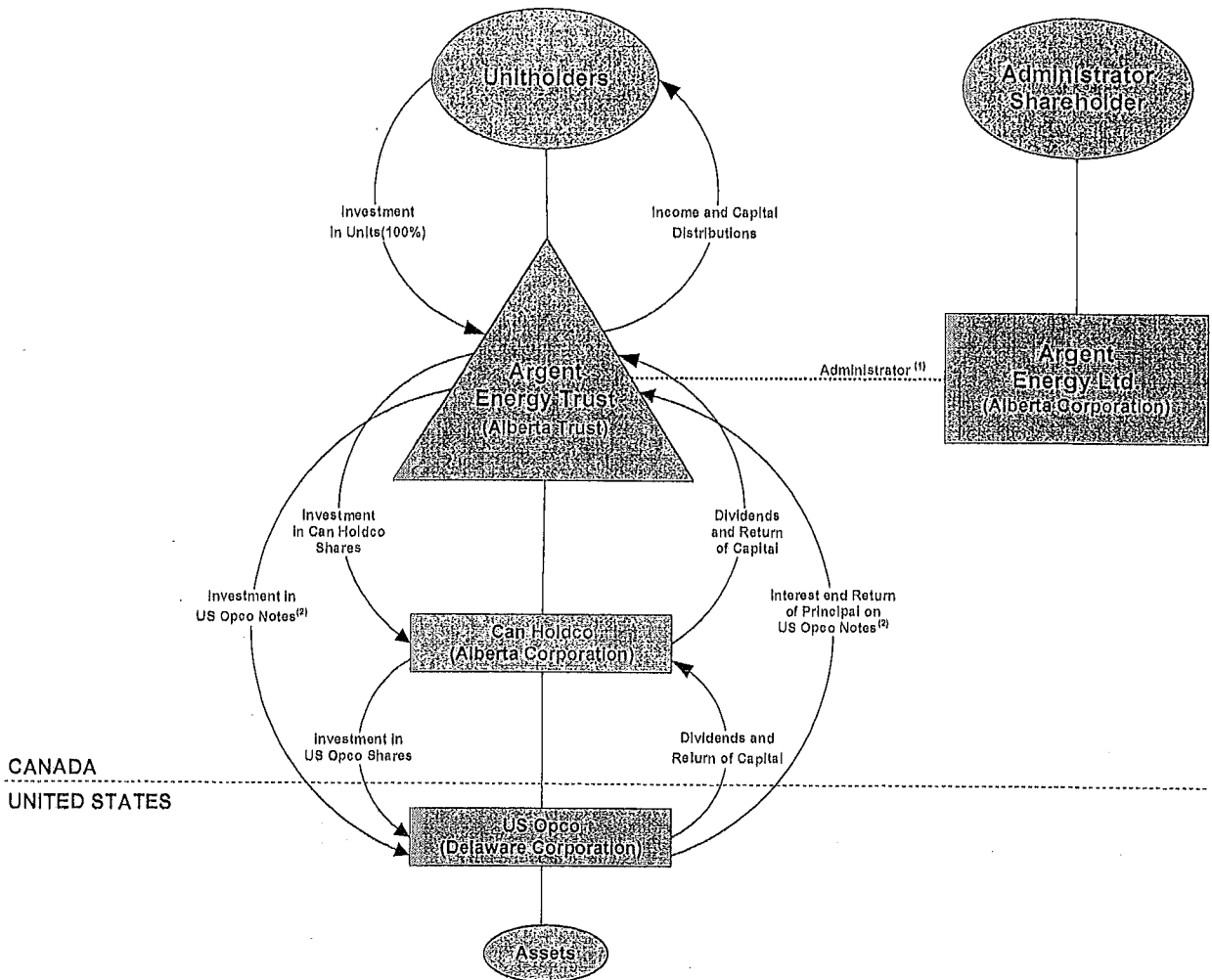


# EXHIBIT 1



**Notes:**

- (1) Pursuant to the terms of the Administrative Services Agreement, the Administrator performs all administrative, operational and investment services that are or may be required or advisable, from time to time, for the Trust. The Administrator and the Trust also entered into the Services Agreement with Aston Hill, pursuant to which Aston Hill provides certain technical and administrative services that are or may be required or advisable, from time to time, for the Administrator on behalf of the Trust.
- (2) The US Opco Notes were initially issued to Can Holdco and distributed by Can Holdco to the Trust concurrently with or immediately following each issuance. As a result, interest and principal on the US Opco Notes is paid by US Opco directly to the Trust instead of to Can Holdco.

THIS IS EXHIBIT " 1 " referred to in the Affidavit of Declaration

Sean Bovington

Sworn before me this 16<sup>th</sup>

day of February A.D. 20 16

[Signature]

A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor

## THE TRUST AND ITS SUBSIDIARIES

### The Trust

Argent Energy Trust, the Trust, is an unincorporated limited purpose open-ended trust established under the laws of the Province of Alberta on January 31, 2012 by the Trust Indenture. See "Description of the Trust".

### The Administrator

Argent Energy Ltd., the Administrator, is a corporation formed under the laws of the Province of Alberta on June 9, 2011 and is the administrator of the Trust. The sole shareholder of the Administrator is the Administrator Shareholder. See "Administration of the Trust – Administrative Services Agreement" and "Voting Agreement".

### Can Holdco

Argent Energy (Canada) Holdings Inc., Can Holdco, is a corporation formed under the laws of the Province of Alberta on May 4, 2012 and is a direct wholly-owned subsidiary of the Trust. See "Description of Can Holdco".

### US Opco

Argent Energy (US) Holdings Inc., the US Opco, is a corporation formed under the laws of the State of Delaware on May 4, 2012. US Opco is an indirect wholly-owned subsidiary of the Trust. See "Description of US Opco".

### Offices

The principal and head office of the Trust, the Administrator and Can Holdco are located at Suite 500, 321 – 6<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3H3. The principal office of US Opco is located at 909 Fannin Street, 10<sup>th</sup> Floor, Houston, Texas 77010. The registered office of the Administrator and Can Holdco is located at 4500 Bankers Hall East, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4K7. The registered office of US Opco is located at The Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware, 19801.

### Organization and Structure

The following chart illustrates the structure of the Trust and its subsidiaries and affiliates. All subsidiaries of the Trust are directly or indirectly wholly-owned by the Trust. All of the shares of the Administrator are owned by the Administrator Shareholder and are subject to the terms of the Voting Agreement. See "Voting Agreement".

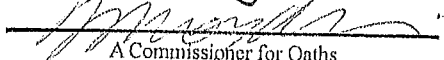
# EXHIBIT 2

THIS IS EXHIBIT " 2 "  
referred to in the Affidavit of Declaration

Sean Bovington

Sworn before me this 16<sup>th</sup>

day of February A.D. 20 16

  
A Commissioner for Oaths  
in and for the Province of Alberta

EXECUTION COPY

Kelsey Meyer  
Barrister & Solicitor

ARGENT ENERGY TRUST

AMENDED AND RESTATED TRUST INDENTURE

Made as of December 3, 2013

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**ARGENT ENERGY TRUST**

**AMENDED AND RESTATED TRUST INDENTURE**

THIS TRUST INDENTURE is amended and restated as of the 3rd day of December, 2013.

**BETWEEN:**

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company incorporated under the laws of Canada, with offices in the City of Calgary, in the Province of Alberta  
(hereinafter called the "**Trustee**"),

OF THE FIRST PART

- and -

**ARGENT ENERGY LTD.**, a corporation incorporated under the laws of Alberta, with offices in the City of Calgary, in the Province of Alberta  
(hereinafter called the "**Corporation**"),

OF THE SECOND PART

**RECITALS**

**WHEREAS** on January 31, 2012, the Trust was created and settled pursuant to the Original Indenture for the purpose of acquiring and holding certain investments, including securities of Can Holdco (as hereinafter defined);

**AND WHEREAS** the Trustee has agreed to hold and use the \$5.00 in lawful money of Canada, which has been paid by the Corporation, as the Initial Unitholder (as hereinafter defined), to the Trustee (the "**Initial Contribution**") in exchange for the one Unit (as hereinafter defined), and all amounts and assets subsequently received under this Trust Indenture upon the trusts and in accordance with the provisions hereinafter set forth;

**AND WHEREAS** the Original Indenture was first amended and restated on May 9, 2012;

**AND WHEREAS** the Corporation has agreed to act as the administrator of the Trust (as hereinafter defined) pursuant to the Administrative Services Agreement;

**AND WHEREAS** it is intended that the beneficiaries of the Trust shall be the holders of Units and that each such Unit shall rank equally in all respects with every other Unit;

**AND WHEREAS** it is intended that the Trust will offer the Units for sale to members of the public from time to time;

**AND WHEREAS** it is desirable that the Trust shall, at all times, be prohibited from investing in any "non-portfolio property" and shall, at all times following the IPO (as hereinafter defined), qualify as a "mutual fund trust" and not constitute a "SIFT trust" (as such terms are hereinafter defined).

**NOW THEREFORE THIS INDENTURE WITNESSES THAT**, in consideration of the premises and the mutual and respective covenants and agreements contained herein, the Trustee declares, and covenants and agrees with and in favour of the Corporation (in its capacity as settler of the Trust), the Unitholders (being all persons who before, on or after the date hereof, become holders of Units, as herein provided) and the Administrator (as hereinafter defined) as follows:

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions**

In this Trust Indenture and in the Unit Certificates, unless the context otherwise requires, the following words and phrases shall have the following meanings:

- (a) "**Accounting Principles**" has the meaning ascribed thereto in Section 1.5;
- (b) "**Administrative Services Agreement**" means the administrative services agreement, dated May 9, 2012, between the Administrator and the Trustee, as amended, supplemented or amended and restated from time to time, pursuant to which the Administrator provides administrative services to the Trust;
- (c) "**Administrator**" means the person appointed as the administrator of the Trust from time to time in accordance with the terms of this Trust Indenture and, if applicable, the Administrative Services Agreement, initially being the Corporation;
- (d) "**Administrator Directors**" means the director or directors of the Administrator;
- (e) "**affiliate**" of a person means any other person controlling, controlled by, or under common control with, such person;
- (f) "**annuitant**" means an annuitant, subscriber, holder or beneficiary under a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered pension plan, a registered pension fund, a registered disability savings plan, a tax-free savings account or a deferred profit sharing plan, all as defined in the Tax Act, or an annuitant, subscriber, holder or beneficiary of any other plan, account or fund, of which a Unitholder, Beneficial Unitholder or holder of Other Trust Securities acts as trustee or carrier;
- (g) "**Applicable Laws**" means all laws, rules, regulations, codes, by-laws, statutes, ordinances, directives and orders, in effect from time to time, of all jurisdictions and Governing Authorities having jurisdiction with respect to the Trust and its affiliates;
- (h) "**associate**" means, in relation to another person (the "**Other Person**"):
  - (i) a person of which the Other Person beneficially owns or controls, directly or indirectly, voting securities entitling the Other Person to more than 10% of the voting rights attached to outstanding securities of the person;
  - (ii) any person who is a partner of the Other Person;

- (iii) any trust or estate in which the Other Person has a substantial beneficial interest or in respect of which the Other Person serves as trustee or in a similar capacity;
- (iv) in the case where the Other Person is an individual, a relative of that individual, including:
  - (A) the spouse or adult interdependent partner of that individual, if the relative has the same residence as that individual; or
  - (B) a relative of that individual's spouse or adult interdependent partner, if the relative has the same residence as that individual;
- (i) "**Auditors**" means any firm of chartered accountants appointed as the auditors of the Trust from time to time in accordance with the provisions hereof;
- (j) "**Beneficial Unitholder**" means the beneficial owner of a Unit;
- (k) "**Beneficiary**" has the meaning ascribed thereto in subsection 12.5(a);
- (l) "**Bid Units**" has the meaning ascribed thereto in subsection 3.28(a);
- (m) "**Book-Entry System**" means, collectively, the book-based record-entry securities transfer and pledge systems, which are administered by CDS or DTC, as may be changed, supplemented, replaced or otherwise modified from time to time;
- (n) "**Business Day**" means any day other than a Saturday, Sunday or a day on which the principal chartered banks located at Calgary, Alberta are not open for business;
- (o) "**Can Holdco**" means Argent Energy (Canada) Holdings Inc., a corporation incorporated under the laws of the Province of Alberta;
- (p) "**Can Holdco Shares**" means the common shares in the capital of Can Holdco;
- (q) "**Cash Redemption Price**" has the meaning ascribed thereto in Section 6.3;
- (r) "**CDS**" means CDS Clearing and Depository Services Inc., or its successor;
- (s) "**Closing**" means the completion of the issue of Units to the public pursuant to the IPO and "**Closing Date**" means the date on which Closing occurs;
- (t) "**closing market price**" has the meaning ascribed thereto in Section 6.3;
- (u) "**Compensation Plans**" means the incentive and compensation plan or plans to be entered into between the Trust and certain of the Administrator's, and/or the Trust's affiliates', directors, officers, employees and consultants (or directors, officers and employees of such consultants);
- (v) "**control**", and related terms including "**controlling**" and "**controlled**", shall mean the possession, directly or indirectly, by or on behalf of a person or group of persons acting jointly or in concert, of the following in respect of another person:

- (i) in the case where the other person is a corporation, the power to vote more than 50% of the securities having ordinary voting power for the election of directors of such corporation;
- (ii) in the case where the other person is a limited partnership, the power to control the general partner of the limited partnership; and
- (iii) in the case where the other person is other than a corporation or limited partnership, any of:
  - (A) the power to exercise more than 50% of the voting rights in such person; or
  - (B) the right to receive more than 50% of the distributions made by that person;
- (w) "**Counsel**" means a barrister and solicitor or firm of barristers and solicitors or other lawyers in an appropriate jurisdiction retained by the Trust;
- (x) "**Credit Facilities**" means all credit facilities and agreements entered into by the Trust or any of its affiliates, from time to time, which set forth the terms and conditions of any debt financing obtained by the Trust, or by any one of its affiliates (as the case may be), from any person or persons not affiliated with the Trust, and, for further certainty, shall include all agreements pertaining to issuances of debentures or other debt securities to the public;
- (y) "**Depository**" has the meaning ascribed thereto in Section 3.10;
- (z) "**Depository Participant**" means a broker, dealer, bank, other financial institution or other person who, directly or indirectly, from time to time, effects book-based transfers with a Depository and pledges of securities deposited with a Depository;
- (aa) "**discretion**" means the absolute and sole discretion of the party exercising same;
- (bb) "**Distributable Cash Flow**" has the meaning ascribed thereto in Section 5.1;
- (cc) "**Distribution Payment Date**" means such date or dates as may be determined from time to time by the Trustee or the Administrator on which Distributable Cash Flow is distributed to Unitholders (initially to be the 23rd day of the calendar month which immediately follows the corresponding Distribution Record Date, or if such day is not a Business Day, the following Business Day);
- (dd) "**Distribution per Unit**" has the meaning ascribed thereto in subsection 5.3(c);
- (ee) "**Distribution Period**" means, in respect of the initial distribution, the period commencing on and including the Closing Date and ending on and including the last day of the month following the month in which the Closing occurs, and thereafter means each calendar month in each calendar year, or such other periods as may hereafter be determined from time to time by the Trustee or the Administrator;

- (ff) "**Distribution Record Date**" means, in respect of a Distribution Period, the last Business Day of the Distribution Period or such other dates as may be determined from time to time by the Trustee or the Administrator;
- (gg) "**DTC**" means The Depository Trust Company, or its successor;
- (hh) "**Environmental Liabilities**" means all liabilities, losses, costs, charges, damages, expenses, and penalties (including costs and expenses of abatement and remediation of spills or releases of contaminants and all liabilities to third parties (including governmental agencies) in respect of bodily injuries, property damage, damage to or impairment of the environment or any other injury or damage, including foreseeable and unforeseeable consequential damages) sustained, suffered or incurred in connection with or as a result of:
- (i) the administration of the Trust; or
  - (ii) the exercise or performance by the Trustee or the Administrator of any rights or obligations hereunder or under any other contracts, and which, in either case, result from or relate, directly or indirectly, to:
    - (A) the presence or release or threatened presence or release of any contaminants, by any means or for any reason, on or in respect of any properties of the Trust, whether or not such presence or release or threatened presence or release of the contaminants was under the control, care or management of the Trust or the Administrator or of a previous owner or operator of such property;
    - (B) any contaminant present on or released from any property adjacent to or in the proximate area of any properties of the Trust;
    - (C) the breach or alleged breach of any federal, provincial, state or municipal environmental law, regulation, by-law, order, rule or permit by the Trust or the Administrator, or an owner or operator of a property; or
    - (D) any misrepresentation or omission of a known fact or condition made by the Administrator relating to any property;
- (ii) "**Experts**" has the meaning ascribed thereto in subsection 12.2(a);
- (jj) "**Global Unit Certificate**" means the certificate(s) representing Units and registered in the name of CDS, DTC or their respective nominees, as custodians thereof;
- (kk) "**Governing Authority**" means any stock exchange or any court or governmental department, regulatory agency or body, commission, board, bureau, agency, or instrumentality of Canada, or of any state, province, territory, county, municipality, city, town or other political jurisdiction whether domestic or foreign and whether now or in the future constituted or existing;
- (ll) "**Income of the Trust**" has the meaning ascribed thereto in subsection 5.2(a);
- (mm) "**Indemnified Party**" has the meaning ascribed thereto in subsection 12.6(a);

- (nn) "**Indenture Conferred Duties**" means all authorities, rights, powers, responsibilities and duties conferred upon, granted to or delegated to the Administrator pursuant to the terms of this Trust Indenture;
- (oo) "**Initial Contribution**" has the meaning ascribed thereto in the recitals to this Trust Indenture;
- (pp) "**Initial Subscription Amount**" means the amount of \$5.00 paid by the Corporation to the Trustee as the subscription price for the Initial Unit;
- (qq) "**Initial Unit**" means the one Unit issued to the Corporation in consideration of the Initial Subscription Amount;
- (rr) "**in Specie Redemption Price**" has the meaning ascribed thereto in subsection 6.6(a);
- (ss) "**Internal Reorganization**" means the sale, lease, exchange or other transfer of the Trust Property (whether or not involving all or substantially all of the Trust Property) as a result of which the Trust has substantially the same interest, whether direct or indirect, in the Trust Property that it had prior to the reorganization and, for greater certainty, includes an amalgamation, arrangement or merger of the Trust and one or more of its affiliates with any entities;
- (tt) "**IPO**" means the initial distribution to the public of Units pursuant to the Prospectus, as described therein under the section entitled "Plan of Distribution";
- (uu) "**market price**" has the meaning ascribed thereto in Section 6.3;
- (vv) "**meeting of Unitholders**" shall mean and include, as the circumstances require, both an annual meeting of Unitholders and any other meeting of Unitholders called and conducted in accordance with the provisions of this Trust Indenture;
- (ww) "**mutual fund trust**" means a mutual fund trust as defined in section 132 of the Tax Act;
- (xx) "**NCI System**" means a non-certificated inventory system for Units maintained by a Depository, as may be changed, supplemented, replaced or otherwise modified from time to time;
- (yy) "**Net Realized Capital Gains**" has the meaning ascribed thereto in subsection 5.2(b);
- (zz) "**Non-certifying Unitholder**" means a Unitholder or Beneficial Unitholder who, after 30 days from receipt of a request of the Trustee or Administrator under subsection 3.8(b), fails to comply with the request to furnish a Taxation Certification, or fails to use reasonable efforts to obtain a Taxation Certification from each Beneficial Unitholder beneficially owning Units registered or held in such Unitholder's name;
- (aaa) "**non-portfolio property**" means non-portfolio property as defined in section 122.1 of the Tax Act;
- (bbb) "**Non-resident**" means a Beneficial Unitholder who at the relevant time, for the purposes of the Tax Act, is not resident in Canada and is not deemed to be a resident in Canada, or is a partnership that is not a Canadian partnership within the meaning of the Tax Act;



- (ccc) "**non-tendering offeree**" means, in the case of a take-over bid made for Bid Units, a holder of Bid Units who does not accept the take-over bid, and includes a subsequent holder of such Bid Units who acquires them from the first mentioned holder;
- (ddd) "**offeree**" means a person to whom a take-over bid is made;
- (eee) "**Offering**" means any issuance or offering of Units or Other Trust Securities;
- (fff) "**offeror**" means a person, other than an agent, who makes a take-over bid, and includes two or more persons who, directly or indirectly, make a take-over bid jointly or in concert;
- (ggg) "**Ordinary Resolution**" means:
  - (i) a resolution passed by more than 50% of the votes cast by those Unitholders entitled to vote on such resolution, whether cast in person or by proxy, at a meeting of Unitholders, at which a quorum was present, called (at least in part) for the purpose of approving such resolution; or
  - (ii) a resolution approved in writing, in one or more counterparts, by holders of more than 50% of the votes represented by those Units entitled to be voted on such resolution;
- (hhh) "**Original Indenture**" means the trust indenture, dated as of January 31, 2012, between the Corporation, as settler of the Trust, and Computershare Trust Company of Canada, as trustee, pursuant to which the Trust was settled;
- (iii) "**Other Trust Securities**" means any type of securities of the Trust, other than Units, including notes (including Redemption Notes), options, rights, warrants or other securities convertible into or exercisable for Units or other securities of the Trust (including convertible debt securities, subscription receipts and installment receipts);
- (jjj) "**person**" includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, estates, banks, trust companies, pension funds, business trusts and other organizations, (whether or not legal entities) and governments and agencies and political subdivisions thereof;
- (kkk) "**Prospectus**" means the final prospectus of the Trust relating to the IPO filed with various securities commissions or similar authorities in Canada to qualify the issue and distribution of the Units, and includes any amendment to such final prospectus;
- (lll) "**Redemption Date**" has the meaning ascribed thereto in Section 6.2;
- (mmm) "**Redemption Gains**" has the meaning ascribed thereto in subsection 5.2(c);
- (nnn) "**Redemption Income**" has the meaning ascribed thereto in subsection 5.2(c);
- (ooo) "**Redemption Notes**" means promissory notes issued in series, or otherwise, by the Trust pursuant to a note indenture, or otherwise, and having the following terms and conditions:

- (i) unsecured and bearing interest from and including the issue date of each such note at a market rate determined at the time of issuance, based on the advice of an independent financial advisor, and payable monthly in arrears (with interest after as well as before maturity, default and judgment, and interest on overdue interest at such rate);
  - (ii) subordinated and postponed to all Senior Indebtedness and which may be subject to specific subordination and postponement agreements entered into by the Trustee with holders of Senior Indebtedness;
  - (iii) subject to earlier prepayment, being due and payable on the 5th anniversary of the date of issuance or such other date as is determined at the date of issuance; and
  - (iv) such other terms and conditions as the Administrator may determine necessary or desirable;
- (ppp) "**Register**" and "**Registers**" have the meanings ascribed thereto in Section 3.18;
- (qqq) "**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S-4, as amended from time to time, including the rules, regulations and instruments promulgated thereunder;
- (rrr) "**security**", as applicable in the particular context, has the meaning ascribed thereto in the Securities Act, and "**securities**" has a corresponding meaning;
- (sss) "**Seed Capital Private Placement**" means the distribution of up to 600,000 Units on a private placement basis to be completed in one or more tranches prior to the Closing on such terms and conditions as are approved by the Administrator Directors;
- (ttt) "**Senior Indebtedness**" shall mean, at any time, all indebtedness, liabilities and obligations of the Trust which, by the terms of the instrument creating or evidencing the same, is not expressed to rank in right of payment in subordination to, or *pari passu* with, the indebtedness evidenced by the Redemption Notes or any of them;
- (uuu) "**SIFT Rules**" means the provisions of the Tax Act that apply to a SIFT trust as defined in section 122.1 of the Tax Act;
- (vvv) "**SIFT trust**" means a SIFT trust as defined in section 122.1 of the Tax Act;
- (www) "**Special Resolution**" means:
- (i) a resolution passed by more than 66⅔% of the votes cast by those Unitholders entitled to vote on such resolution, whether cast in person or by proxy, at a meeting of Unitholders, at which a quorum was present, called (at least in part) for the purpose of approving such resolution; or
  - (ii) a resolution approved in writing, in one or more counterparts, by holders of more than 66⅔% of the votes represented by those Units entitled to be voted on such resolution;

- (xxx) "**Standard of Care**" means, in respect of any person or company performing duties on behalf of the Trust, the obligation to:
- (i) exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Trust and the Unitholders; and
  - (ii) exercise the degree of care, diligence and skill that a reasonably prudent trustee or administrator, as applicable, would exercise in the circumstances;
- (yyy) "**subsidiary**" has the meaning ascribed thereto in the *Business Corporations Act* (Alberta);
- (zzz) "**Subsidiary Securities**" has the meaning ascribed thereto in subsection 8.2(bb);
- (aaaa) "**take-over bid**" has the meaning ascribed to such term in Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* of the Canadian Securities Administrators, but without reference to the jurisdiction of residence of the person to whom an offer to acquire securities is made;
- (bbbb) "**Tax Act**" means the *Income Tax Act*, R.S.C. 1985 (5th Supp.), C-1 and the *Income Tax Regulations* thereunder as amended from time to time;
- (cccc) "**Taxation Certification**" means: (i) a properly completed and duly executed United States Internal Revenue Service Form W-8BEN or W-9 (as applicable), or such successor form to such forms as the Internal Revenue Service shall adopt; and (ii) if the Unitholder or Beneficial Unitholder is a resident of a jurisdiction (other than the United States or Canada) that is determined by the Trustee or the Administrator not to have a tax treaty with the United States that fully exempts a United States payor from withholding obligations on interest payments made to residents in such jurisdiction, a properly completed and duly executed certification that such person does not beneficially own directly or indirectly 10% or more of the total issued and outstanding Units.
- (dddd) "**Transfer Agent**" means such person as may from time to time be appointed by the Trust to act as registrar and transfer agent of the Units, together with any sub-transfer agent appointed by such Transfer Agent; provided that where the Trust has not appointed a person to act as registrar and transfer agent of the Units, then the Administrator, or failing that the Trustee, shall act as registrar and transfer agent of the Units;
- (eeee) "**Trust**" means Argent Energy Trust, as constituted by this Trust Indenture, and includes reference to the Trustee acting in its capacity as Trustee for the Trust;
- (ffff) "**Trust Indenture**", "**Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this Trust Indenture, as the same may be further amended, restated or modified from time to time, and includes every instrument supplemental or ancillary to or in implementation of this Trust Indenture and, except where the context otherwise requires, does not refer to any particular Article, Section, subsection or other portion hereof or thereof;
- (gggg) "**Trust Liabilities**" has the meaning ascribed thereto in subsection 12.5(a);

- (hhhh) "**Trust Property**", at any time, means all of the money, properties and other assets of any nature or kind whatsoever as are, at such time, held by the Trust or by the Trustee on behalf of the Trust, and any reference to "**property**" or "**property of the Trust**" or "**assets**" or "**assets of the Trust**" includes, in each case, the Trust Property;
- (iii) "**Trustee**" means at any time, a corporation that is, in accordance with the provisions hereof, the trustee of the Trust;
- (jjj) "**Trustee's Regulations**" has the meaning ascribed thereto in Section 8.3;
- (kkkk) "**Unit Certificate**" means a certificate, in the form approved by the Administrator from time to time, evidencing one or more Units, issued and certified in accordance with the provisions hereof, and includes a Global Unit Certificate;
- (lll) "**Unitholder**" means, at any time, a holder of one or more Units, as shown on any of the Registers;
- (mmmm) "**Units**" means the trust units of the Trust created and designated as "**Units**" pursuant to Section 3.1(a) hereof, having the rights, privileges, restrictions and conditions as provided for in this Indenture; and "**Unit**" means any Unit;
- (nnn) "**U.S. Opco**" means Argent Energy (US) Holdings Inc., a corporation formed pursuant to the laws of Delaware and a wholly-owned subsidiary of Can Holdco;
- (ooo) "**U.S. Opco Notes**" means the subordinated unsecured promissory notes issued by U.S. Opco and held by the Trust or any subsidiary of the Trust; and
- (pppp) "**Voting Agreement**" means the voting agreement, dated May 9, 2012, among the Trustee, the Administrator and the shareholder of the Administrator which provides, among other things, the Unitholders, through the Trustee as agent, with control over the election of the Administrator Directors, as the same may be amended, supplemented or amended and restated from time to time.

## **1.2 References to Acts Performed by the Trust**

For greater certainty, where any reference is made in this Trust Indenture to:

- (a) an act to be performed or not to be performed by the Trust or to rights of the Trust, such reference shall be construed and applied for all purposes to refer to (i) an act to be performed or not to be performed by the Trustee on behalf of the Trust or by some other person duly authorized to do so by the Trustee or pursuant to the provisions hereof or the Administrative Services Agreement; or (ii) rights of the Trustee, in its capacity as Trustee of the Trust, as the case may be; and
- (b) actions, rights or obligations of the Trustee, such reference shall be construed and applied for all purposes to refer to actions, rights or obligations of the Trustee in its capacity as Trustee of the Trust, and not in its other capacities unless the context requires otherwise, and where any actions or obligations of the Trustee are delegated to the Administrator or some other person, then the Administrator or such other person shall also be entitled to the rights of the Trustee associated with such actions and obligations.

### **1.3 Interpretation**

In this Trust Indenture, unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular number include the plural, and vice-versa and words importing a gender shall include the feminine, masculine and neuter genders. Where the word "**including**" or "**includes**" is used in this Trust Indenture it means "**including without limitation**" or "**includes without limitation**", respectively. Any reference to any document shall include a reference to any schedule, amendment or supplement thereto or any agreement in replacement thereof, all as permitted under such document.

### **1.4 Statutory References**

A reference herein to any statute includes every regulation (and other similar ancillary instrument having the force of law) made pursuant thereto, all amendments to the statute or to any such regulation (or other similar ancillary instrument) in force from time to time, and any statute or regulation (or other similar ancillary instrument) which supplements or supersedes such statute or regulation (or other similar ancillary instrument); and a reference to any section or provision of a statute includes all amendments to such section or provision, as made from time to time, and all sections or provisions which supplement or supersede such section or provision referred to herein.

### **1.5 Accounting Principles**

Wherever in this Trust Indenture reference is made to International Financial Reporting Standards, generally accepted accounting principles or other similar terms ("**Accounting Principles**"), such reference shall be deemed to be to such Accounting Principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable to the Trust as at the date on which such calculation is made or required to be made in accordance with Accounting Principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Trust Indenture or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with the applicable Accounting Principles applied on a consistent basis.

### **1.6 Headings for Reference Only**

The division of this Trust Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Trust Indenture. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and subsections are to Articles, Sections and subsections of this Trust Indenture.

### **1.7 Day Not a Business Day**

Except as otherwise set out herein, in the event that any day on which any amount is to be determined or any other determination is to be made or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined, or such other determination shall be made, or such action shall be required to be taken, at or before the requisite time on the next succeeding day that is a Business Day. This Section is not applicable to Sections 5.2, 5.3, 5.4 and 5.8 and to defined terms used in such Sections (except with respect to the definition of, and action to be taken on, the determination of Distribution Payment Date in Section 5.3 and subsection 5.4(c)).

**1.8 Time of the Essence**

Time shall be of the essence in this Trust Indenture.

**1.9 Governing Law**

This Trust Indenture and the Unit Certificates shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The parties hereto hereby irrevocably submit and attorn to the jurisdiction of the courts of the Province of Alberta.

**1.10 Currency**

Unless otherwise specified, all references herein to currency shall be references to currency of Canada.

**ARTICLE 2  
DECLARATION OF TRUST**

**2.1 Declaration of Trust**

The Trustee hereby agrees to act as trustee on behalf of, and to hold legal title and use and administer the Trust Property in trust for the benefit of, the Unitholders, their successors, permitted assigns and personal representatives upon the trusts and subject to the terms and conditions hereinafter declared and set forth, such trust to constitute the Trust hereunder.

**2.2 Initial Unitholder**

As settlement of the Trust, the Corporation paid the Initial Subscription Amount to the Trustee and in consideration therefor the Corporation was issued the Initial Unit.

**2.3 Name of the Trust**

The Trust shall be known and designated as "**Argent Energy Trust**" and, whenever lawful and convenient, the Trust Property shall be held and the affairs of the Trust shall be conducted and transacted under that name. The Trust may use such other designation or may adopt such other name as the Trustee (with the consent of the Administrator), or the Administrator alone, deems appropriate, and the Trust may hold property and conduct and transact its affairs under such other designation or name. The Trustee (with the consent of the Administrator), or the Administrator alone, may approve and use a version of any name or designation used by the Trust in any language other than English.

**2.4 Situs, Mind and Management and Head Office**

The situs, mind and management of the Trust shall be in the Province of Alberta and the head office of the Trust shall be located at Calgary, Alberta, or such other place or places in Canada as the Administrator may from time to time designate and will initially be located at Suite 500, 321 – 6<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3H3.

**2.5 Nature of the Trust**

The Trust is an unincorporated limited purpose open-ended mutual fund trust, established for the purposes specified in Section 4.1. The Trust is not, is not intended to be, shall not be deemed to be and shall not be treated as, a general partnership, limited partnership, society, syndicate, association, joint venture, company, corporation or joint stock company; further, neither the Trustee, nor the Administrator, nor the

Unitholders, nor any of them, shall be, or be deemed to be, treated in any way whatsoever as liable or responsible hereunder as partners or joint venturers. Except as expressly specified herein, neither the Trustee nor the Administrator shall be, or be deemed to be, agents of the Unitholders. The relationship of the Unitholders to the Trustee shall be solely that of beneficiaries of the Trust, and their rights shall be limited to those expressly conferred upon them by this Trust Indenture and Applicable Laws.

## **2.6 Mutual Fund Trust Election**

In respect of the Trust's first taxation year, the Trust shall elect pursuant to subsection 132(6.1) of the Tax Act that the Trust be deemed to be a mutual fund trust for purposes of the Tax Act for the entire year.

## **2.7 Rights of Unitholders and Ownership of Assets of the Trust**

- (a) Except as otherwise expressly provided for herein, no Unitholder shall be entitled to interfere with, or give any direction to, the Trustee or the Administrator with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Trustee or the Administrator under, or by virtue of, this Trust Indenture or the Administrative Services Agreement.
- (b) The legal ownership of the Trust Property is vested exclusively in the Trustee and the right to conduct the affairs of the Trust is, subject to the terms hereof, vested exclusively in the Trustee, or such other persons as the Trustee may determine or as are permitted in accordance with the terms hereof. The Unitholders shall have no interest or right of ownership in the Trust Property other than the interest specifically set forth in this Trust Indenture and they shall have no right to compel or call for any redemption of Units or any partition, division, dividend or distribution of the Trust Property, except as specifically provided herein.
- (c) Units shall be personal property and shall confer upon the holders thereof only the interest and rights as specifically set forth in this Trust Indenture.

## **2.8 Unitholders Bound**

This Trust Indenture shall be binding upon all persons who have become or will become Unitholders from time to time. By acceptance of a Unit Certificate or other confirmation of ownership representing any Units or, during use of the Book-Entry System for any of the Units, upon completion of a purchase of any such Units (which may be evidenced by a confirmation of purchase, direct registration statement, certificate or similar procedure), the Unitholder thereof shall be deemed to agree to be bound, and shall be so bound, by this Trust Indenture. Furthermore, where applicable, this Trust Indenture shall be binding upon all persons who from time to time hold Other Trust Securities, and acceptance of a certificate or confirmation of purchase of such Other Trust Securities in whatever manner shall result in such holder of Other Trust Securities being deemed to agree to be bound, and shall be so bound, by the applicable provisions of this Trust Indenture.

# **ARTICLE 3 CREATION, ISSUE AND SALE OF UNITS**

## **3.1 Nature of Units**

- (a) The beneficial interests in the Trust shall be represented and constituted by one class of trust units described and designated as "Units". Each holder of a Unit shall be entitled to

the rights and be subject to the limitations, restrictions and conditions pertaining to the Units as set out in this Trust Indenture, including those set forth in this Section 3.1, and the interest of each Unitholder shall be determined by the number of Units registered in the name of such holder.

- (b) Each Unit represents an equal, undivided beneficial interest in the Trust Property and all Units shall rank among themselves equally and rateably without discrimination, preference or priority.
- (c) In addition to the rights, privileges and restrictions set forth elsewhere herein, the Units shall have the following rights, privileges and restrictions:
  - (i) each Unit shall entitle the holder thereof to one vote at all meetings of Unitholders or in respect of written resolutions of the Unitholders;
  - (ii) each Unit shall entitle the holder thereof to participate equally with respect to any and all distributions made by the Trust respecting the Units, including distributions of Income of the Trust, Net Realized Capital Gains or other amounts pursuant to Article 5;
  - (iii) on liquidation or termination of the Trust, each Unit shall entitle the holder thereof to participate equally with respect to the distribution of the remaining Trust Property after payment of the Trust's debts, liabilities and liquidation or termination expenses;
  - (iv) there shall be no pre-emptive rights attaching to Units;
  - (v) there shall be no liability for future calls or assessments attaching to Units; and
  - (vi) each Unit shall entitle the holder thereof to require the Trust to redeem the Unit as provided for, and subject to the limitations, in Article 6.
- (d) The Trustee may, in its discretion at any time and from time to time but at all times subject to the provisions of this Trust Indenture:
  - (i) subdivide the Units outstanding at any time so that the number of outstanding Units may be increased, or
  - (ii) consolidate the Units outstanding at any time so that the number of outstanding Units may be decreased.

### **3.2 Authorized Number of Trust Securities**

The aggregate number of Units which are authorized and may be issued hereunder by the Trustee is unlimited. The aggregate number of Other Trust Securities which are authorized and may be issued hereunder by the Trustee is unlimited.

### **3.3 Issue of Securities**

- (a) Such number of Units as are: (i) distributed pursuant to the Seed Capital Private Placement; and/or (ii) qualified for distribution by the Prospectus, are hereby authorized



for issuance by the Trustee on such terms and conditions as are approved by the Administrator Directors and, in the case of (ii) above, as are set forth and described in the Prospectus, any related transaction documents, and an underwriting agreement (as applicable) to be entered into prior to the Closing with such brokers or dealers as may be determined by the Administrator, and the Administrator is hereby authorized to enter into such underwriting agreement in connection with the IPO on behalf of the Trust on such terms as the Administrator in its discretion may determine.

- (b) Subsequent to the issuances authorized in subsection 3.3(a) above, any Units or Other Trust Securities may be created, issued, sold and/or delivered at the times, to the persons (subject to any limitations adopted pursuant to Section 3.8(c)(iii)), in the jurisdictions, for the consideration and on the terms and conditions that the Trustee determines, including pursuant to Unitholder rights plans, distribution reinvestment plans or Compensation Plans, and without limiting the generality of the foregoing, the Trustee may authorize the payment of a reasonable commission to any person in consideration of such person purchasing, or agreeing to purchase, Units or Other Trust Securities from the Trust or from any other person, or procuring or agreeing to procure purchasers for Units or Other Trust Securities or may allow for discounts to persons as consideration for such persons subscribing, or agreeing to subscribe, whether absolutely or conditionally, for Units or Other Trust Securities or as consideration for such persons agreeing to procure subscriptions for Units or Other Trust Securities, whether absolute or conditional.

### **3.4 Units Fully Paid and Non-Assessable**

Unless otherwise indicated in this Section 3.4, Units are only to be issued by the Trustee when fully paid in money, property or past services, provided however that:

- (a) Units may be issued for consideration payable in installments if the Trust takes security over any such Units as security for unpaid installments; and
- (b) the consideration for any Unit issued by the Trust shall be paid in money or in property or in past services that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money, provided that property shall not include a promissory note or promise to pay given by the allottee. In determining whether property or past services are the fair equivalent of monetary consideration, the Trustee or the Administrator may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust, and the resolution of the Administrator allotting and issuing those Units shall express the fair equivalent in money of the non-cash consideration received.

### **3.5 No Conversion, Retraction, Redemption or Pre-Emptive Rights**

No person shall be entitled, as a matter of right, to subscribe for or purchase any Unit, and except as otherwise set forth in this Trust Indenture, there are no conversion, retraction, redemption or pre-emptive rights attaching to the Units.

### **3.6 Re-Purchase of Initial Unit**

On or immediately after the completion of the Seed Capital Private Placement, the Trustee may purchase the Initial Unit from the Corporation, and in such event the Corporation shall sell the Initial Unit to the

Trust for a purchase price of \$5.00 and upon the completion of such purchase and sale, the Initial Unit shall be cancelled and shall no longer be outstanding for any of the purposes of this Trust Indenture.

### **3.7 Consolidation of Units**

Immediately after any distribution of additional Units to Unitholders pursuant to subsection 5.8(a), the number of the outstanding Units will be consolidated without further act or approval of the Trustee or Unitholders such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the distribution of such additional Units. In this case, each Unit Certificate or other non-certificated ownership position representing a number of Units prior to the distribution of additional Units is deemed to represent the same number of Units after the distribution of such additional Units and the consolidation. Notwithstanding the foregoing, where the Trust is required to withhold tax in respect of a Unitholder's share of the distribution it shall comply with Section 5.9 hereof and:

- (a) the consolidation of the Units held by such Unitholder will result in such Unitholder holding the number of Units that, but for the operation of this Section 3.7, would have been held by such Unitholder minus the number of Units sold because of withholding taxes payable by the Unitholder in respect of the distribution; and
- (b) in the event of a sale of Units on behalf of a Unitholder, such Unitholder will be required to surrender the Unit Certificates, if any, representing such Unitholder's original Units, in exchange for a Unit Certificate representing such Unitholder's post-consolidation Units.

### **3.8 Declaration as to Beneficial Owners and U.S. Taxation Certifications**

- (a) Notwithstanding anything herein, if the Tax Act is (or is proposed to be) amended in a manner which places new restrictions on Non-residents beneficially owning Units, the Trustee, upon the recommendation of the Administrator, acting reasonably, may take any action it considers necessary to ensure, to the extent practicable, that the Trust maintains its status as a mutual fund trust.
- (b) The Trustee or Administrator may require any Unitholder as shown on the register of Unitholders to:
  - (i) provide a declaration, in such form as prescribed by the Trustee or Administrator or any applicable Governing Authority, as to the Beneficial Unitholder owning Units in such Unitholder's name, the jurisdiction in which such beneficial owner is resident for Canadian or United States income tax purposes, and such other related information as may be reasonably required; and
  - (ii) upon request of the Trustee or Administrator, furnish a Taxation Certification, and use reasonable efforts to obtain Taxation Certifications from each Beneficial Unitholder beneficially owning Units registered or held in such Unitholder's name, and the Unitholders and Beneficial Unitholders shall comply with any such request.
- (c) The Administrator (or any delegate thereof) may (at the expense of the Trust), at any time and from time to time, take all such actions as it determines in its discretion are reasonable and practicable in the circumstances in order to ensure that the Trust maintains, at all times, its status as a mutual fund trust, including:

- (i) obtaining declarations from Unitholders, Beneficial Unitholders and holders of Other Trust Securities as to whether such securities held thereby are held by or for the benefit of Non-residents, or declarations from Unitholders, Beneficial Unitholders or holders of Other Trust Securities as to the jurisdictions in which beneficial owners of such securities of the Trust are resident for Canadian income tax purposes;
- (ii) performing residency searches of securityholder and beneficial holder mailing address lists to determine or estimate, to the extent practicable, the residence for Canadian income tax purposes of Beneficial Unitholders and holders of Other Trust Securities; and
- (iii) placing such limits on the ownership of securities of the Trust by Non-residents, as the Administrator may deem necessary in its discretion to maintain the Trust's status as a mutual fund trust.

### **3.9 Unit Certificates and Direct Registration of Ownership**

Each holder of Units shall be entitled to be directly registered as a Unitholder on the register of Unitholders maintained by the Transfer Agent, which registration shall be evidenced by, at the election of the Administrator, a Unit Certificate or a direct registration statement representing such Units.

### **3.10 Global Unit Certificate and Non-Certificated Inventory System**

Subject to the rights of Unitholders set out in Section 3.9, Units will be represented electronically through the NCI System or in the form of one or more Global Unit Certificates representing, in aggregate, the number of Units so issued. Each such interest in a Unit shall be transferred either electronically through the NCI System or by a Global Unit Certificate in the name of, and deposited by the Transfer Agent with, or on behalf of, CDS or DTC (or a nominee thereof) (each, a "Depository"), and shall be registered by the Transfer Agent in the name of the applicable Depository. Beneficial interests in a Unit recorded through the NCI System or represented by a Global Unit Certificate will be represented only through the Book-Entry System. Transfers of Units between Depository Participants shall occur in accordance with the applicable Depository's rules and procedures.

Notwithstanding anything to the contrary set out herein, all physical Unit Certificates or Global Unit Certificates issued to a Depository may be surrendered to the Transfer Agent for an electronic position on the register of Unitholders to be maintained by the Transfer Agent in accordance with Section 3.18. All Units maintained in such electronic position will be valid and binding obligations of the Trust, entitling the registered holders thereof to the same benefits as those registered holders who hold Units in physical form. This Indenture and the provisions contained herein will apply, *mutatis mutandis*, to such Units held in such electronic position.

Notwithstanding anything to the contrary set out herein, the Trustee, the Administrator or the Transfer Agent may adopt such policies and procedures and require such documents and evidence as they may determine necessary or desirable in order to facilitate the adoption and maintenance of a Unit registration system by electronic, book-based or other non-certificated means.

### **3.11 Dealings with Unitholders in Book-Entry System**

All references herein to actions by, notices given or payments made to, Unitholders shall, in the case of Unitholders where such Units are held through a Depository, refer to actions taken by, or notices given or

payments made to, such Depository upon instruction from the Depository Participants in accordance with the Depository's rules and procedures. For the purposes of any provision hereof requiring or permitting actions with the consent of or at the direction of Unitholders representing a specified percentage of the aggregate votes attached to the Units outstanding, such direction or consent may be given in whole or in part by the beneficial Unitholders beneficially owning such number of Units representing the requisite percentage of the Units and acting through a Depository and the Depository Participants. The rights of a beneficial Unitholder whose Units are held through a Depository shall be exercised only through such Depository and the Depository Participants and shall be limited to those rights established by law, by this Indenture and by agreements between such beneficial Unitholder and the Depository and/or the Depository Participants or upon instruction from Depository Participants. Each of the Transfer Agent and the Trustee may deal with the applicable Depository for all purposes (including the making of payments) as the authorized representative of the respective Beneficial Unitholders and such dealing with the Depository shall constitute satisfaction or performance, as applicable, of their respective obligations hereunder. For as long as any Units are held through a Depository, if any notice or other communication is required to be given to Unitholders, the Trustee and the Transfer Agent will give all such notices and communications to such Depository, and as otherwise required by Applicable Laws.

### **3.12 Termination of Book-Entry System**

If any Depository resigns or is removed from its responsibilities as Depository and the Trust is unable or does not wish to locate a qualified successor, or if either of the Administrator or the Trust elects, or is required by law, to terminate the Book-Entry System with respect to the Units, or if Unitholders representing more than 66% of the aggregate votes entitled to be voted at a meeting of Unitholders vote to discontinue the Book-Entry System, each resigning or removed Depository shall electronically deliver such Units through the NCI System, or surrender each Global Unit Certificate, to the Transfer Agent with instructions from the applicable Depository for registration of such Units in the names and in the amounts specified by such Depository and thereupon the Trustee shall issue, and the Trustee and Transfer Agent shall execute and deliver, definitive Unit Certificates or direct registration statements in the names and amounts specified by such Depository.

### **3.13 Unit Certificates for Jointly or Commonly Held Units**

The Trustee is not bound to issue more than one Unit Certificate in respect of any Unit held jointly or in common by two or more persons, and delivery of a Unit Certificate to one of them shall be sufficient delivery to all.

### **3.14 Execution of Unit Certificates**

Unit Certificates shall be signed on behalf of the Trust by the Trustee and/or the Administrator and by the Transfer Agent, if one has been appointed by the Trust. The signature of the Trustee and the Administrator required on Unit Certificates may be printed or otherwise mechanically reproduced thereon and Unit Certificates so signed are as valid as if they had been signed manually. If a Unit Certificate contains a printed or mechanically reproduced signature of a person, then the Trust may issue the Unit Certificate even though the person has ceased to be an authorized representative of the Trustee or the Administrator, as the case may be, and such Unit Certificate is as valid as if the person continued to be an authorized representative of the Trustee or the Administrator at the date of its issue. Provided a Transfer Agent has been appointed by the Trust, no Unit Certificates representing Units shall be valid unless countersigned manually by or on behalf of the applicable Transfer Agent.

### **3.15 Certificate Fee**

The Transfer Agent may establish a reasonable fee to be charged for every Unit Certificate issued.

### **3.16 Form of Unit Certificate**

Unit Certificates shall be in such form as is from time to time authorized by the Administrator. The definitive form(s) of the Unit Certificates for each class of Units may be in English only or, in the discretion of the Administrator, in the English and French languages. Unit Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Administrator may determine and may have such letter, numbers or other marks of identification and such legends or endorsements placed thereon as may be required hereunder or as may be necessary to comply with Applicable Laws, or as may be determined by the Administrator.

Without limitation, and until otherwise determined by the Administrator, each Unit Certificate shall include on the face page thereof:

- (a) the name of the Trust and the words "A trust created under the laws of the Province of Alberta by a Trust Indenture dated as of January 31, 2012, as amended or amended and restated from time to time (the "**Trust Indenture**")" or words of like effect;
- (b) the words "The Units represented by this certificate are issued upon the terms and subject to the conditions of the Trust Indenture, which Trust Indenture is binding upon all holders of Units and, by acceptance of this certificate, the holder assents to the terms and conditions of the Trust Indenture. A copy of the Trust Indenture pursuant to which this certificate and the Units represented thereby are issued may be obtained by a Unitholder on demand and without fee from the head office of the Trust" or words of like effect; and
- (c) the words "For information as to the personal liability of a Unitholder, see the reverse side of this certificate" or words of like effect.

Until otherwise determined by the Administrator, each Unit Certificate shall include on the reverse side thereof the words "The Trust Indenture provides that no Unitholder shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any person in connection with the assets of the Trust or the obligations or the affairs of the Trust and all such persons shall look solely to the assets of the Trust for satisfaction of claims of any nature arising out of or in connection therewith and the assets of the Trust only shall be subject to levy or execution", or words of like effect.

In connection with any removal, or request for removal, of any legend or endorsement on the Unit Certificates, the Trustee and/or Administrator shall be entitled to require, among other things, such declarations as to residency and such opinions, from appropriate persons (including Unitholders), as it considers prudent or necessary.

For greater certainty, any statement of registration issued in connection with a non-certificated ownership position in Units shall carry a notation that substantially reproduces the language to be included on a Unit Certificate as provided for in this Section 3.16.

### **3.17 Fractional Units**

If, as a result of any act of the Trustee hereunder, any person becomes entitled to a fraction of a Unit, such person shall not be entitled to receive a Unit Certificate therefor. Fractional Units shall not, except to the

extent that they may represent in the aggregate one or more whole Units held by the same holder, entitle the holders thereof to notice of, or to attend or to vote at, meetings of Unitholders. Subject to the foregoing, such fractional Units shall have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

### **3.18 Unit Register and Transfer Ledgers to be Maintained**

A register (the "**Register**" and where more than one, the "**Registers**") shall be kept by, or on behalf and under the direction of, the Trustee, and each Register shall contain the names and addresses of Unitholders, the respective numbers of Units held by such Unitholders, the certificate numbers of the Unit Certificates held by them (if a Unit Certificate was issued evidencing such position), and a record of all transfers and redemptions thereof.

A Transfer Agent shall be appointed to act as transfer agent and registrar for the Units and to provide for the transfer of Units in Alberta and at such other places in Canada or the United States as required by Applicable Laws and the Trustee may request and the Transfer Agent has offices. The Trustee shall designate which branch registers will be maintained, if any. The Trustee may, in its discretion, remove and replace the Transfer Agent for the Units.

A Transfer Agent so appointed shall keep all necessary registers and other books (which may be kept in a bound or loose-leaf book or may be entered or recorded by any system of mechanical or electronic data processing or any other information storage device) for recording original issues and registering and transferring those Units in respect of which it acts as registrar and transfer agent. Except as may otherwise be provided in this Trust Indenture, only persons whose Units are recorded on the Registers shall be entitled to vote or to receive distributions or otherwise exercise or enjoy the rights of Unitholders.

### **3.19 Entry on Register**

Upon any issue of Units, the name of the subscriber or other person entitled to such Units shall be promptly entered on the appropriate Register as the owner of the number of Units issued to such subscriber or other person, or if the subscriber is already a Unitholder, the Register(s) shall be amended to include such subscriber's additional Units.

### **3.20 Transfer of Units**

Subject to any limitations adopted pursuant to Section 3.8(c)(iii), Units shall be transferable at any time and from time to time by the Unitholder, including through applicable Depository Participants while such Units are held through the Book-Entry System. Subject to any limitations adopted pursuant to Section 3.8(c)(iii), Units represented by a Unit Certificate (in the event of the termination of the Book-Entry System or otherwise) shall be transferable at any time and from time to time by the Unitholder by endorsement and delivery of the Unit Certificates representing such Units or, if not represented by a Unit Certificate, by executing and delivering such other documents as are required to give effect to the transfer of Units held in non-certificated form, in each case subject to such provisions and conditions as may be prescribed by the Trustee from time to time. No such transfer shall be recorded on the Registers unless the transferor has executed the instrument of transfer required to be completed by it, the transferor has satisfied any requirements of the Administrator pertaining to removal of legends or endorsements (if any), and, where applicable, the transferee has delivered to the Transfer Agent a Unit Certificate representing the Units so transferred and, if requested by the Trustee, a declaration as to residency status under the Tax Act and any applicable tax convention in a form satisfactory to the Trustee. Subject to the foregoing, such transfers shall be recorded on the Registers and, where applicable, a new Unit Certificate for the Units so transferred shall be issued to the transferee and, in case of a transfer of only part of the Units

represented by any Unit Certificate, a new Unit Certificate for the remaining Units shall be issued to the transferor.

### **3.21 Successors in Interest to Unitholders**

Subject to any limitations adopted pursuant to Section 3.8(c)(iii), upon a person becoming entitled to any Units as a consequence of the death, bankruptcy or incapacity of any Unitholder or otherwise by operation of law, and upon production by such person of such documentation as the Trustee may reasonably require in order to evidence such entitlement of such person, such person shall be recorded in the Registers as the holder of such Units and shall receive (but subject first to the Book-Entry System not being applicable to, or having been terminated in respect of, such Units), a new Unit Certificate or direct registration statement therefor upon production of evidence of such entitlement satisfactory to the Trustee and delivery of the existing Unit Certificate, if applicable, to the Transfer Agent, but until such record is made, the Unitholder of record shall continue to be and be deemed to be the holder of such Units for all purposes whether or not the Trust, the Trustee, the Administrator or the Transfer Agent shall have actual or other notice of such death, bankruptcy, incapacity or other event.

### **3.22 Units Held Jointly or in Fiduciary Capacity**

The Trust may treat two or more persons holding any Unit as joint owners of the entire interest therein unless the ownership is expressly otherwise recorded on the Registers, but no entry shall be made in the Registers or on any Unit Certificate that any person is in any other manner entitled to any future, limited or contingent interest in any Unit; provided, however, that any person recorded in the Registers as a Unitholder may, subject to the provisions herein contained, be described in the Registers or on any Unit Certificate as a fiduciary of any kind and any customary words may be added to the description of the holder to identify the nature of such fiduciary relationship; provided further that none of the Trust, the Trustee, the Administrator or the Transfer Agent shall be required to recognize a person as having any interest in the Unit, other than the person recorded in the Registers as the holder of such Unit.

### **3.23 Performance of Trusts**

None of the Trustee, the Administrator, the Unitholders, the Transfer Agent or other agent of the Trust shall have a duty to inquire into any claim that a transfer of a Unit was or would be wrongful or that a particular adverse person is the owner of or, subject to Section 3.28, has an interest in the Unit or any other adverse claim, or be bound to see to or ensure the performance of any trust, express, implied or constructive, or of any charge, pledge or equity to which any of the Units or any interest therein are or may be subject, or to ascertain or inquire whether any sale or transfer of any such Units or interest therein by any Unitholder or their personal representatives is authorized by such trust, charge, pledge or equity, or to recognize any person as having any interest therein, except for the person recorded as Unitholder of such Unit.

### **3.24 Lost Unit Certificates**

In the event that any Unit Certificate is lost, stolen, destroyed or mutilated, the Transfer Agent may authorize the issuance of a new Unit Certificate for the same number of Units in lieu thereof and the Transfer Agent may in its discretion, before the issuance of such new Unit Certificate, require the owner of the lost, stolen, destroyed or mutilated Unit Certificate, or the legal representative of the owner, to make such affidavit or statutory declaration, setting forth such facts as to the loss, theft, destruction or mutilation as the Transfer Agent deems necessary and may require the applicant to supply to the Trust a "lost certificate" or similar bond in such reasonable amount as the Transfer Agent directs indemnifying the Trustee and the Transfer Agent for so doing. The Transfer Agent shall have the power to acquire

from an insurer or insurers a blanket lost certificate security bond or bonds in respect of the replacement of lost, stolen, destroyed or mutilated Unit Certificates. The Trust shall pay all premiums and other sums of money payable for such purpose out of the property of the Trust with such contribution, if any, by those insured as may be determined by the Trustee or the Transfer Agent in their discretion. If such blanket lost certificate security bond is acquired, the Trustee may authorize and direct (upon such terms and conditions as it may from time to time impose) the Transfer Agent, or others to whom the indemnity of such bond extends, to take such action to replace such lost, stolen, destroyed or mutilated Unit Certificates without further action or approval by the Trustee.

### **3.25 Death of Unitholders**

The death of a Unitholder during the continuance of the Trust shall not terminate the Trust or any of the mutual or respective rights and obligations created by or arising under this Indenture or give the personal representatives or the heirs of the estate of the deceased Unitholder a right to an accounting or to take any action in the courts or otherwise against other Unitholders or the Trustee, the Administrator or the Trust Property, but shall only entitle the personal representatives or the heirs of the estate or succession of the deceased Unitholder, in accordance and upon compliance with the provisions of Section 3.21, to succeed to all rights of the deceased Unitholder under this Trust Indenture.

### **3.26 Unclaimed Payments**

In the event that the Trustee shall hold any amount to be paid to any one or more Unitholders under this Trust Indenture, or otherwise, which is unclaimed or which cannot be paid for any reason, neither the Trustee nor any distribution disbursing agent shall be under any obligation to invest or reinvest the same and they shall only be obligated to hold the same in a current or other non-interest bearing account with a Canadian chartered bank or trust company, pending payment to the person or persons entitled thereto. The Trustee shall, as and when required by law, and may at any time prior to such required time, pay all or part of such amounts so held, net of any amount required to be withheld by the Tax Act, to a court in the province where the Trust has its head office (or to such other suitable government official or agency in the province where the Trust has its head office) whose receipt shall be a good release, acquittance and discharge of the obligations of the Trustee with respect thereto.

### **3.27 Repurchase of Securities**

The Trust shall be entitled to offer, and upon acceptance of such offer, to purchase for cancellation, at any time, by private agreement or otherwise, the whole or from time to time any part of the outstanding Units, or Other Trust Securities, in respect of which the offer was accepted, at a price per security and on a basis as determined by the Trustee in its discretion but in compliance with Applicable Laws. For greater certainty, the Trust has the right to undertake and complete all purchases as may be necessitated as a result of subscribers exercising, in connection with any Offering (including the IPO), their statutory or contractual (as the case may be) rights of withdrawal or rescission. Units purchased by the Trust will be cancelled.



**3.28 Take-Over Bids**

- (a) If there is a take-over bid for all of the outstanding Units and, within 120 days after the date of such take-over bid, the bid is accepted by holders holding not less than 90% of the Units (collectively, such Units subject to the bid are herein referred to as the "**Bid Units**"), other than Bid Units held by or on behalf of, or issuable to, the offeror or an affiliate or associate of the offeror on the date of the take-over-bid, the offeror is entitled, on complying with this Section 3.28, to acquire the Bid Units held by the non-tendering offerees.
- (b) An offeror may acquire Bid Units held by a non-tendering offeree by sending by registered mail within 60 days after the date of termination of the take-over bid and in any event within 180 days after the date of the take-over bid, an offeror's notice to each non-tendering offeree stating that:
  - (i) offerees holding not less than 90% of the Bid Units accepted the take-over bid;
  - (ii) the offeror has taken up and paid for the Bid Units of the offerees who accepted the takeover bid;
  - (iii) a non-tendering offeree is required to transfer his Bid Units to the offeror on the terms on which the offeror acquired the Bid Units of the offerees who accepted the take-over bid; and
  - (iv) a non-tendering offeree who is a Unitholder and who does not transfer his Bid Units within 20 days after it receives the offeror's notice hereunder is deemed to have elected to transfer, and to have transferred, his Bid Units on the same terms that the offeror acquired Bid Units from the offerees who accepted the take-over bid.
- (c) Concurrent with sending the offeror's notice under subsection 3.28(b), the offeror shall send to the Trust a notice of adverse claim disclosing the name and address of the offeror and the name of the non-tendering offeree with respect to each Bid Unit held by a non-tendering offeree.
- (d) A non-tendering offeree to whom an offeror's notice is sent under subsection 3.28(b) shall, within 20 days after it receives that notice, send its Bid Units, or cause same to be sent, to the Trust.
- (e) Within 20 days after the offeror sends an offeror's notice under subsection 3.28(b), the offeror shall pay or transfer to the Trust the amount of money or other consideration that the offeror would have had to pay or transfer to a non-tendering offeree if the non-tendering offeree had tendered under the take-over bid.
- (f) The Trust is deemed to hold on behalf of the non-tendering offeree the money or other consideration it receives under subsection 3.28(e), and the Trust shall deposit the money in a separate account in a bank or other body corporate any of whose deposits are insured by the Canada Deposit Insurance Corporation (or any successor thereof), and shall place the other consideration in the custody of a bank or such other body corporate. No such monies or other consideration shall form any part of the Trust Property.

- (g) If the money or other consideration is deposited with the Trust as required by subsection 3.28(f) above, then:
- (i) with respect to each of those non-tendering offerees who have complied with subsection 3.28(d), Bid Units held by a non-tendering offeree shall be deemed to be cancelled and the Trust shall, without delay upon being satisfied that the Bid Units have been received by or transferred to the Trust in accordance with subsection 3.28(d), send to such non-tendering offeree the portion of the money or other consideration deposited with the Trust as required by subsection 3.28(e) above and to which such non-tendering offeree is entitled, and
  - (ii) with respect to each of those non-tendering offerees who have not complied with subsection 3.28(d), send to each such non-tendering offeree a notice stating that:
    - (A) his or her Bid Units have been transferred to the offeror;
    - (B) the Trustee or some other person designated in such notice are holding in trust the consideration for such Bid Units; and
    - (C) the Trustee, or such other person, will send the consideration to such non-tendering offeree as soon as practicable after receiving such non-tendering offeree's Bid Units, together with such other documents as the Trustee or such other person may require;

and the Trustee is hereby appointed the agent and attorney of the non-tendering offerees for the purposes of giving effect to the foregoing provisions.

- (h) The provisions of subsections 3.28(a) to (g) shall apply *mutatis mutandis* to an offer to acquire any class of Other Trust Securities that are convertible into or exchangeable for Units.

### **3.29 Power of Attorney**

Each Unitholder hereby grants to the Trustee, its successors and assigns, a power of attorney constituting the Trustee, with full power of substitution, as his true and lawful attorney to act on his behalf, with full power and authority in his name, place and stead, to execute, under seal or otherwise, swear to, acknowledge, deliver, make, file or record (and to take all requisite actions in connection with such matters), when, as and where required with respect to:

- (a) this Trust Indenture and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a mutual fund trust in all jurisdictions that the Trustee deems appropriate and to ensure that the Trust is not a SIFT trust in all jurisdictions that the Trustee deems appropriate;
- (b) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in this Trust Indenture, including all conveyances, transfers and other documents required to facilitate any sale of Units or in connection with any disposition of Units required by the Trust Indenture;

- (c) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust in accordance with the terms of this Trust Indenture;
- (d) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a Unitholder's interest in the Trust;
- (e) any instrument, certificate and other documents necessary or appropriate to reflect and give effect to any amendment to this Trust Indenture which is authorized from time to time as contemplated by Article 9; and
- (f) all transfers, conveyances and other documents required to facilitate the acquisition of Bid Units or Other Trust Securities of non-tendering offerees pursuant to Section 3.28.

The power of attorney granted herein is, to the extent permitted by Applicable Laws, irrevocable, is a power coupled with an interest, and shall survive the death, mental incompetence, disability and any subsequent legal incapacity of the Unitholder and shall survive the assignment by the Unitholder of all or part of the Unitholder's interest in the Trust and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Unitholder. This power of attorney may be exercised by the Trustee on behalf of each Unitholder in executing any instrument by a facsimile signature or by listing all of the Unitholders and executing such instrument with a single signature as attorney for all of them. Each Unitholder agrees to be bound by any representations or actions made or taken by the Trustee or its delegate pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm any actions taken by the Trustee or its delegate in good faith under this power of attorney. The Trustee may require, in connection with the subscription for, or any transfer of, Units, that the subscription form or transfer form be accompanied by a certificate of legal advice signed by a lawyer or that the execution of the subscription form or transfer form be witnessed as may be required by any Applicable Laws.

#### ARTICLE 4 PURPOSE AND INVESTMENTS OF THE TRUST

##### 4.1 Purpose of the Trust

The Trust is a limited purpose trust and the undertaking of the Trust is restricted to investing its funds in property (other than real property or an interest in real property or an immovable or a real right in an immovable) which is not non-portfolio property. The Trust is also subject to the restrictions set out in Section 4.3. Subject to the foregoing, the Trust may:

- (a) acquire, hold, transfer, dispose of, invest in, and otherwise deal with assets, securities (whether debt or equity) and other interests or properties of whatever nature or kind including securities: (i) of, or issued by, Can Holdco or any associate or affiliate thereof, or any other business entity in which Can Holdco has an interest, direct or indirect; or (ii) of, or issued by any other person involved, directly or indirectly, in the business of, or the ownership, lease or operation of assets or property in connection with energy related businesses;
- (b) temporarily hold cash and other investments in connection with, and for the purposes of, the Trust's activities, including paying liabilities of the Trust (including administration

and trust expenses), paying any amounts required in connection with the redemption of Units, and making distributions to Unitholders;

- (c) dispose of any part of the Trust Property or mortgage, pledge, charge, grant a security interest in or otherwise encumber all or any part of the Trust Property;
- (d) issue Units and Other Trust Securities for the purposes of: (i) conducting, or facilitating the conduct of, the activities and undertaking of the Trust (including for the purpose of raising funds for acquisitions); (ii) repayment of any indebtedness or borrowings of the Trust or any affiliate thereof; (iii) establishing and implementing Unitholder rights plans, distribution reinvestment plans, Unit purchase plans, and Compensation Plans of the Trust, if any; (iv) satisfying obligations to deliver securities of the Trust, including Units, pursuant to the terms of securities convertible into or exchangeable for such securities of the Trust, whether or not such convertible or exchangeable securities have been issued by the Trust; (v) carrying out any of the transactions contemplated by the Prospectus and satisfying all obligations in connection with such transactions; and (vi) making non-cash distributions to Unitholders, including *in specie* redemptions;
- (e) repurchase, redeem or otherwise acquire Units or Other Trust Securities, including pursuant to any issuer bid made by the Trust, subject to the provisions of this Trust Indenture and Applicable Laws;
- (f) guarantee any obligations or liabilities, present or future, direct or indirect, absolute or contingent, whether matured or not, of any person for, or in pursuit of, any of the purposes set forth in this Section 4.1, and pledge securities and other property of the Trust as security for any obligations of the Trust, including obligations under any such guarantees;
- (g) carry out any of the transactions, and enter into and exercise and perform any of the rights and obligations of the Trust under any agreements, contemplated by the Prospectus or in connection with pursuing the permitted activities and purposes of the Trust hereunder;
- (h) borrow funds and issue debt securities, provided recourse shall be limited to the Trust Property, including entering into hedges for purposes of managing the Trust's exposure to commodity prices, foreign exchange or interest rates, at any time and from time to time, for any of the purposes set forth in this Section 4.1;
- (i) enter into and perform its obligations under the Voting Agreement; and
- (j) engage in all activities ancillary or incidental to any of those activities set forth in subsections 4.1(a) through (i) above.

#### 4.2 Investments

Money or other property received by the Trust or the Trustee on behalf of the Trust, including the net proceeds of any Offering (including the Seed Capital Private Placement and the IPO), may be used at any time and from time to time for any purpose not inconsistent with this Trust Indenture (including making distributions and redemptions under Article 5 and Article 6 respectively).

#### 4.3 Investment Restrictions

- (a) The Trustee shall ensure that the Trust:
  - (i) complies at all times with the requirements of subsections 132(6) and (7) of the Tax Act;
  - (ii) does not take any action, or acquire or retain any investment, that would result in the Trust not being considered a mutual fund trust;
  - (iii) does not take any action, or acquire, retain or hold any investment in any entity or other property that would result in the Trust being a SIFT trust; and
  - (iv) does not hold any non-portfolio property.
- (b) The Trustee may consult with and receive direction from the Administrator with respect to any investment or activity to ensure compliance with the foregoing subsection 4.3(a) and may, prior to any investment or activity, request that the Administrator obtain an opinion of Counsel confirming that the investment or activity will not: (i) affect the Trust's status as a mutual fund trust; (ii) affect the Trust's ability to comply with the provisions of subsection 132(7) of the Tax Act; or (iii) constitute an investment in non-portfolio property.

### ARTICLE 5 DISTRIBUTIONS

#### 5.1 Distributable Cash Flow

The "Distributable Cash Flow" of the Trust in respect of a Distribution Period shall be equal to such amount as the Trustee may in its discretion determine.

#### 5.2 Computation of Income and Net Realized Capital Gains

- (a) "Income of the Trust" for any taxation year shall be determined in accordance with the provisions of the Tax Act (other than paragraph 82(1)(b) and subsection 104(6) thereof) regarding the calculation of income for tax purposes and on the basis that all amounts available for deduction in the period will be deducted, provided, however, that capital gains or capital losses (other than business investment losses) shall be excluded.
- (b) The "Net Realized Capital Gains" of the Trust for any year shall equal the amount, if any, by which the capital gains realized by the Trust in the year exceeds the aggregate of: (i) the capital losses incurred by the Trust in the year; and (ii) the amount of any net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for the year.
- (c) Notwithstanding subsections 5.2(a) and (b), Income of the Trust and Net Realized Capital Gains shall not include any income ("**Redemption Income**") or capital gains ("**Redemption Gains**"), respectively, which are realized by, or allocated to, the Trust, in accordance with the Tax Act, in connection with a distribution of Trust Property to a Unitholder pursuant to an *in specie* redemption of the Unitholder's Units under Section 6.6.

### 5.3 Regular Distributions

- (a) Unitholders shall be entitled to receive non-cumulative distributions if, as and when declared by the Trustee in accordance with the provisions of this Section 5.3.
- (b) The Trustee, on behalf of the Trust, in respect of each Distribution Period, shall declare payable to Unitholders of record as at the close of business on the Distribution Record Date for such Distribution Period, all, any part or none of the Distributable Cash Flow for such Distribution Period.
- (c) Each Unit issued and outstanding on the Distribution Record Date for a particular Distribution Period shall be entitled, without preference or priority, to an equal share of the amount of the Distributable Cash Flow which is declared payable to Unitholders pursuant to subsection 5.3(b) above for such particular Distribution Period, which share shall be determined by dividing the amount of such Distributable Cash Flow declared payable by the number of issued and outstanding Units on such Distribution Record Date (the "**Distribution Per Unit**"). The share of such Distributable Cash Flow distributable to a particular Unitholder shall be an amount equal to the Distribution Per Unit multiplied by the number of Units owned of record by such Unitholder on such Distribution Record Date.
- (d) Subject to Section 5.8, any distributions which have been declared to be payable to Unitholders in respect of a Distribution Period shall be paid in cash on the Distribution Payment Date which immediately follows the Distribution Record Date for such Distribution Period.

### 5.4 Other Distributions

- (a) In addition to the distributions which are payable to Unitholders pursuant to Section 5.3, the Trustee may, in its discretion, declare to be payable and make distributions to Unitholders, from time to time, whether out of Income of the Trust, Net Realized Capital Gains, the capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Trustee may determine.
- (b) To ensure the allocation and distribution to Unitholders of all of the Income of the Trust, Net Realized Capital Gains and any other applicable amounts so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year, the following amounts will, without any further actions on the part of the Trustee, be due and payable to Unitholders of record immediately before the end of December 31 in each taxation year:
  - (i) the amount of Income of the Trust and Redemption Income for such taxation year not previously paid or made payable to Unitholders in such year, less the amount of any "non-capital losses" as defined in the Tax Act of the Trust that may be deducted in computing the taxable income of the Trust for such year; and
  - (ii) the amount of Net Realized Capital Gains and Redemption Gains for such taxation year not previously paid or made payable to Unitholders in such year, except to the extent of: (i) Net Realized Capital Gains that would not be subject to tax in the Trust by reason of the deduction of any loss of the Trust in such year or any "net capital losses" or "non-capital losses" as defined in the Tax Act of the

Trust that may be deducted in computing the taxable income of the Trust for such year; and (ii) Net Realized Capital Gains in respect of which the tax payable by the Trust would be refunded as a "capital gains refund" as defined in the Tax Act for such year,

provided that before the end of December 31 in such year, the Trustee may exercise its discretion to reduce the amount of any such distribution as the Trustee may determine is appropriate in its discretion.

- (c) Each Unit's proportionate share of the amount of any distribution made pursuant to either or both of subsections 5.4(a) or (b) shall be determined by dividing the amount of such distribution by the number of issued and outstanding Units as at the close of business on the applicable Distribution Record Date in respect of a distribution pursuant to subsection 5.4(a) and as of immediately before the end of December 31 in respect of a distribution pursuant to subsection 5.4(b). The share of the amount of any such distribution distributable to a particular Unitholder shall be an amount equal to each Unit's proportionate share of such amount multiplied by the number of Units owned of record by such particular Unitholder on such applicable Distribution Record Date or December 31 in the year of such distribution, as the case may be. Subject to Section 5.8, amounts which have been declared to be payable to Unitholders pursuant to subsection 5.4(a) shall be paid in cash on the Distribution Payment Date which immediately follows the applicable Distribution Record Date in respect of a distribution pursuant to subsection 5.4(a) and amounts which are to be distributed pursuant to subsection 5.4(b) shall be payable on December 31 in such year and shall be paid forthwith and in no event later than January 30 of the following year.
- (d) In addition to the distributions which are made payable to Unitholders otherwise hereunder, the Trustee shall allocate any Redemption Income and Redemption Gains realized by, or allocated to, the Trust in connection with the redemption of Units of a particular Unitholder, to that Unitholder, so that an amount equal to such Redemption Income and Redemption Gains shall be allocated to and shall be treated as an amount paid to the redeeming Unitholder. In addition, one-half (or any other proportion that may be provided for from time to time under section 38 of the Tax Act) of such Redemption Gains shall be designated as taxable capital gains of that Unitholder under subsection 104(21) of the Tax Act, and any portion of the Redemption Income and Redemption Gains in respect of that Unitholder as may be income from a source in a country other than Canada, within the meaning of subsection 104(22) of the Tax Act, shall be designated as that Unitholder's income from that source in accordance with that subsection.

## **5.5 Character of Distribution**

Distributions or amounts paid or payable to Unitholders pursuant to this Article 5 or Article 6 shall be deemed to be distributions out of Income of the Trust, Net Realized Capital Gains, dividends, trust capital or other items, in such amounts as the Trustee shall, in its discretion, determine. For greater certainty, it is hereby declared that any distribution of Net Realized Capital Gains and Redemption Gains shall include the non-taxable portion of the capital gains of the Trust which are comprised in such distribution.

## **5.6 Designation of Taxable Capital Gains and Other Amounts**

In accordance with and to the extent permitted by the Tax Act, the Trustee in each year shall make designations, determinations and allocations for tax purposes of amounts or portions of amounts which the Trust has received, paid, declared payable or allocated to Unitholders as distributions or redemptions proceeds.

## **5.7 Enforceability of Right to Receive Distributions**

For greater certainty, it is hereby declared that each Unitholder shall have the legal right to enforce payment of any amount payable to such Unitholder as a result of any distribution or amount which becomes payable to such Unitholder pursuant to this Article 5 or pursuant to Article 6, as of the date on which such amounts become payable.

## **5.8 Method of Payment of Distributions**

- (a) The Trust shall make payment, in cash, of distributions which have been declared to be payable pursuant to this Article, provided that where the Administrator determines that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable pursuant to this Article on the due date for such payment, the payment may, at the option of the Administrator, include the issuance of additional Units, or fractions of Units, if necessary, having an aggregate value equal to the difference between the amount of the distribution in question and the amount of cash which has been determined by the Administrator to be available for the payment of such distribution.
- (b) The value of each Unit which is issued pursuant to subsection 5.8(a) shall be deemed to be the "market price" (as defined in Section 6.3) of a Unit on the applicable Distribution Record Date in respect of a distribution pursuant to Section 5.3, on the applicable Distribution Record Date in respect of a distribution pursuant to subsection 5.4(a), or on December 31 in respect of a distribution under subsection 5.4(b), provided that if the particular date is not a Business Day then the "market price" (as defined in Section 6.3) shall be determined on the last Business Day which precedes such particular date.

## **5.9 Withholding Taxes**

The Trustee shall deduct or withhold from payments and distributions (including in respect of any redemptions) payable to any Unitholder all amounts required by Applicable Laws to be withheld from such payment or distribution, whether such payment or distribution is in the form of cash, additional Units or otherwise. To the extent that amounts are so deducted or withheld, such amounts shall be treated for all purposes as having been paid to the Unitholder in respect of which such deduction and withholding was made. In the event of a distribution in the form of additional Units, the Trustee shall sell all or a portion of the additional Units otherwise to be distributed to a Unitholder and the proceeds from such sale (less the Trustee's reasonable expenses) shall firstly be used to satisfy the Trust's withholding obligations under the Tax Act and shall be remitted to the appropriate taxation authority. The balance, if any, remaining shall be paid to such Unitholder. Any such sale shall be made on any stock exchange on which the Units are then listed and upon that sale, the affected Unitholder shall cease to be the holder of those Units. No liability shall accrue to the Trust, the Trustee or the Administrator if Units or other assets sold or disposed of pursuant to this Section 5.9 are sold at a loss to such affected Unitholder or the Beneficial Unitholder of such Units or if Units or other assets so sold or disposed of are sold or disposed of for an amount which may be less than might otherwise have been obtained if sold or disposed of at a different



point in time or in different circumstances. For greater certainty, for purposes of all transactions that may be required with respect to this Section 5.9, the Trustee shall have the power of attorney of the Unitholder in accordance with the provisions of Section 3.29 and the provisions of Sections 3.27 and 6.4 shall also apply *mutatis mutandis* in this regard.

#### **5.10 Unit Plans**

Subject to any approvals required under Applicable Laws, the Trustee may, in its discretion and at any time and from time to time, establish and implement Unitholder rights plans, distribution reinvestment plans, Unit purchase plans, and Compensation Plans.

### **ARTICLE 6 REDEMPTION**

#### **6.1 Right of Redemption by Unitholders**

Each Unitholder shall be entitled to require the Trust to redeem at any time or from time to time, on demand, all or any part of the Units registered in the name of the Unitholder at the price, with respect to each Unit so redeemed, as determined and payable in accordance with the terms and conditions hereinafter provided in this Article 6.

#### **6.2 Exercise of Redemption Right**

- (a) To exercise a Unitholder's right to require redemption of Units under this Article 6, a duly completed and properly executed notice requiring the Trust to redeem Units, in a form reasonably acceptable to the Trustee, shall be sent to the Trust at the head office of the Trust and to CDS or DTC, as applicable, (if the Units are held through the Book-Entry System), together with written instructions as to the number of Units to be redeemed and together with any Unit Certificate or Unit Certificates representing the Units to be redeemed (other than a Global Unit Certificate). No form or manner of completion or execution of such notice and other documents shall be sufficient unless the same is in all respects satisfactory to the Trustee and is accompanied by any further evidence that the Trustee may reasonably require with respect to the identity, capacity or authority of the person giving such notice.
- (b) Upon the tender of Units of a Unitholder for redemption, the Unitholder shall thereafter cease to have any rights with respect to the Units tendered for redemption (including no right to receive distributions in respect of Units where such distributions are declared payable to Unitholders of record on a date which is on or subsequent to the date upon which the Units of the Unitholder have been tendered for redemption), other than the right to receive the Cash Redemption Price or *in Specie* Redemption Price therefor, as the case may be, and the right to receive any distributions thereon which have been declared payable to Unitholders of record on a date which is prior to the date upon which the Units of the Unitholder have been tendered for redemption. Units shall be considered to be tendered for redemption on the date (the "**Redemption Date**") the Trust has, to the satisfaction of the Trustee, received the notice, Unit Certificates, if any, the written instructions as to the number of Units to be redeemed and all other required documents or evidence as aforesaid.

### 6.3 Cash Redemption Price

Subject to Section 6.5, upon the tendering for redemption of Units in accordance with Section 6.2, the holder of the Units tendered for redemption shall be entitled to receive a price per Unit (hereinafter called the "**Cash Redemption Price**") equal to the lesser of:

- (a) 90% of the "market price" of a Unit on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any such exchange, on the principal market on which the Units are quoted for trading) during the period of the last ten (10) consecutive trading days ending immediately prior to the Redemption Date; and
- (b) 100% of the "closing market price" of a Unit on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any such exchange, on the principal market on which the Units are quoted for trading) on the Redemption Date.

For the purposes of this Indenture, the "**market price**" of a Unit shall be: (a) an amount equal to the volume weighted average trading price of a Unit for each of the ten (10) consecutive trading days preceding the date of determination; (b) if the applicable exchange or market does not provide information necessary to compute a volume weighted average trading price, an amount equal to the volume weighted average of the closing prices of a Unit for each of the ten (10) consecutive trading days on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the Units traded on a particular day, the "market price" shall be an amount equal to the volume weighted average of the average of the highest and lowest prices for each of the ten (10) consecutive trading days on which there was a trade; and (c) if there was trading on the applicable exchange or market for fewer than five (5) of the ten (10) consecutive trading days, the "market price" shall be the volume weighted average of the following prices established for each of the ten (10) consecutive trading days: (i) the average of the last bid and last asking prices for each day on which there was no trading; (ii) the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and (iii) the average of the highest and lowest prices of the Units for each day that there was trading, if the exchange or market provides only the highest and lowest prices of Units traded on a particular day.

For the purposes of this Indenture, "**closing market price**" shall be: (a) an amount equal to the volume weighted average trading price of a Unit on the Redemption Date, if the applicable exchange or market provides information necessary to compute a volume weighted average trading price on such date; (b) an amount equal to the closing price of a Unit if there was a trade on the Redemption Date, and the exchange or market provides only a closing price; (c) an amount equal to the simple average of the highest and lowest trading prices of Units if there was trading on the Redemption Date and the exchange or other market provides only the highest and lowest trading prices of Units traded on a particular day; or (d) the simple average of the last bid and last ask prices of the Units if there was no trading on the Redemption Date.

For the purposes hereof, the principal exchange or principal market on which Units are listed or quoted for trading shall be the exchange or market on which the greatest volume of Units were traded during the relevant period or, if such is not determinable, the exchange or market designated by the Administrator in its discretion. If the principal exchange or market on which the Units are listed or quoted for trading was not open for trading on the Redemption Date, then the reference date shall be the last day on which such principal exchange or market was open for trading.

#### 6.4 Payment of Cash Redemption Price

Subject to Section 6.5, the Cash Redemption Price payable in respect of the Units tendered for redemption during any month shall be paid by cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable to, or to the order of, the Unitholder who exercised the right of redemption, on or before the fifth Business Day after the end of the calendar month following the calendar month in which the Units were tendered for redemption. Payments made by the Trust of the Cash Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former Unitholder at its last address appearing on the Registers unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former Unitholder in respect of the Units so redeemed, except with respect to any outstanding payments in respect of such Units pertaining to distributions declared payable thereon to such former Unitholder while still a Unitholder of record on a date which was prior to the Redemption Date (as defined in section 6.2) upon which such Units were tendered for redemption.

#### 6.5 No Cash Redemption in Certain Circumstances

Section 6.4 shall not be applicable to Units tendered for redemption by a Unitholder if:

- (a) the total amount payable by the Trust pursuant to Section 6.3 in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$100,000; provided that the Trustee may, in its discretion, waive such limitation in respect of Units tendered for redemption in any calendar month;
- (b) at the time such Units are tendered for redemption, the outstanding Units are not listed for trading on the Toronto Stock Exchange and are not traded or quoted on any other stock exchange or market which the Trustee considers, in its discretion, provides representative fair market value prices for the Units;
- (c) the normal trading of the outstanding Units is suspended or halted on any stock exchange on which the Units are listed for trading or, if not so listed, on any market on which the Units are quoted for trading, on the Redemption Date or for more than five trading days during the ten consecutive trading-day period immediately prior to the Redemption Date; or
- (d) the Trust or any affiliate thereof is, or after such redemption would be, in default under any of the Credit Facilities.

#### 6.6 In Specie Redemption

- (a) If, pursuant to Section 6.5, Section 6.4 is not applicable to Units tendered for redemption by a Unitholder, then such Unitholder shall be entitled to receive, instead of the Cash Redemption Price per Unit specified in Section 6.3, a price per Unit (hereinafter called the "*in Specie Redemption Price*") equal to the fair market value of a Unit as determined by the Trustee, in its discretion, and the *in Specie Redemption Price* shall, subject to all necessary regulatory approvals, be paid and satisfied by way of a distribution *in specie* of Trust Property (other than Can Holdco Shares, US Opco Notes or any other securities or property of US Opco except as made in compliance with applicable United States federal and state securities laws) as determined in the discretion of the Trustee. To the extent that the Trust does not hold Trust Property (other than Can Holdco Shares, US Opco Notes or other securities or property of US Opco that may not be distributed in

compliance with applicable United States federal and state securities laws), having a sufficient amount outstanding to effect full payment of the *in Specie* Redemption Price the Trust may effect such payment by issuing Redemption Notes, to the Unitholders who exercise the right of redemption, having an aggregate principal amount equal to any such shortfall.

- (b) The *in Specie* Redemption Price payable in respect of Units tendered for redemption during any month shall be paid by the transfer of Trust Property determined as aforesaid, to or to the order of the Unitholder who exercised the right of redemption, on or before the fifth Business Day after the end of the calendar month following the calendar month in which the Units were tendered for redemption. In respect of any Trust Property being transferred in payment of the *in Specie* Redemption Price, the Trust shall be entitled to all interest paid or accrued and unpaid in respect of such Trust Property (including on any instruments on which interest is accruing), to and including the date of transfer thereof. Payments by the Trust of the *in Specie* Redemption Price are conclusively deemed to have been made upon the mailing of the documents evidencing ownership of the property so distributed by registered mail in a postage prepaid envelope addressed to the former Unitholder at its last address appearing on the Registers. Upon such payment, the Trust shall be discharged from all liability to the former Unitholder in respect of the Units so redeemed.
- (c) Notwithstanding anything to the contrary contained in this Trust Indenture, if the Trust has, pursuant to Section 4.1, granted security on any of its assets, then such assets may be distributed directly or indirectly (including via another entity) in such manner as is considered appropriate by the Administrator so as to preserve such security interest while giving redeeming Unitholders directly or indirectly the *pro rata* interest they are entitled to.

#### 6.7 Redemption of Units from Non-certifying Unitholders

- (a) At any time after a Unitholder or a Beneficial Unitholder becomes a Non-certifying Unitholder, the Trustee shall have the option, upon notice to the Trustee by the Administrator as provided below, to redeem the Units of such Non-certifying Unitholder as follows:
  - (i) If the Administrator elects to exercise the redemption option under this Section 6.7 with respect to a Non-certifying Unitholder, the Administrator shall, not later than the 30th day before the date fixed for redemption, give written notice of redemption to the Trustee and the Trustee shall send the Non-certifying Unitholder by registered or certified mail, postage prepaid, in the case of a registered Unitholder, at its last address designated on the Registers, or in case of a Beneficial Unitholder who owns Units in the name of a Unitholder, to the last address designated in the Registers of the Unitholder in which the Units of such Non-certifying Unitholder are registered. The notice shall be deemed to have been given when so mailed. The notice shall specify the number of Units being redeemed, the date fixed for redemption, the place of payment, that payment of the redemption price will be made upon surrender of the Unit Certificate or other documentation evidencing such Units being redeemed, and that on and after the date fixed for redemption no further allocations or distributions to which such Non-certifying Unitholder would otherwise be entitled in respect of the Units being redeemed will accrue, be made, or be otherwise payable.

- (ii) The aggregate redemption price for Units shall be the Cash Redemption Price. The Cash Redemption Price shall be paid by cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable to, or to the order of, the Unitholder whose Units are being redeemed (or the Unitholder in whose name the Units being redeemed are registered in respect of a Beneficial Unitholder), on or before the fifth Business Day after the end of the calendar month following the calendar month in which the notice of redemption was mailed. Payments made by the Trust of the Cash Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former Unitholder (or the Unitholder in whose name the Units being redeemed in respect of a Beneficial Unitholder), at its last address appearing on the Registers unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former Unitholder (or the Unitholder in whose name the Units being redeemed are registered in respect of a Beneficial Unitholder), in respect of the Units so redeemed, except with respect to any outstanding payments of such Units pertaining to distributions declared payable thereon to such former Unitholder while still a Unitholder of record on a date which was prior to the notice of redemption.
- (iii) Units redeemed in respect of a Non-certifying Unitholder who is a Beneficial Unitholder owning Units in the name of a Unitholder shall be redeemed from the Unitholder owning the Units of record, and if the number of redeemed Units is less than the entire Unit ownership position of the Unitholder of record, the redemption shall be treated as a redemption of Units owned by such Unitholder of record only to the extent of the number of Units beneficially owned by the underlying Non-certifying Unitholder beneficially owning such Units, and the Trustee and the Administrator shall take such actions necessary to effect such partial redemption of Units.
- (iv) Upon surrender by or on behalf of the Non-certifying Unitholder, at the place specified in the notice of redemption, of (A) with respect to any Units subject to redemption, if certificated, the Unit Certificate evidencing the Units being redeemed, duly endorsed in blank or accompanied by an assignment duly executed in blank or (B) with respect to any Units subject to redemption, if uncertificated, upon receipt of evidence satisfactory to the Administrator of the ownership of the Units, such Unitholder or its duly authorized representative shall be entitled to receive the payment therefor.
- (v) After the redemption date, the Units held by or on behalf of such Non-certifying Unitholder shall no longer constitute issued and outstanding Units.
- (vi) At any time prior to the date fixed for redemption as provided in the notice, the Administrator in its sole discretion shall have the right to withdraw and cancel a proposed redemption of Units for which notice has been given pursuant to this Section 6.7 by delivering written notice of such withdrawal and cancellation to the Trustee, whereupon the redemption of such Units notified for redemption pursuant to this Section 6.7 shall be cancelled with the effect of such Units remaining outstanding, and notice of such withdrawal and cancellation shall be sent by the Trustee to the persons receiving such redemption notice at addresses set forth in Section 6.7(a)(i).

- (b) Nothing in this Section 6.7 shall prevent the recipient of a notice of redemption from transferring its Units before the redemption date if such transfer is otherwise permitted under this Indenture. Upon receipt of notice of such a transfer, the Administrator shall instruct the Trustee to withdraw the notice of redemption, provided that the transferee of such Units provides a Taxation Certification to the Administrator and the Trustee within 30 days of such transfer. If the transferee fails to deliver such a Taxation Certification, such redemption shall be effected from the transferee on the original redemption date.

#### **6.8 Cancellation of Certificates for all Redeemed Units**

All Units redeemed under this Article 6 shall be cancelled (whether such Units were held in certificated or non-certificated form) and such Units shall no longer be outstanding and shall not be reissued.

### **ARTICLE 7 TRUSTEE**

#### **7.1 Number and Term**

There shall be one Trustee of the Trust. Computershare Trust Company of Canada is hereby appointed as the Trustee on the date hereof. The term of office of the Trustee hereunder commences from the date on which its election or appointment becomes effective and shall continue until the earlier of the date of the termination of the Trust, the effective date of the resignation of the Trustee in accordance with Section 7.3, the effective date of the removal of the Trustee by the Unitholders in accordance with Section 7.3, or the effective date of the removal of the Trustee by the Administrator in accordance with Section 7.3.

#### **7.2 Qualifications of the Trustee**

- (a) The Trustee shall be a body corporate, which shall at all times during which it is the Trustee:
  - (i) be incorporated under the laws of Canada or of a province thereof;
  - (ii) be resident in Canada for the purposes of the Tax Act; and
  - (iii) be authorized and registered under the laws of the Province of Alberta to carry on the business of a trust company.

#### **7.3 Resignation and Removal of the Trustee**

- (a) Subject to Section 7.8, the Trustee may resign from the office of trustee hereunder by giving to the Administrator not less than 90 days' prior written notice of such resignation, unless the Administrator agrees to a shorter period of notice.
- (b) The Trustee may be removed at any time with or without cause by Ordinary Resolution passed in favour of the removal of the Trustee.
- (c) The Trustee may also be removed at any time by the Administrator by notice in writing to the Trustee if, at any time:
  - (i) the Trustee shall no longer satisfy all of the requirements of Section 7.2;

- (ii) the Trustee shall be declared bankrupt or insolvent or shall enter into liquidation, whether compulsory or voluntary, to wind up its affairs;
  - (iii) all of the assets of the Trustee, or a substantial part thereof, shall become subject to seizure or confiscation; or
  - (iv) the Trustee shall otherwise become incapable of performing or refuses to perform its responsibilities under this Trust Indenture, as determined in the discretion of the Administrator.
- (d) No resignation or removal pursuant to subsections 7.3(a), (b) or (c) shall take effect until the date upon which the last of the following occurs: (i) a successor Trustee is appointed or elected pursuant to Section 7.5; and (ii) the new successor Trustee has accepted such election or appointment and has legally and validly assumed all obligations of the trustee hereunder.
- (e) Upon the taking effect of any resignation or removal of the Trustee under the terms of this Section 7.3, the outgoing Trustee shall:
- (i) cease to have rights, privileges, powers and authorities of the Trustee hereunder;
  - (ii) execute and deliver such documents as the Administrator shall reasonably require for the conveyance, to a successor Trustee of any Trust Property held in the outgoing Trustee's name, and provide for or facilitate the transition of the Trust's activities and affairs to such successor Trustee;
  - (iii) account to the Administrator as the Administrator may require for all property, including the Trust Property, which the outgoing Trustee held or then holds as trustee; and
  - (iv) cease to be a party to the Administrative Services Agreement and the Voting Agreement, and shall execute and deliver all such documents and instruments and do all such acts and things as the Administrator may reasonably request in order to effectively remove such outgoing Trustee as a party to such agreements and to assign its right, title and interest in such agreements to such successor Trustee as may be appointed or elected.
- (f) Upon the outgoing Trustee ceasing to hold office as such hereunder, the outgoing Trustee shall cease to be a party (as the Trustee) to this Trust Indenture provided, however, that such outgoing Trustee shall continue to be entitled to payment of any amounts owing by the Trust to the Trustee which accrued prior to vacating of the office of Trustee; and provided further that such outgoing Trustee and each of its directors, officers, employees and agents shall continue to be entitled, with respect to all liabilities relating to the period of time when the outgoing Trustee held office as trustee hereunder, to the benefit of any indemnity and limitation of liability provisions which are expressly set out herein and by their terms are for the benefit of the outgoing Trustee and its directors, officers, employees and agents (as the case may be).
- (g) The resignation or removal of the outgoing Trustee, or the outgoing Trustee otherwise ceasing to be the Trustee, shall not affect any liabilities of the outgoing Trustee in respect

of or in any way arising under or out of this Indenture which have accrued prior to such resignation, removal or termination.

#### 7.4 Vacancies

No vacancy of the office of the Trustee shall operate to annul this Trust Indenture or affect the continuity of the Trust.

#### 7.5 Appointment/Election of Successor Trustee

- (a) A successor trustee to an outgoing Trustee which has been removed: (i) by an Ordinary Resolution of Unitholders under subsection 7.3(b); or (ii) by the Administrator under subsection 7.3(c) shall be appointed by an Ordinary Resolution at a meeting of Unitholders duly called for that purpose, provided the successor meets the requirements of Section 7.2.
- (b) The Administrator may appoint a successor to any Trustee which has been removed: (i) by an Ordinary Resolution of Unitholders under subsection 7.3(b); or (ii) by the Administrator under subsection 7.3(c), if the Unitholders fail to do so at such meeting contemplated under subsection 7.5(a) above, provided the successor meets the requirements of Section 7.2.
- (c) Subject to Section 7.2, the Administrator may appoint a successor to any Trustee which has given a notice of resignation under subsection 7.3(a) or Section 7.8.
- (d) If no successor Trustee has been appointed or elected within 60 days of: (i) the Trustee's notice of resignation (whether deemed notice or otherwise) under subsection 7.3(a) or Section 7.8; (ii) the approval of the Ordinary Resolution referred to in subsection 7.3(b); or (iii) the giving of notice by the Administrator to remove the Trustee under subsection 7.3(c), as the case may be, any Unitholder, the Trustee, the Administrator or any other interested person may apply to a court of competent jurisdiction for the appointment of a successor trustee.
- (e) Notwithstanding anything herein contained, the election or appointment of the Trustee (other than the appointment of Computershare Trust Company of Canada as Trustee upon the execution of this Trust Indenture) shall not become effective unless and until such corporation has, either before or after such election or appointment, executed and delivered to the Trust an acceptance substantially as follows:

"To: Argent Energy Trust (the "Trust")

And to: The Administrator of the Trust

The undersigned hereby accepts its election or appointment as the Trustee of the Trust and hereby agrees, upon the later of the date of this acceptance and the date of the undersigned's election or appointment as the Trustee of the Trust, to thereby become a party, as the Trustee, to the Amended and Restated Trust Indenture made as of May 9, 2012, as the same may be amended from time to time, governing the Trust (the "**Trust Indenture**"), and the undersigned further agrees to act as Trustee of the Trust in accordance with the terms of the Trust Indenture.



Dated:           ●,●

Name of Company

[Print Name]

[Signature]"

- (f) Upon the later of a person being elected or appointed as the Trustee hereunder and executing and delivering to the Trust an acceptance substantially as set forth above, such corporation shall become the Trustee hereunder and shall be deemed to be a party (as the Trustee) to this Trust Indenture, as amended from time to time.
- (g) An act of any Trustee is valid notwithstanding an irregularity in the election or appointment of such Trustee or a defect in the qualifications thereof.

**7.6    Right of Successor Trustee**

The rights of the Trustee, subject to the terms hereof, to control and exclusively administer the Trust and to have the title to the Trust Property drawn up in its name and all other rights of the Trustee at law shall vest automatically in any person who may hereafter become the Trustee upon its due election or appointment and qualification, in accordance with the terms hereof, without any further act and it shall thereupon have all the rights, privileges, powers, authorities, obligations and immunities of the Trustee hereunder. Such rights shall vest in the Trustee whether or not conveyancing or transfer documents have been executed and delivered pursuant to Section 7.3 or otherwise.

**7.7    Compensation and Other Remuneration**

The Trustee shall be entitled to receive for its services as Trustee:

- (a) such reasonable compensation as shall be negotiated between the Administrator on behalf of the Trust and the Trustee;
- (b) reimbursement of the Trustee's reasonable out-of-pocket expenses incurred in acting as the Trustee, either directly or indirectly; and
- (c) fair and reasonable remuneration for services rendered to the Trust in any other capacity, which services may include services as the Transfer Agent.

A Trustee shall have a priority over distributions to Unitholders pursuant to Article 5 or Section 11.6 in respect of amounts payable or reimbursable to the Trustee pursuant to this Section 7.7.

**7.8    Trustee Not Bound to Act**

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its reasonable discretion, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its reasonable discretion, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days written notice, provided that:

- (a) the Trustee's written notice shall describe the circumstances of such non-compliance; and
- (b) if such circumstances are rectified to the Trustee's satisfaction within such 10 day period, then such resignation shall not be effective.

## ARTICLE 8 TRUSTEE'S POWERS AND DUTIES

### 8.1 General Powers

- (a) The Trustee, subject only to any specific limitations contained in this Trust Indenture and to any grant of powers to the Administrator contained in this Trust Indenture, shall have, without further or other action or consent, and free from any power or control on the part of the Unitholders, full, absolute and exclusive power, control and authority over the Trust Property and over the affairs of the Trust to the same extent as if the Trustee was the sole and absolute beneficial owner of the Trust Property in its own right, to do all such acts and things as in its discretion are necessary or incidental to, or desirable for, carrying out the trust created hereunder. The Trustee has no obligations to Unitholders beyond those set forth herein, except as may be mandated by law.
- (b) In construing the provisions of this Trust Indenture, presumption shall be in favour of the granted powers and authority to the Trustee. The enumeration of any specific power or authority herein (including pursuant to Section 8.2) shall not be construed as limiting the general powers or authority or any other specified power or authority conferred herein on the Trustee.
- (c) To the maximum extent permitted by law but subject to the express limitations contained in this Indenture, including for greater certainty Sections 4.1 and 4.3, the Trustee shall, in carrying out investment activities, not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees.

### 8.2 Specific Powers and Authorities

Subject only to the express limitations contained in this Trust Indenture, and in addition to any powers and authorities otherwise conferred on the Trustee or the Administrator by this Trust Indenture (including the general powers set forth in Section 8.1) or which the Trustee may have by virtue of any present or future statute or rule of law or in equity, the Trustee, without any action or consent by the Unitholders, shall have and may exercise at any time and from time to time the following powers and authorities which may be exercised by it (or delegated by it) as herein provided, in its discretion and in such manner and upon such terms and conditions as it may from time to time deem proper:

- (a) to open, operate and close accounts and other similar credit, deposit and banking arrangements and to negotiate and sign banking and financing contracts and agreements;
- (b) to borrow money and request the issuance of letters of credit upon the credit of the Trust and the Trust Property;
- (c) to temporarily hold cash and other short term investments in connection with and for the purposes of the Trust's activities, including paying management, administration and other

expenses of the Trust, paying any amounts required in connection with the redemption of Units and making distributions to Unitholders;

- (d) to issue, reissue, sell or pledge debt obligations of the Trust and to make, accept, endorse, negotiate or otherwise deal with bonds, debentures, cheques, drafts, notes, orders for the payment of money, bills of exchange, bills of lading, acceptances and other similar instruments and obligations as may be necessary or useful to carry out the purpose of the Trust;
- (e) to give a guarantee on behalf of the Trust to secure performance of an obligation of another person;
- (f) to mortgage, hypothecate, pledge or otherwise create a security interest in all or any movable or immovable, personal or real or other property of the Trust, owned or subsequently acquired, to secure any obligation of the Trust;
- (g) to lend, including loans to subsidiaries;
- (h) to enter into and perform its obligations under the Voting Agreement;
- (i) to obtain security, including encumbrances on assets, to secure the full payment of money owed to the Trust and the performance of obligations in favour of the Trust, and to exercise all of the rights of the Trust, and to perform all of the obligations of the Trust, under such security;
- (j) to renew or extend or participate in the renewal or extension of any security, upon such terms as may be deemed advisable, and to agree to an increase or reduction in the rate of interest (or to agree to a waiver of interest) on any security or to any other modification or change in the terms of any security or of any guarantee pertaining thereto, in any manner and to any extent that it may deem advisable; and to waive any default whether in performance of any covenant or condition of any security, or in the performance of any guarantee or to enforce the rights in respect of any such default in such manner and to such extent that it may deem advisable;
- (k) to exercise and enforce any and all rights of foreclosure, to bid on property on sale or foreclosure, to take a conveyance in lieu of foreclosure with or without paying a consideration therefor and in connection therewith to revive the obligation on the covenants secured by such security and to exercise and enforce in any action, suit or proceeding at law or in equity any rights or remedies with respect to any such security or guarantee;
- (l) to obtain or render services for or on behalf of the Trust necessary or useful to carry out the purposes of the Trust;
- (m) to obtain, prepare, compose, design, print, publish, issue and distribute marketing and public relations materials in connection with the Trust;
- (n) to establish places pursuant to which the Trust can carry out the activities referred to herein;
- (o) to manage the Trust Property;

- (p) to invest, hold shares, securities, units, beneficial interests, partnership interests, joint venture interests or other interests in any person necessary or useful to carry out the purpose of the Trust;
- (q) to cause legal title to any of the Trust Property to be held in the name of the Trustee or to be drawn up in the name of the Trustee or, to the extent permitted by Applicable Laws, in the name of the Trust;
- (r) to determine conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses and disbursements of the Trust;
- (s) to determine, among other things, the amount of Distributable Cash Flow, Income of the Trust and Net Realized Capital Gains for the purposes of distributions hereunder and to arrange for distributions to Unitholders pursuant to Article 5 and for redemptions of Units pursuant to Article 6;
- (t) to enter into any agreement or instrument to create or provide for the issue and sale of Units (including the Prospectus, any firm or best efforts underwriting agreement, and any registration rights agreement), to cause such Units or Other Trust Securities to be issued for such consideration (in cash or property in kind) as the Trustee in its discretion may deem appropriate, and to do all such things and take all such actions to qualify such Units or Other Trust Securities for sale in whatever jurisdictions they will be sold or offered for sale;
- (u) to enter into any agreement or instrument (including any firm or best efforts underwriting agreement, warrant agreement or other similar document) to create or provide for the issue of Other Trust Securities and such agreements or instruments may provide for any matter determined by the Trustee to be necessary or useful including provisions pertaining to securities certificates (form, manner of execution, and certification), maintenance of registers, use of book-based versus certificated system, repurchases, redemptions and transfers;
- (v) to cause Other Trust Securities to be issued and sold for such consideration as the Trustee, in its discretion, may deem appropriate, and to do all such things and take all such actions to qualify such Other Trust Securities for sale in whatever jurisdictions they are to be sold or offered for sale;
- (w) to adopt a Unitholder rights plan for the Trust which plan will be effective as of the date of such adoption if the Trustee determines in good faith that such action is appropriate;
- (x) to issue or provide for the issuance of Units on such terms and conditions and at such time or times as the Trustee may determine, including issuances in accordance with Section 5.8 and issuances in connection with Unitholder rights plans, Compensation Plans, and other plans established under Section 5.10;
- (y) to redeem or repurchase Units in accordance with the terms set forth in this Indenture;
- (z) to make or cause to be made application for the listing or quotation on any stock exchange or market of any Units or Other Trust Securities, and to do all things which in the opinion of the Trustee may be necessary or desirable to effect or maintain such listing or listings or quotation;

- (aa) to determine conclusively the value of any or all of the Trust Property from time to time and, in determining such value, to consider such information and advice as the Trustee in its sole judgment, may deem material and reliable;
- (bb) to possess and exercise all the rights, powers and privileges pertaining to the ownership of any securities held by the Trust ("**Subsidiary Securities**") to the same extent that an individual might, unless otherwise limited herein and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons with respect to voting Subsidiary Securities, which proxies and powers of attorney may be for meetings or actions generally or for any particular meeting or action and may include the exercise of discretionary power;
- (cc) to pay, out of the Trust Property, all reasonable fees, costs and expenses incurred, from time to time, in the management and administration of the Trust, including those in connection with any Offering (including the Seed Capital Private Placement and the IPO);
- (dd) where reasonably required, to engage or employ on behalf of the Trust any persons as administrators, managers, agents, advisors, representatives, employees, independent contractors or subcontractors (including the Administrator, investment advisors, registrars, underwriters, accountants, lawyers, engineers, appraisers, brokers or otherwise) in one or more capacities;
- (ee) to the extent not prohibited by Applicable Laws, to delegate any of the powers and duties of the Trustee to any one or more agents, representatives, officers, employees, independent contractors, subcontractors or other persons (including to the Administrator pursuant to the terms of the Administrative Services Agreement or otherwise) without liability to the Trustee except as provided in this Trust Indenture;
- (ff) to appear and respond to all orders issued by a Governing Authority or claims made by another person, to make all affidavits, sworn declarations and solemn affirmations with respect to such matters, to put in default, sue for and receive all sums of money or obligations due to the Trust, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, disputes, claims, demands or other litigation or proceedings, regulatory or judicial, relating to the Trust, the Trust Property or the Trust's affairs, to enter into agreements therefor, whether or not any suit or proceeding is commenced or claim asserted and to enter into agreements regarding the arbitration, adjudication or settlement thereof;
- (gg) to arrange for insurance contracts and policies insuring the Trust, the Trust Property, and/or the Trustee or the Unitholders, including against any and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted to have been taken by the Trust, the Trustee, Administrator, Unitholders or otherwise, and to perform all of the obligations of the Trust under such insurance policies and contracts, the whole to the extent permitted by law;
- (hh) to determine the amount and purposes of reserves to be maintained out of the Distributable Cash Flow of the Trust, including for the purpose of undertaking future investments or other acquisitions of assets by the Trust or for payment of distributions;

- (ii) to do all such things and take all such action, and to negotiate, make, execute, acknowledge and deliver any and all deeds, instruments, contracts, waivers, releases or other documents, necessary or useful for the exercise or accomplishment of: (i) any of the powers herein granted to the Trustee; (ii) the purpose of the Trust as set forth in Section 4.1; and (iii) all of the rights and obligations of the Trustee hereunder; including, without limitation, the negotiation and execution of the Administrative Services Agreement and agreements in connection with the Trust's acquisition of Subsidiary Securities, the Seed Capital Private Placement, the IPO and all future Offerings;
- (jj) to postpone and subordinate, in right of payment, all present and future indebtedness, liabilities and obligations of a person owed to the Trust to payment in full of all present and future indebtedness, liabilities and obligations of such person to lenders and other creditors of such person, and to enter into any agreement or instrument to create or provide for such postponement and subordination in favour of such lenders and creditors;
- (kk) to indemnify, out of the Trust Property, any person against any and all liabilities, claims, actions, causes of action, judgments, orders, damages (including foreseeable consequential damages), costs, expenses, fines, penalties and losses (including sums paid by such person in settlement of claims and all reasonable consultant, expert and legal fees and expenses) or any resulting damages, harm or injuries to such person or property of any third parties arising from the investments or activities carried on by the Trust;
- (ll) to provide or cause to be provided to any bank, creditor, financial institution or any other person such guarantees, indemnities, postponements and subordinations, acknowledgements, assurances or other credit support, in any form whatsoever, as the Trustee, in its discretion, deems necessary, useful or desirable in connection with the establishment or arrangement of any and all debt or equity financings of affiliates and associates of the Trust, including any extensions, renewals, refinancings or replacements thereof, and to enter into any agreement, indenture, instrument or other document on such terms and conditions as the Trustee, in its discretion, may deem appropriate in the circumstances in connection with such financings; and
- (mm) to do all such other acts and things as are necessary, useful, incidental or ancillary to the foregoing and to exercise all powers and authorities which are necessary, useful, incidental or ancillary to carry on the affairs of the Trust, to promote any purpose for which the Trust is formed and to carry out the provisions of this Trust Indenture, including, without limitation, the negotiation and execution of the Administrative Services Agreement.

### 8.3 Further Powers of the Trustee

The Trustee shall have the power to prescribe any form of document or other instrument provided for or contemplated by this Trust Indenture and the Trustee may make, adopt, amend, or repeal regulations containing provisions relating to the conduct of the affairs of the Trust not inconsistent with law or with this Trust Indenture (the "**Trustee's Regulations**"). The Trustee shall also be entitled to make any reasonable decisions, designations or determinations not contrary to this Trust Indenture which it may determine are necessary or desirable in interpreting, applying or administering this Trust Indenture or in administering, managing or operating the Trust. Any Trustee's Regulations, decisions, designations or determinations made pursuant to this Section 8.3 shall be conclusive and binding upon all persons affected thereby. The Trustee shall also have such additional powers as may be approved by the Unitholders by Ordinary Resolution.

#### **8.4 Restrictions on the Trustee's Powers and their Exercise**

In addition to any other provisions set forth herein requiring the approval of Unitholders in respect to certain matters, or as a condition precedent to taking certain actions, it is agreed that:

- (a) the Trustee shall not, without the approval of the Unitholders by Ordinary Resolution, take any of the following actions:
  - (i) as agent for the Unitholders, vote or instruct on the voting of any shares of the Administrator pursuant to the Voting Agreement with regard to the election of Administrator Directors; or
  - (ii) except in the event of a voluntary resignation by the Auditors, appoint or change the Auditors;
- (b) the Trustee shall not, without the approval of the Unitholders by Special Resolution, take any of the following actions:
  - (i) amend this Trust Indenture, except as permitted in Article 9;
  - (ii) sell, lease, exchange or transfer all or substantially all of the Trust Property, other than (A) pursuant to *in specie* redemptions permitted hereunder, (B) in order to acquire Can Holdco Shares and US Opco Notes in connection with pursuing the purpose of the Trust and completing the transactions described in the Prospectus, or (C) in conjunction with an Internal Reorganization; or
  - (iii) authorize the termination, liquidation or winding-up of the Trust, other than in the circumstances set forth in Section 11.1; and
- (c) the following matters, in order to become effective after the Closing Date, must be approved by a majority of the Administrator Directors:
  - (i) a change to the Administrative Services Agreement, the Voting Agreement or any extension thereof;
  - (ii) any amendment to the terms of any constating document of a subsidiary of the Trust; and
  - (iii) the terms of any agreement entered into by the Trust, or any of its affiliates, with the Administrator or any affiliate thereof.

#### **8.5 Standard of Care**

The exclusive Standard of Care required of the Trustee in exercising its powers and carrying out its functions under this Trust Indenture is the Standard of Care, provided that:

- (a) unless otherwise required by Applicable Laws, the Trustee shall not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder;
- (b) the Trustee in its capacity as Trustee shall not be required to devote its entire time to the affairs of the Trust; and

- (c) to the extent that authority and responsibility for the performance of certain duties and activities has been granted to the Administrator in this Trust Indenture or the Administrative Services Agreement, the Trustee shall be deemed to have satisfied the Standard of Care in respect of the performance thereof.

#### **8.6 Reliance Upon the Trustee**

Any person dealing with the Trust in respect of any matters pertaining to the Trust, the Trust Property or securities of the Trust shall be entitled to rely on a certificate or statutory declaration (including a certificate or statutory declaration as to the passing of a resolution of the Trustee or the Trust) executed by the Trustee or the Administrator or such other person as may be authorized by the Trustee as to the capacity, power and authority of the Trustee, the Administrator, or any other person, to act for and on behalf and in the name of the Trust. No person dealing with the Trustee shall be bound to see to the application of any money or property passing into the hands or control of the Trustee. The receipt by or on behalf of the Trustee of money or other consideration shall constitute receipt by the Trust and be binding thereon.

#### **8.7 Determinations Binding**

All determinations of the Administrator and the Trustee and any person to whom the Trustee has delegated duties (including the Administrator), whether delegated hereunder or pursuant to any other agreement (including the Administrative Services Agreement), where such determinations are made in good faith with respect to any matters relating to the Trust, including whether any particular investment or disposition meets the requirements of this Trust Indenture, shall be final and conclusive and shall be binding upon the Trust and all Unitholders, Beneficial Unitholders and, where the Unitholder or Beneficial Unitholder is a registered retirement savings plan, registered retirement income fund, registered education savings plan, deferred profit sharing plan, registered disability savings plan, tax-free savings account or registered pension fund or plan (all as defined in the Tax Act), or such other fund or plan registered under the Tax Act, upon past, present or future fund, plan or account beneficiaries and fund, plan or account holders, and Units shall be issued and sold on the condition and understanding that any and all such determinations shall be final, conclusive and binding as aforesaid.

#### **8.8 Banking**

Without limiting the generality of Sections 8.1 or 8.2, the banking activities of the Trust, or any part thereof, shall be transacted with such bank, trust company, or other firm or corporation carrying on a banking business as the Trustee may designate, appoint or authorize from time to time and all such banking activities, or any part thereof, shall be transacted on behalf of the Trust by the Trustee, the Administrator or such other person or persons as the Trustee may designate, appoint or authorize from time to time, including, without limitation, the following activities:

- (a) the operation of the accounts of the Trust;
- (b) the making, signing, drawing, accepting, endorsing, negotiation, lodging, depositing or transferring of any cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money;
- (c) the giving of receipts for orders relating to any property of the Trust;
- (d) the execution of any agreement or instrument relating to any property of the Trust; and



- (e) the execution of any agreement relating to any such banking activities and defining the rights and powers of the parties thereto, and the authorizing of any officer of such banker to do any act or thing on the Trust's behalf to facilitate such banking activities.

#### **8.9 Fees and Expenses**

Without limiting the generality of Sections 8.1 or 8.2, the Trustee may pay or cause to be paid reasonable fees, costs, charges and expenses incurred in connection with the administration and management of the Trust and in connection with the discharge of any of the Trustee's duties herein, including, without limitation, fees, costs, charges and expenses of auditors, accountants, lawyers, appraisers and other professional advisors employed by, or on behalf of, the Trust (including the Administrator) and the cost of reporting and giving notices to Unitholders. All fees, costs, charges and expenses properly incurred by the Trustee on behalf of the Trust shall be payable out of the Trust Property.

#### **8.10 Payments to Unitholders**

- (a) Except as may be otherwise provided herein, any cash payment required under the terms of this Trust Indenture to be made to a Unitholder shall be paid in Canadian dollars, unless otherwise determined by the Trustee or the Administrator, with such payment to be by cheque, bank draft or wire transfer to the order of the registered Unitholder and may be mailed by ordinary mail to the last address appearing on the books of the Trust in respect of such Unitholder but may also be paid in such other manner as such Unitholder has designated to the Trustee and the Trustee has accepted. In the case of joint registered Unitholders, any cash payment required hereunder to be made to a Unitholder shall be deemed to be required to be made to such Unitholders jointly and shall be paid by cheque, bank draft or wire transfer but may also be paid in such other manner as the joint registered Unitholders or any one of the joint registered Unitholders has designated to the Trustee and the Trustee has accepted. For greater certainty, a Unitholder or any one of the joint Unitholders may designate and the Trustee may accept that any payment required to be made hereunder shall be made by deposit to an account of such Unitholder or to a joint account of such Unitholder and any other person or in the case of joint registered Unitholders to an account of joint registered Unitholders or to an account of any one of the joint registered Unitholders. A cheque, bank draft or wire transfer shall, unless the joint registered Unitholders otherwise direct, be made payable to the order of all of the said joint registered Unitholders, and if more than one address appears on the books of the Trust in respect of such joint unitholding, the cheque, bank draft, wire transfer or payment in other acceptable manner as aforesaid may be sent to the address of any one of the joint registered Unitholders whose name and address appears on the books of the Trust. All payments made in the aforesaid manner shall satisfy and be a valid and binding discharge of all liability of the Trustee or the Trust for the amount so required to be paid unless the cheque or bank draft is not paid at par on presentation at Calgary, Alberta, or at any other place where it is by its terms payable. In the event of non-receipt of any such cheque or bank draft by the person to whom it was sent, the Trustee on proof of the non-receipt and upon satisfactory indemnity being given to it and to the Trust, shall issue to the person a replacement cheque or bank draft for a like amount.
- (b) The receipt, by the registered Unitholder, of any payment not mailed or paid in accordance with this Section 8.10 shall nonetheless be a valid and binding discharge to the Trust and to the Trustee for any payment made in respect of the registered Units, and if several persons are registered as joint registered Unitholders or, in consequence of the death, bankruptcy or incapacity of a Unitholder, one or several persons are entitled so to

be registered in accordance with Sections 3.21 and 3.22, respectively, receipt of payment by any one of them shall be a valid and binding discharge to the Trust and to the Trustee for any such payment.

#### **8.11 Conditions Precedent**

The obligation of the Trustee to commence or continue any act, action, suit or proceeding for the purpose of performing its duties under this Indenture or enforcing the rights of the Trustee and of the Unitholders shall, if required by notice in writing by the Trustee, be conditional upon the Administrator, Unitholders or any other person furnishing sufficient funds to commence or continue such act, action or proceeding and furnishing an indemnity (in each case only to the extent sufficient funds for such purpose are not available, or might reasonably be expected not to be available, in the Trust) satisfactory to the Trustee, acting reasonably, to protect and hold harmless the Trustee against the costs, charges, expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless it is indemnified as aforesaid.

#### **8.12 Trustee to Declare Interest**

Forthwith upon the Trustee becoming aware that it, or an officer or director of the Trustee, is a party to, or is a director or officer of or has a material interest in any person who is a party to, a material contract or proposed material contract with the Trust, the Trustee shall disclose in writing to the Trust and the Administrator the nature and extent of the interest, and, for greater certainty, upon the Trustee complying with this Section 8.12, neither the Trustee nor the subject officer or director of the Trustee (as the case may be) shall be subject to any liability to the Trust or the Unitholders with respect to the Trust entering or having entered into such material contract or proposed material contract as aforesaid.

#### **8.13 Documents Held by Trustee**

Any securities, documents of title or other instruments that may at any time be held by the Trustee subject to the trusts hereof may be placed in the deposit vaults of the Trustee or of any chartered bank in Canada, including an affiliate of the Trustee, or deposited for safekeeping with any such bank.

### **ARTICLE 9 AMENDMENTS TO THE TRUST INDENTURE**

#### **9.1 Amendment**

The provisions of this Trust Indenture may only be amended by Special Resolution except where specifically otherwise provided herein, including pursuant to Sections 9.2 and 9.3.

#### **9.2 Amendment without Approval**

Notwithstanding anything herein contained (but subject to Section 9.3), the provisions of this Trust Indenture may be amended by the Trustee at any time and from time to time, without the consent, approval or ratification of the Unitholders, any other person or any Governing Authority:

- (a) on or prior to the Closing, for any purpose by agreement between the Trustee and the Administrator; and

- (b) at any time for the purpose of:
- (i) ensuring continuing compliance, by the Trust, with Applicable Laws, regulations, requirements or policies of any Governing Authority having jurisdiction over the Trustee or the Trust;
  - (ii) providing, in the opinion of the counsel to the Trustee, additional protection for the Unitholders or to obtain, preserve or clarify the provision of desirable tax treatment to Unitholders;
  - (iii) making amendments hereto which, in the opinion of the Trustee, are necessary or desirable in the interests of the Unitholders as a result of changes in taxation laws or in their interpretation or administration;
  - (iv) making corrections, or removing or curing any conflicts or inconsistencies between the provisions of this Indenture or any supplemental indenture and any other agreement of the Trust or any Offering document with respect to the Trust, or any Applicable Laws or regulation of any jurisdiction, provided that in the opinion of the Trustee, based on the advice of Counsel, the rights of the Unitholders are not materially prejudiced thereby;
  - (v) providing for the electronic delivery by the Trust to Unitholders of documents relating to the Trust (including annual and quarterly reports, including financial statements, notices of Unitholder meetings and information circulars and proxy related materials) at such time as Applicable Laws have been amended to permit such electronic delivery in place of normal delivery procedures, provided that such amendments to the Indenture, based on the advice of Counsel, are not contrary to or do not conflict with such laws;
  - (vi) curing, correcting or rectifying any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that, in the opinion of the Trustee, based on the advice of Counsel, the rights of the Unitholders are not materially prejudiced thereby;
  - (vii) making amendments hereto as are required to undertake an Internal Reorganization, provided that, in the opinion of the Trustee, based on the advice of Counsel, the rights of the Unitholders are not materially prejudiced thereby; and
  - (viii) making amendments hereto for any purpose provided that, in the opinion of the Trustee, based on the advice of Counsel, the rights of the Unitholders are not materially prejudiced thereby.

### 9.3 Further Restrictions on Amendments

No amendment shall be made to this Trust Indenture:

- (a) to modify the voting rights attributable to any Unit or reduce the fractional undivided beneficial interest in the net assets of the Trust represented by any Unit without obtaining the consent of the holder of such Unit; and

- (b) to amend Sections 9.2 or 9.3, except with the approval of the Unitholders by Special Resolution.

#### **9.4 Notification of Amendment**

Following the making of any amendment pursuant to Section 9.2, the Trustee shall provide written notification of the substance of such amendment to each Unitholder, and such notification shall be delivered not later than concurrent with the next succeeding mailing of financial statements of the Trust (whether quarterly or annual financial statements) pursuant to Section 16.4.

#### **9.5 Further Acts Regarding Amendment**

When a vote of the Unitholders approves an amendment to this Trust Indenture, then the Trustee and the Administrator (as applicable) shall sign such documents, on behalf of the Trust, as may be necessary to effect such amendment, provided that nothing herein contained shall be construed so as to:

- (a) obligate the Trustee to give effect to any amendment to this Trust Indenture which has an effect on any of the Trustee's rights, protections and obligations hereunder which is adverse to the Trustee; or
- (b) obligate the Administrator, acting on its own behalf and for its own account, to agree to any amendment to this Trust Indenture which has an effect on any of the Administrator's rights, protections and obligations hereunder or under the Administrative Services Agreement which is adverse to the Administrator.

### **ARTICLE 10 MEETINGS OF UNITHOLDERS**

#### **10.1 Annual Meeting**

There shall be an annual meeting of Unitholders, commencing in 2013, for the purpose of:

- (a) presentation of the financial statements of the Trust for the immediately preceding fiscal year;
- (b) appointing the Auditors of the Trust for the ensuing year;
- (c) directing and instructing the Trustee how to vote (or how to compel the voting for) as agent for the Unitholders pursuant to the Voting Agreement for the election of the Administrator Directors; and
- (d) transacting such other business as the Trustee or the Administrator may determine or as may properly be brought before the meeting.

The annual meeting of Unitholders shall be held after delivery to the Unitholders of the annual financial statements referred to in subsection 10.1(a) and, in any event, within 180 days after the end of each fiscal year of the Trust.

#### **10.2 Other Meetings**

- (a) *Called by the Trustee:* The Trustee shall have the power, at any time and for any purpose, to call special meetings of the Unitholders at such time and place as the Trustee may

determine or the Administrator may request (and, for greater certainty, the Trustee shall call a special meeting of Unitholders upon request of the Administrator).

- (b) *Requisition by Unitholders:* Unitholders holding in the aggregate not less than 20% of all votes entitled to be voted at a meeting of Unitholders may requisition the Trustee to call a special meeting of Unitholders for the purposes stated in the requisition. The requisition shall (A) be in writing, (B) set forth the name and address of, and number of Units (and votes attached thereto which, in the aggregate, must not be less than 20% of all votes entitled to be voted at a meeting of Unitholders) held by, each person who is supporting the requisition, (C) state in reasonable detail the business to be transacted at the meeting, and (D) shall be sent to the Trustee at the Trustee's principal place of business in Alberta. Upon receiving a requisition complying with the foregoing, and receiving funding and being indemnified to its reasonable satisfaction by the Unitholder, the Trustee shall call a meeting of Unitholders to transact the business referred to in the requisition, unless:
- (i) a record date for a meeting of Unitholders has been fixed and notice thereof has been given to each stock exchange in Canada on which the Units are listed for trading;
  - (ii) the Trustee has called a meeting of Unitholders and has given notice thereof pursuant to Section 10.3; or
  - (iii) in connection with the business as stated in the requisition:
    - (A) it clearly appears that a matter covered by the requisition is submitted by the Unitholder primarily for the purpose of enforcing a personal claim or redressing a personal grievance against the Trust, the Trustee, the Administrator (or any associate or affiliate of the Administrator), the Unitholders or any affiliate of the Trust, or primarily for the purpose of promoting general economic, political, racial, religious, social or similar causes or primarily for a purpose that does not relate in a significant way to the activities or affairs of the Trust;
    - (B) the Trust, at the Unitholder's request, had previously included a matter substantially the same as a matter covered by the requisition in an information circular relating to a meeting of Unitholders held within 2 years preceding the receipt of such requisition and the Unitholder failed to present the matter, in person or by proxy, at the meeting;
    - (C) substantially the same matter covered by the requisition was submitted to Unitholders in an information circular relating to a meeting of Unitholders held within 2 years preceding the receipt of such requisition and the matter covered by the requisition was defeated; or
    - (D) the rights conferred by this Section 10.2 are being abused to secure publicity.
- (c) *Failure to Call Meeting:* If there shall be no Trustee or if the Trustee does not, within 21 days after receiving the requisition, call a meeting (except where the grounds for not calling the meeting are one or more of those set forth in subsection 10.2(b) above), any

Unitholder who signed the requisition or the Administrator, as the case may be, may call the meeting in accordance with the provisions of Article 10, *mutatis mutandis*.

- (d) Unless the Unitholders resolve otherwise at a meeting called under subsection 10.2(b) above, the Trust shall reimburse the Unitholders for the expenses reasonably incurred by them in requisitioning, calling and holding such meeting.

### **10.3 Notice of Meeting of Unitholders**

Notice of all meetings of the Unitholders shall be given or sent by the Trustee to:

- (a) each Unitholder at the address for such holder appearing in the applicable Register and given in the manner provided by Section 15.1; and
- (b) the Administrator, the Auditors and any other person required by Applicable Laws to be sent such notice,

provided that (notwithstanding the foregoing) such notice, in each case, is given in such manner as is prescribed by Applicable Laws and given not less than 21 nor more than 60 days before the meeting (or within such other time periods as required or permitted by Applicable Laws). The attendance of a Unitholder at a meeting (whether in person or by proxy) shall constitute a waiver of notice, or defect therein, with respect to such meeting except where a Unitholder attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened. Notice of any meeting of Unitholders shall set out the time when, and the place where, such meeting is to be held and shall state the purposes of the meeting. Any adjourned meeting may be held as adjourned without further notice. The accidental omission to give notice to or the non-receipt of such notice by any Unitholders shall not invalidate any resolution passed at any such meeting.

### **10.4 Quorum; Chairman**

A quorum for any meeting of Unitholders shall be two or more persons present in person and being Unitholders or representing, by proxy, Unitholders, and who hold in the aggregate not less than 10% of all votes entitled to be voted at the meeting. In the event of such quorum not being present at the appointed place on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting, if convened on requisition of Unitholders, shall be terminated and, if otherwise called, shall stand adjourned to a day not less than 14 days later and to such place and time as may be determined by the chairman of the meeting. If at such adjourned meeting a quorum as above defined is not present, the Unitholders entitled to vote at such meeting and present either personally or by proxy shall form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. The Trustee shall appoint the chairman of each meeting.

### **10.5 Voting**

- (a) Only Unitholders of record shall be entitled to vote at a meeting of Unitholders, either in person or by proxy.
- (b) Every question submitted to a meeting, other than questions to be decided by Special Resolution, shall, unless a poll vote is demanded, be decided by a show of hands on which every person present and entitled to vote shall be entitled to one vote. On a poll

vote at any meeting of Unitholders, each Unit shall be entitled to the number of votes set out in Section 3.1.

- (c) Any action taken or resolution passed in respect of any matter at a meeting of Unitholders shall be by Ordinary Resolution, unless the contrary is otherwise expressly provided under any specific provision of this Trust Indenture or required by Applicable Laws.
- (d) The chairman of any meeting of Unitholders shall not have a second or casting vote.

#### **10.6 Record Dates**

The Trustee may fix a date not more than 60 days prior to the date of any meeting of Unitholders or any distribution or any other action to be taken by the Trust, as a record date for the determination of Unitholders entitled to receive notice of and to vote at such meeting or any adjournment thereof or to receive such distribution or to be treated as Unitholders of record for purposes of such other action, as the case may be. Any Unitholder who was a Unitholder at the record date so fixed shall be entitled to receive notice of and vote at such meeting or any adjournment thereof, or to receive such distribution, or to be treated as a Unitholder of record for purposes of such other action, even though he has since that date disposed of his Units, and no person who becomes a Unitholder after that date shall be entitled to receive notice of and vote at such meeting or any adjournment thereof, or to receive such distribution, or to be treated as a Unitholder of record for purposes of such other action. In the event that the Trustee does not fix a record date for any meeting of Unitholders, the record date for such meeting shall be the Business Day immediately preceding the date upon which notice of the meeting is given in accordance with Article 10.

#### **10.7 Proxies**

Whenever the vote or consent of Unitholders is required or permitted under this Trust Indenture, such vote or consent may be given either directly by the Unitholder or by a proxy in written form, electronic or other technologically enhanced form, or such other form as is acceptable to the Trustee acting reasonably. A proxy holder need not be a Unitholder.

Provided not contrary to Applicable Laws, the Trustee may adopt, amend or repeal such rules relating to proxies, including pertaining to the appointment of proxy holders and the solicitation, execution, validity, revocation and deposit of proxies, as it in its discretion from time to time determines and such rules may be contained in the Trustee's Regulations.

#### **10.8 Mandatory Solicitation of Proxies**

The Trustee shall solicit proxies from Unitholders in connection with all meetings of Unitholders. In connection therewith, the Trustee shall comply with all mandatory provisions of Applicable Laws applicable to the solicitation of proxies.

**10.9 Resolution in Lieu of Meeting**

A resolution signed in writing by Unitholders holding a proportion of all the outstanding votes entitled to be voted at a meeting of Unitholders, where such proportion is equal to or greater than the proportion of votes required to be voted in favour of such resolution at a meeting of Unitholders to approve that resolution, is as valid as if it had been passed at a meeting of Unitholders duly called and convened for the purpose of approving that resolution.

**10.10 Voting of Units by Administrator**

Nothing herein contained shall prevent or diminish the right of the Administrator or its affiliates or associates to vote any Units which may be beneficially owned by it or them in its or their own capacity in its or their discretion.

**10.11 Binding Effect of Resolutions**

Every Ordinary Resolution and every Special Resolution passed in accordance with the provisions of this Indenture at a meeting of Unitholders shall be binding upon all the Unitholders whether present at or absent from such meeting, and each and every Unitholder shall be bound to give effect to every such Ordinary Resolution and Special Resolution.

**10.12 No Breach**

Notwithstanding any provisions of this Indenture, the Unitholders shall not have the power to effect any amendment hereto which would require the Trustee to take any action or conduct the affairs of the Trust in a manner which would constitute a breach or default by the Trust or the Trustee under any agreement binding on or obligation of the Trust or the Trustee.

**10.13 Resolutions Binding the Trustee**

- (a) Unitholders shall be entitled to pass resolutions that will bind the Trustee only with respect to the following matters:
  - (i) the election, appointment or removal of the Trustee;
  - (ii) as agent for the Unitholders, the election, appointment or removal of the Administrator Directors;
  - (iii) the appointment or removal of the Auditors;
  - (iv) amendments of this Trust Indenture;
  - (v) the termination or dissolution of the Trust;
  - (vi) any other matter referred to in subsection 8.4(a) or (b) hereof;
  - (vii) the ratification of any Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Unit purchase plan or Compensation Plan, to the extent Unitholder approval is required under Applicable Laws; and
  - (viii) any other matters required by the Voting Agreement or by Applicable Laws or by the Voting Agreement to be submitted to Unitholders for approval.



- (b) Except with respect to the above matters set out in this Section 10.13, no action taken by the Unitholders or any resolution of the Unitholders at any meeting shall in any way bind the Trustee.
- (c) For greater certainty, any resolution of the type referred to in subsection 10.13(a) hereof passed by Unitholders pertaining to, or otherwise directing, the manner in which any Subsidiary Securities are to be voted by the Trustee (or by the Administrator pursuant to the Administrative Services Agreement) in respect of a particular matter which is of the type referred to in subsection 10.13(a) hereof put forth to the holders of Subsidiary Securities for vote at a meeting (including by written resolution) of holders of Subsidiary Securities shall be deemed to be a direction to the Trustee and the Administrator in respect of the Subsidiary Securities to, as applicable, either: (i) vote (or cause to be voted) such Subsidiary Securities in favour of or in opposition to; or (ii) to vote or withhold from voting (or cause to be voted or withheld from voted on) in respect of, such matter in equal proportions to the votes cast by Unitholders in respect of the matter, and the Trustee (or the Administrator, as applicable) is hereby obligated to vote or cause to be voted, in respect of such matter, the Subsidiary Securities in accordance with such direction.

## **ARTICLE 11 TERMINATION**

### **11.1 Term of the Trust**

Subject to the other provisions of this Trust Indenture, the Trust shall continue for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on January 31, 2012. For the purpose of terminating the Trust by such date, the Trustee shall commence to wind-up the affairs of the Trust on such date as may be determined by the Trustee, being not more than two years prior to the end of the term of the Trust.

### **11.2 Termination with the Approval of Unitholders**

The Trust shall be wound-up or terminated if the Unitholders pass a Special Resolution, authorizing such wind-up or termination, at a meeting of Unitholders duly called for the purpose of considering the wind-up or termination of the Trust. As soon as is reasonably practicable following the passage of such Special Resolution, the Trustee shall commence to wind-up or terminate (as the case may be) the affairs of the Trust. Such Special Resolution may contain such directions to the Trustee as the Unitholders determine, including a direction to distribute Trust Property *in specie*.

### **11.3 Procedure Upon Termination**

Forthwith upon being required to commence to wind-up or terminate the affairs of the Trust, the Trustee shall give notice of such wind-up or termination to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units for cancellation and the date at which the Registers of Units of the Trust shall be closed.

### **11.4 Powers of the Trustee Upon Termination**

After the date on which the Trustee is required to commence to wind-up or terminate the affairs of the Trust, the Trustee shall carry on no activities except for the purpose of winding-up or terminating (as the case may be) the affairs of the Trust as hereinafter provided and, for this purpose, the Trustee shall

continue to be vested with and may exercise all or any of the powers conferred upon the Trustee under this Trust Indenture.

#### **11.5 Sale of Investments**

After the date referred to in Section 11.4, the Trustee shall proceed to wind-up or terminate, as the case may be, the affairs of the Trust as soon as may be reasonably practicable and for such purpose shall, subject to any direction to the contrary in respect of a wind-up or termination authorized under Section 11.2, sell and convert into money the Trust Property and do all other acts appropriate to liquidate the Trust, and shall in all respects act in accordance with the directions, if any, of the Unitholders (in respect of a wind-up or termination authorized under Section 11.2). If the Trustee is unable to sell all or any of the Trust Property or other assets which comprise part of the Trust by the date set for wind-up or termination, the Trustee may distribute undivided interests in the remaining Trust Property or other assets directly to the Unitholders on a pro rata basis in accordance with their respective interest in the Trust as determined by the number of Units held by each such respective Unitholder, subject to Applicable Laws and receipt of necessary regulatory approvals.

#### **11.6 Distribution of Proceeds**

After paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Trust and providing for an indemnity against any other outstanding liabilities and obligations, the Trustee shall distribute the remaining part of the proceeds of the sale of the Trust Property pro rata among the Unitholders in accordance with their respective interest in the Trust as determined by the number of Units held by each such respective Unitholder.

#### **11.7 Further Notice to Unitholders**

In the event that less than all of the Unitholders have surrendered their Units for cancellation within six (6) months after the time specified in the notice referred to in Section 11.3, the Trustee shall give further notice to the remaining Unitholders to surrender their Units for cancellation and if, within one (1) year after the further notice, all the Units shall not have been surrendered for cancellation, such remaining Units shall be deemed to be cancelled without prejudice to the rights of the holders of the Units to receive their pro rata share of the remaining Trust Property, and the Trustee may either take appropriate steps, or appoint an agent to take appropriate steps, to contact such Unitholders (deducting all expenses thereby incurred from the amounts to which such Unitholders may be entitled as aforesaid) or, in the discretion of the Trustee, the Trustee may pay such amounts into court in the province where the Trust has its head office (or to such other suitable government official or agency in the province where the Trust has its head office) whose receipt shall be a good release, acquittance and discharge of the obligations of the Trustee with respect to such amounts.

#### **11.8 Responsibility of the Trustee after Sale and Conversion**

The Trustee shall be under no obligation to invest the proceeds of any sale of investments or other assets or cash forming part of the Trust Property after the date referred to in Section 11.4 and, after such sale, the sole obligation of the Trustee under this Trust Indenture shall be to collect, distribute and hold such proceeds in trust for distribution under this Article 11.

**ARTICLE 12**  
**LIABILITY OF TRUSTEE, ADMINISTRATOR AND UNITHOLDERS AND OTHER**  
**MATTERS**

**12.1 Acting on Behalf of the Trust**

The Trustee, the Administrator and the directors, officers, employees, shareholders, consultants and agents of the Trust, the Trustee and the Administrator, as the case may be, in incurring any debts, liabilities or obligations, or taking or omitting any other actions for or in connection with the affairs of the Trust are, and shall be conclusively deemed to be, acting for and on behalf of the Trust, and not in their own personal capacities.

**12.2 General Limitations of Liability**

- (a) *Reliance on Experts:* The Trustee and Administrator shall be entitled to rely on, and shall not be liable for acting or failing to act, in good faith, in relation to any matter relating to the Trust where such action or failure to act is based upon, statements from, the opinion or advice of, or information from the Auditors, Counsel or any valuator, engineer, surveyor, appraiser or other expert (herein "**Experts**") where it is reasonable to conclude that the matter in respect of which such statements are made, or opinion or advice given, ought to be within the expertise of such Expert, provided that, with respect to the retention of Experts, the Trustee or Administrator have satisfied its Standard of Care.
- (b) *Good Faith Reliance:* Neither the Trustee nor the Administrator shall be liable to any Beneficiary or other persons in relying in good faith upon statements or information from, the opinion or advice of, or instruments or directions given by an officer, director, trustee, employee or agent of the Administrator or of an affiliate of the Trust or by a broker, a custodian or any Beneficiary, or by such other parties as may be authorized to give instructions or directions to the Trustee. If required by the Trustee, the Administrator shall file with the Trustee a certificate of incumbency setting forth the names and titles of parties authorized to give instructions or directions to the Trustee together with specimen signatures of such persons and the Trustee shall be entitled to rely on the latest such certificate of incumbency filed with it. The Trustee, the Administrator and each affiliate of the Trust and their respective directors, officers, trustees, shareholders, employees and agents shall not be liable to any Beneficiary or other persons for, and shall each be fully protected from liability in respect to, acting upon any instrument, certificate or paper believed by it, in good faith, to be genuine and signed or presented by the proper person or persons.
- (c) *Tax Matters:* None of the Trust, the Administrator, or the Trustee shall be accountable or liable to any Beneficiary by reason of any act or acts of any such person consistent with the carrying out of any obligations or responsibilities imposed upon any such person under the Tax Act.

**12.3 Limitation of Liability and Indemnity of Trustee**

- (a) *Limit on Liability:* In addition to those limits on the liability of the Trustee set forth in Section 12.2, the Trustee, as trustee of the Trust, shall to the greatest extent permitted by Applicable Laws, have no liability whatsoever (whether direct or indirect, absolute or contingent) in tort, contract or otherwise to any Beneficiary or any other person and no resort shall be had to its property or assets for satisfaction of any obligation, liability or

claim against it as Trustee of the Trust, and the Trust Property shall only be subject to levy or execution in respect thereof, where such obligation, liability or claim arises out of or in connection with, directly or indirectly, the Trust Property or the conduct and undertaking of the activities and affairs of the Trust, including: (i) any action or failure to act by the Trustee in respect to its duties, responsibilities, powers, authorities and discretion under this Indenture (including failure to compel in any way any trustee to redress any breach of trust or any failure by the Administrator to perform its duties under, or delegated to it under, this Indenture, the Administrative Services Agreement, or any other contract); (ii) any error in judgment; (iii) any matters pertaining to the administration or termination of the Trust; (iv) any Environmental Liabilities; (v) any action or failure to act by the Administrator or any other person to whom the Trustee has, as permitted hereby, delegated any of its duties hereunder; and (vi) any depreciation of, or loss to, the Trust incurred by reason of the retention or sale of any Trust Property; unless any of the foregoing arises from or out of the willful misconduct, fraud or gross negligence by the Trustee or, including for greater certainty, the breach by the Trustee of the Standard of Care.

- (b) *Indemnity:* If, in circumstances where the Trustee is not liable pursuant to the provisions of Sections 12.2 and 12.3(a), the Trustee is held liable to any person, or its property or assets are subject to levy, execution or other enforcement resulting in personal loss to the Trustee, then the Trustee shall be entitled to indemnity and reimbursement out of the Trust Property, in accordance with Section 12.6, to the full extent of such liability and the costs of any action, suit or proceeding or threatened action, suit or proceeding, including the reasonable fees and disbursements of Counsel, and this indemnity shall survive the termination of this Indenture or the resignation of the Trustee.

#### **12.4 Limitation of Liability and Indemnity of Administrator**

- (a) *Limit on Liability:* In addition to those limits on the liability of the Administrator set forth in Section 12.2, the Administrator shall to the greatest extent permitted by Applicable Law, have no liability whatsoever (whether direct or indirect, absolute or contingent) in tort, contract or otherwise to any Beneficiary or any other person, and no resort shall be had to its property or assets for satisfaction of any obligation, liability or claim against it, and the Trust Property shall only be subject to levy or execution in respect thereof, where such obligation, liability or claim arises out of or in connection with, directly or indirectly, the Trust Property or the conduct and undertaking of the activities and affairs of the Trust, including: (i) any action or failure to act by the Administrator in respect to its duties, responsibilities, powers, authorities and discretion under this Indenture or the Administrative Services Agreement; (ii) any error in judgment; (iii) any matters pertaining to the administration or termination of the Trust; (iv) any Environmental Liabilities; (v) any action or failure to act by any person to whom the Administrator has, as permitted hereby, delegated any of its duties hereunder; and (vi) any depreciation of, or loss to, the Trust incurred by reason of the retention or sale of any Trust Property; unless any of the foregoing arises from or out of the willful misconduct, fraud or gross negligence by the Administrator or the breach by the Administrator of the Standard of Care prescribed by Section 13.3.
- (b) *Indemnity:* If, in circumstances where the Administrator is not liable pursuant to the provisions of Sections 12.2 and 12.4(a), the Administrator is held liable to any person, or its property or assets are subject to levy, execution or other enforcement resulting in personal loss to the Administrator, then the Administrator shall be entitled to indemnity

and reimbursement out of the Trust Property, in accordance with Section 12.6, to the full extent of such liability and the costs of any action, suit or proceeding or threatened action, suit or proceeding, including the reasonable fees and disbursements of Counsel.

## **12.5 No Beneficiary Liability**

- (a) *No Beneficiary Liability*: No Unitholder, Beneficial Unitholder, holder of Other Trust Securities or annuitant (collectively, a "**Beneficiary**"), in its capacity as such, shall be subject to any liability whatsoever (whether direct or indirect, absolute or contingent) in tort, contract or otherwise, and no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any Beneficiary for any liability whatsoever in connection with the following (collectively, "**Trust Liabilities**"): (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or the exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Trustee, the Administrator or any other person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Trust Indenture); or (iv) except as otherwise provided in this Indenture, any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust, or by the Trustee or the Administrator (on behalf of the Trust), in connection with the activities or affairs of the Trust, provided that each Beneficiary is responsible for (and shall not be indemnified from) any liability for taxes assessed against him by reason of or arising out of his ownership of Units or Other Trust Securities, and liabilities in respect of the breach of investment and other restrictions related to ownership of the Units to which such Beneficiary may be subject as a result of Applicable Law, contract or otherwise, and other similar liabilities. No Beneficiary, in its capacity as such, shall be liable to indemnify the Trustee or any other person with respect to any Trust Liabilities. The Trustee hereby waives to the maximum extent possible any right to indemnification which it may have against any Beneficiary under any Applicable Laws.
- (b) *Indemnity*: If, in circumstances where there is to be no liability on a Beneficiary pursuant to the provisions of subsection 12.5(a), a Beneficiary, in its capacity as such, shall be held liable to any person, or its property or assets are subject to levy, execution or other enforcement resulting in loss to such Beneficiary, then the Beneficiary shall be entitled to indemnity and reimbursement out of the Trust Property, in accordance with Section 12.6, to the full extent of such liability and the costs of any action, suit or proceeding or threatened action, suit or proceeding, including the reasonable legal fees and disbursements of its Counsel.

## **12.6 Indemnification and Reimbursement**

- (a) Each person who is, or shall have been a Trustee, an Administrator or a Beneficiary (collectively, an "**Indemnified Party**") shall be indemnified, saved harmless and reimbursed by the Trust out of the Trust Property (to the full extent thereof) in respect of any and all liabilities, costs, charges, damages and expenses (including judgments, fines, penalties, amounts paid in settlement, and reasonable legal fees and disbursements) incurred in connection with, or arising directly or indirectly out of, any action, suit or proceeding to which any such Indemnified Party may be subject or made a party to, if pursuant to subsections 12.3(b), 12.4(b) or 12.5(b) such Indemnified Party is entitled to indemnification. An Indemnified Party shall not be entitled to satisfaction of any right of

indemnity or reimbursement granted herein, or otherwise existing at law, except out of the Trust Property, and no Beneficiary or Trustee or former Trustee shall be personally liable to any Indemnified Party with respect to any claim for such indemnity or reimbursement.

- (b) For purposes of this Article 12: (i) "action, suit or proceeding" shall include every action, suit or proceeding (whether civil, criminal or other), or other claim; (ii) the rights of indemnification conferred hereby shall extend to any threatened action, suit or proceeding; and (iii) advances in respect of the right to indemnification may be made by the Trustee, in its discretion, against costs, expenses and fees incurred in respect of the matter or matters as to which indemnification is claimed.
- (c) The foregoing right of indemnification shall not be exclusive of any other rights to which the Indemnified Party may be entitled as a matter of law or which may be lawfully granted to such person and the provisions of this Section 12.6 are severable, and if any provisions hereof shall for any reason be determined invalid or ineffective, the remaining provisions of this Indenture relating to indemnification and reimbursement shall not be affected thereby. This indemnity shall survive the resignation or replacement of the Trustee and the Administrator.

#### **12.7 Further Limitation on Indemnification**

Notwithstanding any other provisions of this Indenture:

- (a) There shall be no recourse to the Trust Property to reimburse any person for transfer or other taxes or fees payable on the transfer of Units or any income, fees or other taxes assessed against any person by reason of ownership or disposition of Units.
- (b) Whether any such losses or damages are foreseeable or unforeseeable, the Trustee shall not be liable under any circumstances whatsoever for any:
  - (i) breach by any other party of securities law or other rule of any securities regulatory authority;
  - (ii) lost profits of any party; or
  - (iii) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages incurred by any party.

#### **12.8 Force Majeure**

Except for the payment obligations of the Administrator contained herein, neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

### **12.9 Extended Meanings**

For the purposes of Sections 12.2 to 12.6 (inclusive) references to the Trustee and the Administrator shall be deemed to include their respective directors, officers, shareholders, agents and employees; provided, for greater certainty, that for purposes of these provisions neither the Administrator nor any sub-delegate thereof shall be considered an agent of the Trustee.

### **12.10 Exculpatory Clauses in Instruments**

In respect of any obligations or liabilities being incurred by the Trust, or the Trustee or the Administrator on behalf of the Trust, the Trustee and the Administrator shall make all reasonable commercial efforts to include as a specific term of such obligations or liabilities, except so far as the Trustee, Administrator or Beneficiary is entering into such obligations or liabilities in its personal capacity, a contractual provision substantially to the following effect:

The parties hereto acknowledge that the [Trustee/the Administrator] is entering into this agreement solely in its capacity as [trustee/administrator] on behalf of the Trust and the obligations of the Trust hereunder shall not be binding upon [the Trustee/Administrator] other than in its capacity as such nor shall it be binding upon any Unitholder, beneficial Unitholder or any "annuitant" as defined in the Trust Indenture of the Trust, such that any recourse against the Trust, the [Trustee/Administrator] or any Beneficiary 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 Amended and Restated Trust Indenture of the Trust made as of May 9, 2012, as from time to time further amended, supplemented or restated.

The omission of such a provision from any such document or instrument shall not render the Trustee, the Administrator or a Beneficiary otherwise liable to any person, nor shall the Trustee, the Administrator or any Beneficiary be liable for such omission. If, notwithstanding this provision, the Trustee, the Administrator or any Beneficiary shall be held liable to any person by reason of the omission of such statement from any such agreement, undertaking or obligation such Trustee, the Administrator or Beneficiary shall be entitled to indemnity and reimbursement out of the Trust Property to the full extent of such liability.

### **12.11 Execution of Instruments and Apparent Authority**

Any instrument executed in the name of the Trust, by the Trustee as trustee of the Trust, or on behalf of the Trust by the Administrator, shall constitute and shall be deemed to constitute a valid obligation of the Trust enforceable in accordance with its terms as if executed by the Trustee.

### **12.12 Interests of Consultants and Agents**

Subject to any agreement to the contrary between the Trust and any consultant or agent of the Trust (including the Administrator), a consultant or agent of the Trust may, while so engaged and so long as it complies with this Indenture and any other applicable agreements:

- (a) acquire, hold and dispose of any property, real or personal, for its account even if such property is of a character which could be held by the Trust, and may exercise all rights of an owner of such property as if it were not a consultant or agent, as the case may be;
- (b) have business interests of any nature and may continue such business interests for its own account including the rendering of professional or other services and advice to other persons for gain; and
- (c) acquire, hold and sell Units or Other Trust Securities in its own capacity or as an affiliate of or fiduciary for any other person, and may exercise all rights of a holder thereof as if it were not a consultant or agent of the Trust, provided that it may not make use of any specific confidential or material undisclosed information for its own benefit or advantage that, if generally known, might reasonably be expected to significantly affect the market price of any of the Units or Other Trust Securities;

and such activities shall be deemed not to conflict with its duties as a consultant or agent of or to the Trust. Except as otherwise specifically agreed with the Trust, no consultant or agent of the Trust shall have any duty to present to the Trust any investment opportunity which it may receive in any capacity other than as consultant or agent of the Trust, and its failure to present to the Trust any such investment opportunity shall not make such consultant or agent liable in law or in equity, to pay, or account to the Trust, or to any Unitholder whether acting individually or on behalf of himself and other Unitholders as a class, for any benefit, profit or advantage derived therefrom.

### **ARTICLE 13 DELEGATION AND MATTERS PERTAINING TO THE ADMINISTRATOR**

#### **13.1 Right to Delegate**

- (a) Except as expressly prohibited by law, the Trustee may in its discretion delegate to any person such authority and such powers of the Trustee as are granted to it hereunder, as is necessary or desirable to carry out and effect the actual management and administration of the duties of the Trustee under this Trust Indenture, without regard to whether such authority is normally delegated by trustees.
- (b) Without limiting the generality of the foregoing, the Trustee is hereby authorized to appoint the Administrator to act as the administrator of the Trust pursuant to the terms of the Administrative Services Agreement or any other instrument of appointment, and the Trustee may delegate to such person (and in addition to those matters specifically granted or delegated to the Administrator in this Indenture) any of those duties of the Trustee hereunder that the Trustee deems appropriate. Without limiting the generality of the foregoing, the Trustee may grant broad discretion to the Administrator to administer and manage the day-to-day operations of the Trust, to act as agent for the Trust, to execute documents on behalf of the Trust, and to make decisions on behalf of the Trust. The Administrator shall have the powers and duties as may be expressly provided for herein and in the Administrative Services Agreement and may be given, without limitation, the power to further delegate management and administration of the Trust, as well as the power to retain and instruct such appropriate experts or advisors to perform those duties and obligations which it, in its opinion, is not best suited to perform. Notwithstanding any provision contained herein, the Trustee shall not have the authority to delegate to the Administrator its rights, powers, authorities and duties to act on behalf of the Trust and be responsible for:



- (i) the issue, certification, exchange or cancellation of Units on or after the Closing;
- (ii) the maintenance of registers of Unitholders on or after the Closing;
- (iii) making the distribution of payments or property to Unitholders and statements in respect thereof;
- (iv) any mailings to Unitholders of materials which are to be so mailed;
- (v) the execution of an amendment to the Trust Indenture or any amended and restated Trust Indenture following any amendment thereto;
- (vi) voting securities owned by the Trust at any and all meetings of holders of such securities, or exercise any rights to pass resolutions in lieu of securityholder meetings; and
- (vii) any matters ancillary or incidental to any of those set forth in paragraphs (i)- (v) above.

### **13.2 Specific Present Delegation of Power and Authority to Administrator**

The Trustee hereby delegates to the Administrator full and absolute right, power and authority to undertake, perform and provide, for and on behalf of the Trust, all acts, duties and responsibilities as the Administrator considers, in its discretion, necessary or desirable in connection with, or for completion of, the Seed Capital Private Placement, the IPO and the transactions contemplated by and disclosed in the Prospectus, including:

- (a) accepting subscriptions and issuing Units in connection with the Seed Capital Private Placement;
- (b) preparing, approving, executing and delivering, on behalf of the Trust, the Prospectus and any amendments to the Prospectus in such form as the Administrator considers necessary or desirable;
- (c) preparing, approving, executing and delivering on behalf of the Trust (1) the underwriting agreement, (2) all agreements relating to the acquisitions of, or other investments in, the assets and other properties that will comprise the Trust Property immediately following Closing, and (3) all instruments, contracts and other documents determined by the Administrator to be necessary or desirable for execution by the Trust between the date hereof and the Closing Date, in each case in such form and containing such terms and conditions as the Administrator may approve; and
- (d) preparing, approving, executing and delivering such other contracts, documents, instruments and agreements, and making all applications and filings with any Governing Authorities (including any listing or other application with any stock exchange(s), any filings pursuant to the Competition Act (Canada), and all other documents or instruments relating to the foregoing), and taking such other actions as the Administrator considers appropriate.

### **13.3 Standard of Care**

In carrying out all authorities, powers, rights, responsibilities and duties hereunder or under the Administrative Services Agreement, including the Indenture Conferred Duties, the Administrator shall discharge such authorities, powers, responsibilities and duties in accordance with the Standard of Care.

### **13.4 Grant of Power and Authority**

The Administrator is hereby granted and, where applicable, delegated full and absolute right, power and authority to undertake, perform and provide, for and on behalf of the Trust, all of the Indenture Conferred Duties and to take and do, for and on behalf of the Trust, in connection with the provision of all such Indenture Conferred Duties, all such actions and all such things which the Administrator deems appropriate, in its discretion, including the right, power and authority to retain and instruct such appropriate experts or advisors to perform those duties and obligations granted to the Administrator which it, in its opinion, is not qualified to perform, to execute and deliver contracts, leases, licenses, and other documents, instruments and agreements, to make all applications and filings with Governmental Authorities, and to take such other actions as the Administrator considers appropriate, in the name of and on behalf of the Trust. The Administrator may execute, for and on behalf of the Trustee of the Trust, as its agent or attorney in fact, any instrument or document which the Administrator considers appropriate, in its discretion, in connection the provision of the Indenture Conferred Duties.

### **13.5 Terms and Conditions Pertaining to Performance of Duties**

The terms, conditions and limitations applicable in respect to the exercise and performance, by the Administrator, of the Indenture Conferred Duties shall be supplemented by the Administrative Services Agreement, and the terms of the Administrative Services Agreement shall be deemed to have applied in all respects, from the effective date of this Indenture, to the Administrator in the exercise and performance of the Indenture Conferred Duties as fully as if such rights, restrictions and limitations were set forth herein. In the case of any conflict between the terms, conditions and limitations contained in this Indenture pertaining to the exercise and performance, by the Administrator, of the Indenture Conferred Duties and those contained in the Administrative Services Agreement, those contained in the Administrative Services Agreement shall govern.

### **13.6 Determinations of the Administrator Binding**

All determinations of the Administrator which are made in good faith with respect to any Indenture Conferred Duties relating to the Trust shall be final and conclusive and shall be binding upon the Trust and all Unitholders, Beneficial Unitholders and, where the Unitholder or Beneficial Unitholder is a registered retirement savings plan, registered retirement income fund, registered education savings plan, deferred profit sharing plan, registered disability savings plan, tax-free savings account, or registered pension fund or plan (all as defined in the Tax Act), or such other fund or plan registered under the Tax Act, upon past, present or future fund, plan or account beneficiaries and fund, plan or account holders), and Units shall be issued and/or sold on the condition and understanding that any and all such determinations shall be binding as aforesaid.

### **13.7 Performance of Obligations**

In the event that the Administrator is unable or unwilling to perform its obligations hereunder or under the Administrative Services Agreement, or there is no Administrator, the Trustee shall either perform all obligations of the Administrator hereunder and thereunder or shall be entitled to engage another person that is duly qualified to perform such obligations.

### **13.8 Services Not Exclusive**

The Trustee acknowledges that the services of the Administrator, if any, and its officers, directors and employees may not be exclusive to the Trust, and nothing herein shall prevent the Administrator, its affiliates, officers, directors or employees from engaging in other activities apart from those services being provided to the Trust (whether or not those other activities are the same or similar to the activities being carried out on behalf of the Trust) that are in compliance with the Administrative Services Agreement.

### **13.9 No Partnership or Joint Venture**

Neither the Trust, Trustee nor Unitholders are and they shall be deemed not to be partners or joint venturers with the Administrator or each other and nothing herein shall be construed so as to impose any liability as such on the Administrator. The Administrator shall perform the Indenture Conferred Duties as an independent contractor for and on behalf of the Trust (with its duties and obligations in respect thereto as expressly provided for herein and in the Administrative Services Agreement), and it is acknowledged and agreed that only where the Administrator undertakes execution of contracts or other instruments for and on behalf of the Trust may the Administrator then be acting as an agent of the Trust. In no circumstances shall the Administrator be, or be deemed to be, a fiduciary or trustee for any person, whether or not a party hereto, in connection with the discharge by the Administrator of such Indenture Conferred Duties.

### **13.10 Termination of Administrator as a Party Hereto**

The Administrator shall continue as a party hereto for the purposes of providing the Indenture Conferred Duties as Administrator until the earlier of the date of termination of the Trust and such time as the Administrator ceases to be appointed as the administrator of the Trust, including through assignment or termination of the Administrative Services Agreement, at which time and without any further action required whatsoever on the part of the Trust, the Trustee, the Unitholders or the Administrator: (a) the Administrator shall immediately and unconditionally be deemed to have ceased to be a party hereto (as administrator hereunder) for all purposes; and (b) all obligations and duties of the Administrator, as Administrator hereunder shall immediately and unconditionally terminate and the Administrator shall be deemed to be released from all obligations and duties hereunder from and after such time (except in the case of an assignment to an affiliate of the Administrator, unless otherwise agreed to by the Administrator Directors); provided however that such Administrator, as outgoing Administrator, shall continue to be entitled to (i) payment of any amounts owing by the Trust to the Administrator, in its capacity as Administrator, which accrued prior to ceasing to be a party hereto, and (ii) the benefit of any indemnity and limitation of liability provisions, and other provisions which by their nature continue to have effect or application, whether set out herein or in the Administrative Services Agreement; and further provided that each of the Trust and the Trustee, at the Trust's cost, shall execute and deliver such further documents and instruments and do all such acts and things as the Administrator may reasonably request in order to effectively carry out, better evidence, give effect to or perfect the intent of this Section 13.10. The terms of this Section 13.10 shall not affect any liabilities of the Administrator, as Administrator in respect of or in any way arising under or out of this Indenture or the Administrative Services Agreement which have accrued prior to any cessation of the Administrator, as Administrator in respect of the Administrative Services Agreement or this Indenture. The provisions of this Section 13.10 shall apply *mutatis mutandis* to any person who is a successor in the office of Administrator and who has become a party to this Indenture by virtue of the Administrative Services Agreement.

**ARTICLE 14**  
**SUPPLEMENTAL INDENTURES**

**14.1 Provision for Supplemental Indentures**

The Trustee may, subject to the provisions hereof, and it shall, when so directed in accordance with the provisions hereof, execute and deliver indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

- (a) modifying or amending any provisions of this Trust Indenture in the circumstances set forth in Article 9 where the Trustee may do so without the consent, approval or ratification of the Unitholders, any other person or any Governing Authority; and
- (b) modifying or amending any provisions of this Trust Indenture where the modification or amendment has been consented to, approved or ratified by some or all of the Unitholders (as the case may be) to the extent required in accordance with the provisions of this Trust Indenture.

**ARTICLE 15**  
**NOTICES**

**15.1 Notices to Unitholders**

- (a) Any notice, communication or other document required to be given or sent to Unitholders under this Trust Indenture or by Applicable Laws, shall be given or sent by personal service or through ordinary mail addressed to each registered holder at his or her last address appearing on the Registers or in any other manner from time to time permitted by Applicable Laws, including internet based or other electronic communications; provided that if any such notice or communication shall have been mailed and either prior to or subsequent to such mailing (but prior to delivery of such notice or communication) regular mail service shall have been interrupted by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, such notice or communication shall be deemed to have been received 48 hours after 12:01 a.m. (Calgary time) on the day following the resumption of normal mail service; provided further that during the period that regular mail service shall be interrupted, notice may be given by personal service, or by internet based or other electronic communication (provided done so in accordance with all requirements of Applicable Laws), or by publication twice in the Report on Business section of the National Edition of The Globe and Mail or similar section of any other newspaper having national circulation in Canada; provided further that if there is no newspaper having national circulation, then such notice may be given by publishing twice in the business section of a newspaper in each city where the Register(s) or a branch register is maintained.
- (b) For the avoidance of doubt, in connection with any notice, communication or other documents permitted by Applicable Laws to be given or sent by internet based or other electronic communication, the requirements of such Applicable Laws in respect of such delivery shall be complied with in all respects, including where required, receipt by the Trust of the prior consent of the recipient to the delivery of such notice, communication or other document in electronic or other technologically enhanced format.

- (c) Any notice given in the manner provided in subsection 15.1(a) shall be deemed to have been given and delivered: (i) in the case of notice given by mail, at the end of the third day following that on which the letter or other document was mailed; or (ii) in the case of notice given by publication, after publication of such notice twice in the designated newspaper or newspapers; or (iii) in the case of notice given by internet based or other electronic communication, on the later of (A) the Business Day on which such notice is given and (B) the earliest day and at the earliest time (as applicable) as is permissible in accordance with the law permitting the giving of notice via such internet based or other electronic communication. In proving notice was mailed, it shall be sufficient to prove that such letter or other document was properly addressed, stamped and mailed.

**15.2 Notice to the Trustee or Administrator:**

Any notice or other document or written communication to be given to the Trustee or the Administrator shall be addressed and sent as follows:

If to the Trustee:

Computershare Trust Company of Canada  
600, 530 - 8th Avenue SW  
Calgary, Alberta T2P 3S8

Attention: Manager Corporate Trust  
Facsimile: (403) 267-6598

If to the Administrator:

Argent Energy Ltd.  
Suite 500, 321-6<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H3

Attention: Chief Executive Officer  
Facsimile: (403) 770-4850

and shall be deemed to have been given on the date of delivery or, if mailed, five (5) days from the date of mailing or, if sent by facsimile transmission, shall be deemed to have been given on the first Business Day thereafter. If any such notice or communication shall have been mailed and if regular mail service shall be interrupted by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, such notice or communication shall be deemed to have been received 48 hours after 12:01 a.m. (Calgary time) on the day following the resumption of normal mail service, provided that during the period that regular mail service shall be interrupted any notice or other communication shall be delivered or given by personal delivery, facsimile transmission or other means of prepaid, transmitted or recorded communication.

**15.3 Failure to Give Notice**

The failure by the Trustee or Administrator, by accident or omission or otherwise unintentionally, to give any Unitholder any notice provided for herein shall not affect the validity, effect or taking effect of any action referred to in such notice, and neither the Trustee nor the Administrator shall be liable to any Unitholder, Beneficial Unitholder or Beneficiary for any such failure.

#### **15.4 Joint Holders**

Any notice, communication or other document given or sent, pursuant to this Article, to any one of several joint Unitholders shall be deemed to be effectively given or sent to the other joint holders.

#### **15.5 Service of Notice**

Any notice, communication or document given or sent to a Unitholder pursuant to this Article shall, notwithstanding the death, bankruptcy or incapacity of such Unitholder, and whether or not the Trustee has notice of such death, bankruptcy or incapacity, be deemed to have been fully given or sent and shall be deemed to have been sufficiently given or sent to all persons having an interest in the Units concerned.

### **ARTICLE 16 RECORDS AND FINANCIAL INFORMATION**

#### **16.1 Records**

The Trustee shall prepare and maintain or cause to be prepared and maintained records containing (a) this Trust Indenture; (b) minutes of meetings and resolutions of Unitholders; (c) resolutions of the Trustee; and (d) the Registers. The Trust shall also prepare and maintain adequate accounting records. All such records shall be kept at the head office of the Trust or at such other place as the Trustee thinks fit.

#### **16.2 Information Available to Unitholders**

Each Unitholder has the right to obtain, on demand and without fee, from the head office of the Trust: (a) a copy of this Trust Indenture and any amendments thereto; and (b) the minutes of the meetings of Unitholders and any written resolutions of Unitholders passed in lieu of holding a meeting of Unitholders, and will also be entitled to examine a list of the Unitholders, subject to providing an affidavit to the Administrator, all to the same extent and upon the same conditions, *mutatis mutandis*, as those which apply to shareholders governed by the *Business Corporations Act* (Alberta).

#### **16.3 Fiscal Year**

The fiscal year of the Trust shall end on December 31 of each year.

#### **16.4 Financial Disclosure**

The Trustee will send (or make available if sending is not required by Applicable Laws) to Unitholders:

- (a) at least 21 days prior to the date of each annual meeting of Unitholders and, in any event, on or before any earlier date prescribed by Applicable Laws, the annual consolidated financial statements of the Trust for the fiscal year ended immediately prior to such annual meeting, together with comparative consolidated financial statements for the preceding fiscal year, if any, and the report of the Auditors thereon; and
- (b) notwithstanding the foregoing, if the Trust is a "reporting issuer" as defined in the Securities Act, the annual consolidated financial statements of the Trust together with comparative consolidated financial statements for the preceding fiscal year, if any, and the report of the Auditors thereon referred to in Section 17.5 on or before any date prescribed by Applicable Laws, and the unaudited quarterly consolidated financial statements of the Trust for a fiscal quarter, together with comparative consolidated

financial statements for the same fiscal quarter in the preceding fiscal year, if any, on or before any date prescribed by Applicable Laws;

such financial statements shall be prepared in accordance with Accounting Principles; provided that such statements and the obligation to deliver such statements may vary from such principles to the extent required to comply with Applicable Laws or to the extent permitted by applicable securities regulatory authorities.

#### **16.5 Taxation Information**

On or before March 31 in each year, or such earlier date as may be required under Applicable Laws, the Trustee shall provide to Unitholders who received distributions from the Trust in the prior calendar year, such information regarding the Trust required by Canadian law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

### **ARTICLE 17 AUDITORS**

#### **17.1 Qualification of Auditors**

The Auditors shall be a recognized firm of chartered accountants which has an office in Canada and which is independent of the Trust, Trustee and the Administrator.

#### **17.2 Appointment of Auditors**

PricewaterhouseCoopers LLP, Chartered Accountants, are hereby appointed as the initial Auditors of the Trust to hold such office until the first annual meeting of Unitholders. The Auditors will be appointed at each succeeding annual meeting of Unitholders. The Auditors will receive such remuneration as may be approved by the Trustee.

#### **17.3 Change of Auditors**

The Auditors may at any time be removed by the Trustee with the approval of Unitholders by way of Ordinary Resolution at a meeting of Unitholders duly called for the purpose and, upon such removal of the Auditors as aforesaid, new auditors may be appointed by the Trustee with the approval of the Unitholders by means of an Ordinary Resolution at a meeting duly called for that purpose. A vacancy created by the removal of the Auditors as aforesaid may be filled at the meeting of Unitholders at which the Auditors are removed or, if not so filled, may be filled pursuant to Section 17.4 below.

#### **17.4 Filling Vacancy**

The Administrator shall enter into agreements with the Auditors that will permit the Auditors to at any time voluntarily resign, and in such event the Trustee shall forthwith fill the vacancy with such new auditors as are approved by the Administrator, and such new auditors shall act as auditors of the Trust for the unexpired term of the predecessor auditors of the Trust.

#### **17.5 Reports of Auditors**

The Administrator shall enter into agreements with the Auditors that will require the Auditors audit the accounts of the Trust at least once in each year and a report of the Auditors with respect to the annual financial statements of the Trust shall be provided to each Unitholder as set out in Section 16.4.

**ARTICLE 18**  
**GENERAL**

**18.1 Trust Property to be Kept Separate**

The Trustee shall maintain the Trust Property separate from all other property in its possession and not commingled, and to the extent that all or part of the Trust Property is placed in the possession of the Administrator or any other person on behalf of the Trust, the Trustee shall take such reasonable steps to ensure that such persons shall also keep such Trust Property separate from all other property of such persons and not commingled.

**18.2 Trustee May Not Hold Units**

- (a) No Trustee may be a Unitholder in its or his capacity as Trustee (except pursuant to a repurchase of Units pending their cancellation).
- (b) No Trustee may be a Unitholder in its personal capacity provided, however, that a Trustee may hold Units for the account of its clients generally and in other capacities, without any duty to account to the Unitholders therefor.

For greater certainty and notwithstanding the foregoing, affiliates of any Trustee may be Unitholders.

**18.3 Privacy**

The parties acknowledge that the Trustee may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this Indenture and other services that may be requested from time to time;
- (b) to help the Trustee manage its servicing relationships with such individuals;
- (c) to meet the Trustee's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Trustee, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party acknowledges and agrees that the Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Indenture for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Trustee shall make available on its website or upon request, including revisions thereto. Further, each party agrees that it shall not provide or cause to be provided to the Trustee any personal information relating to an individual who is not a party to this Agreement unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

**18.4 U.S. Securities Exchange Act Matters**

The Trust confirms that as at the date of execution of this agreement it does not have a class of securities registered pursuant to Section 12 of the *U.S. Securities Exchange Act* or have a reporting obligation



pursuant to Section 15(d) of the *U.S. Securities Exchange Act*. The Trust covenants that in the event that: (a) any class of its securities shall become registered pursuant to Section 12 of the *U.S. Securities Exchange Act* or the Trust shall incur a reporting obligation pursuant to Section 15(d) of the *U.S. Securities Exchange Act*; or (b) any such registration or reporting obligation shall be terminated by the Trust in accordance with the *U.S. Securities Exchange Act*, the Trust shall promptly deliver to the Trustee an Officers' Certificate (in a form provided by the Trustee) notifying the Trustee of such registration or termination and such other information as the Trustee may require at the time. The Trust acknowledges that the Trustee is relying upon the foregoing representation and covenants in order to meet certain SEC obligations with respect to those clients who are filing with the SEC.

#### **18.5 Representation regarding Third Party Interests**

Each party to this Indenture (in this paragraph referred to as a "**representing party**") hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of such representing party, either: (a) is not intended to be used by or on behalf of any third party; or (b) is intended to be used by or on behalf of a third party, in which case such representing party hereby agrees to complete, execute and deliver forthwith to the Trustee a declaration in the Trustee's prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

#### **18.6 Execution and Effect of Restated Trust Indenture**

A restated Trust Indenture, setting forth the terms of this Trust Indenture, as amended to the time of execution, may be executed at any time or from time to time by the Trustee and such restated Trust Indenture as so executed shall thereafter be effective and may thereafter be referred to in lieu of this Trust Indenture as so amended; provided, however, that no such execution of a restated Trust Indenture shall be deemed to constitute a termination of the Trust or this Trust Indenture.

#### **18.7 Consolidations**

The Trustee may prepare consolidated copies of the Trust Indenture as it may from time to time be amended or amended and restated and may certify the same to be a true consolidated copy of the Trust Indenture, as amended or amended and restated.

#### **18.8 Severability**

The provisions of this Trust Indenture are severable and if any provisions are in conflict with any Applicable Laws, the conflicting provisions shall be deemed never to have constituted a part of this Trust Indenture and shall not affect or impair any of the remaining provisions thereof. If any provision of this Trust Indenture shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Trust Indenture in any jurisdiction.

#### **18.9 Successors and Assigns**

The provisions of this Trust Indenture shall enure to the benefit of, and be binding upon, the parties and their respective personal representatives, executors, administrators, heirs, successors and assigns.

**18.10 Counterparts**

This Trust Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

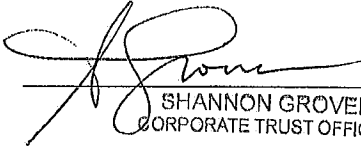
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IN WITNESS WHEREOF the parties have hereunto executed this Trust Indenture as of the day and year first above written.

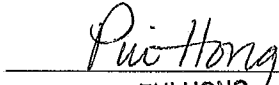
**COMPUTERSHARE TRUST COMPANY  
OF CANADA**

as trustee of

**ARGENT ENERGY TRUST**

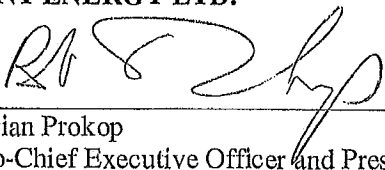


SHANNON GROVER  
CORPORATE TRUST OFFICER



PUI HONG  
CORPORATE TRUST OFFICER

**ARGENT ENERGY LTD.**



Brian Prokop  
Co-Chief Executive Officer and President

*[Remainder of Page Left Intentionally Blank]*

# EXHIBIT 3

Company Name: Argent Energy Trust  
Bulletin Type: Delisting Review  
Sub Type: Under Review  
Manager: Scott Ainslie

Stock Symbol: AET

**DELISTING REVIEW**

"Argent Energy Trust (the "Trust") – TSX is reviewing the Trust Units (Symbol: **AET.UN**), 6.00% Convertible Unsecured Subordinated Debentures (**AET.DB**) and 6.50% Convertible Unsecured Subordinated Debentures (**AET.DB.A**) of the Trust with respect to meeting the continued listing requirements. The Trust has been granted 30 days in which to regain compliance with these requirements, pursuant to the Remedial Review Process."

Eleanor Fritz  
Director, Compliance & Disclosure  
Toronto Stock Exchange

Last Edit Date: 02/02/2016

Date Created: 02/02/2016

Last Editor: Monica Kostadinov

Creator: Monica Kostadinov

THIS IS EXHIBIT "3"  
referred to in the Affidavit of Declaration

Sean Bavingdon

Sworn before me this 16<sup>th</sup>

day of February A.D. 20 16



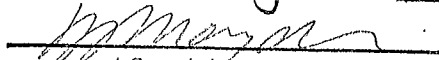
A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor

# EXHIBIT 4

THIS IS EXHIBIT " 4 "  
referred to in the Affidavit of Declaration

Sean Bovingdon  
Sworn before me this 16<sup>th</sup>  
day of February A.D. 20 16

  
A Commissioner for Oaths  
in and for the Province of Alberta

EXECUTION COPY

Kelsey Meyer  
Barrister & Solicitor

**ADMINISTRATIVE SERVICES AGREEMENT**

Between

**COMPUTERSHARE TRUST COMPANY OF CANADA**

as trustee of

**ARGENT ENERGY TRUST**

and

**ARGENT ENERGY LTD.**

Dated May 9, 2012

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## ADMINISTRATIVE SERVICES AGREEMENT

THIS AGREEMENT dated the 9th day of May, 2012.

### BETWEEN:

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company incorporated under the laws of Canada, with offices in the City of Calgary, in the Province of Alberta (hereinafter referred to as the "Trustee")

- and -

**ARGENT ENERGY LTD.**, a corporation incorporated under the laws of Alberta, with offices in the City of Calgary, in the Province of Alberta, (hereinafter called the "Administrator")

**WHEREAS** the Trustee proposes to issue Units of Argent Energy Trust (the "Trust") to the public for the purpose of acquiring common shares of Argent Energy (Canada) Holdings Inc. ("**Can Holdco**") and to own and hold certain other investments;

**AND WHEREAS** the Trustee wishes to: (i) retain the Administrator as administrator for the Trust, to provide certain administrative, advisory and operational services, as more particularly described herein, in connection with the operation and affairs of the Trust; and (ii) retain the Administrator to provide certain services of a governance nature, as more particularly described herein, in connection with the Trust;

**AND WHEREAS** the Administrator is willing to render services relating to the Trust, as administrator, on the terms and conditions hereinafter set forth.

**NOW THEREFORE** in consideration of the premises and the mutual covenants and agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the Parties), the Parties agree as follows:

### **ARTICLE 1** **INTERPRETATION**

#### **1.1 Definitions**

As used herein, the following terms shall have the meanings set forth below:

- (a) "**Additional Information**" has the meaning ascribed thereto in Section 6.4;
- (b) "**Administrative Services**" has the meaning ascribed thereto in Section 2.4;
- (c) "**Administrator**" means Argent Energy Ltd., a corporation incorporated under the laws of the Province of Alberta, in its capacity as administrator of the Trust, and shall be deemed to include any successor appointed as Administrator of the Trust;
- (d) "**Administrator Event of Termination**" means any of the events described in Section 9.3;
- (e) "**Administrator Indemnitees**" has the meaning ascribed thereto in Section 7.1;

- (f) "**affiliate**" has the meaning ascribed thereto in the Trust Indenture;
- (g) "**Agreement**" means this administrative services agreement as amended, supplemented or amended and restated from time to time;
- (h) "**Applicable Laws**" means all laws, rules, regulations, codes, by-laws, statutes, ordinances, directives and orders, in effect from time to time, of all jurisdictions and Governing Authorities having jurisdiction with respect to the Administrator, the Trust and their affiliates, as the case may be;
- (i) "**Arbitration Notice**" has the meaning ascribed thereto in subsection 11.2(b);
- (j) "**Arbitrator**" has the meaning ascribed thereto in subsection 11.2(c);
- (k) "**associate**" has the meaning ascribed thereto in the Trust Indenture;
- (l) "**Beneficiary**" has the meaning ascribed thereto in the Trust Indenture;
- (m) "**Books and Records**" has the meaning ascribed thereto in subsection 9.6(a)(i);
- (n) "**Business Day**" has the meaning ascribed thereto in the Trust Indenture;
- (o) "**Can Holdco**" means Argent Energy (Canada) Holdings Inc., a corporation incorporated under the laws of the Province of Alberta;
- (p) "**Change of Control**" means:
  - (i) any change in the holding of securities of the Administrator whereby as a result of such change a person not affiliated with the Administrator prior to such change, or a group of persons (none of which are affiliated with the Administrator prior to such change) acting jointly or in concert, are in a position to exercise control, of the Administrator, whether such change in the holding of such securities occurs by way of take-over bid, reorganization, recapitalization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise; or
  - (ii) any change in the holding, of securities of the Administrator whereby as a result of such change a person not affiliated with the Administrator prior to such change, or a group of persons (none of which are affiliated with the Administrator prior to such change) acting jointly or in concert, hold, greater than 50% of the voting securities of the Administrator, whether such change in the holding of such securities occurs by way of take-over bid, reorganization, recapitalization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise;
- (q) "**Claims**" has the meaning ascribed thereto in Section 7.1;
- (r) "**Closing**" has the meaning ascribed thereto in the Trust Indenture;
- (s) "**Confidential Information**" has the meaning ascribed thereto in Section 6.5;
- (t) "**Conflict Matter**" has the meaning ascribed thereto in subsection 6.1(c);

- (u) "**control**" and related terms including "**controlling**" and "**controlled**", have the meanings ascribed thereto in the Trust Indenture;
- (v) "**Cure Period**" has the meaning ascribed thereto in subsections 9.1(a) and 9.3(a)(i), as applicable;
- (w) "**discretion**" has the meaning ascribed thereto in the Trust Indenture;
- (x) "**Dispute**" has the meaning ascribed thereto in Section 11.1;
- (y) "**Effective Date**" means May 9, 2012;
- (z) "**Experts**" has the meaning ascribed thereto in subsection 6.2(a)(ii);
- (aa) "**Governing Authority**" has the meaning ascribed thereto in the Trust Indenture;
- (bb) "**Indemnified Party**" has the meaning ascribed thereto in subsection 7.3(a);
- (cc) "**Indemnifying Party**" has the meaning ascribed thereto in subsection 7.3(a);
- (dd) "**Indenture Conferred Duties**" has the meaning ascribed thereto in the Trust Indenture;
- (ee) "**Initial Term**" has the meaning ascribed thereto in Section 8.1;
- (ff) "**IPO**" has the meaning ascribed thereto in the Trust Indenture;
- (gg) "**Knowledgeable Person**" has the meaning ascribed thereto in subsection 6.2(a)(i);
- (hh) "**Non-Trust Affiliated Entities**" means affiliates and associates of the Administrator which are not direct or indirect wholly-owned subsidiaries of the Trust;
- (ii) "**Ordinary Resolution**" has the meaning ascribed thereto in the Trust Indenture;
- (jj) "**Parties**" means the Trustee, in its capacity as trustee of the Trust, and the Administrator, and "**Party**" or "**party**" means, unless the context otherwise requires, any one of them;
- (kk) "**person**" has the meaning ascribed thereto in the Trust Indenture;
- (ll) "**Renewal Term**" has the meaning ascribed thereto in Section 8.2;
- (mm) "**Sales Tax**" has the meaning ascribed thereto in Section 3.3;
- (nn) "**Standard of Care**" means the obligation to act honestly, in good faith and in the best interests of the Trust and exercise the degree of care, diligence and skill that a reasonably prudent administrator having responsibility for services similar to the Administrative Services would exercise in the circumstances;
- (oo) "**Tax Act**" has the meaning ascribed thereto in the Trust Indenture;
- (pp) "**Term**" means the Initial Term plus the Renewal Terms, if any;
- (qq) "**Trust**" has the meaning ascribed thereto in the Trust Indenture;

- (rr) "**Trust Claims**" has the meaning ascribed thereto in Section 7.2;
- (ss) "**Trust Delegated Duties**" has the meaning ascribed thereto in Section 2.2;
- (tt) "**Trust Event of Termination**" has the meaning ascribed thereto in Section 9.1;
- (uu) "**Trust Expenses**" has the meaning ascribed thereto in Section 3.1;
- (vv) "**Trust Indemnitees**" has the meaning ascribed thereto in Section 7.2;
- (ww) "**Trust Indenture**" means the trust indenture made as of January 31, 2012, between the Administrator and the Trustee, as the same may be amended or amended and restated from time to time;
- (xx) "**Trust Property**" has the meaning ascribed thereto in the Trust Indenture;
- (yy) "**Trust Service Providers**" has the meaning ascribed thereto in subsection 6.1(b);
- (zz) "**Trustee**" has the meaning ascribed thereto in the Trust Indenture;
- (aaa) "**Unitholder**" has the meaning ascribed thereto in the Trust Indenture;
- (bbb) "**Units**" has the meaning ascribed thereto in the Trust Indenture;
- (ccc) "**US Opco**" means Argent Energy (U.S.) Holdings Inc., a corporation incorporated under the laws of the State of Delaware; and
- (ddd) "**Voting Agreement**" has the meaning ascribed thereto in the Trust Indenture.

Capitalized terms used in this Agreement, but not defined in this Section 1.1 or elsewhere in this Agreement, have the meanings ascribed thereto in the Trust Indenture.

## **1.2 Interpretation**

In this Agreement, unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular number include the plural, and vice-versa and words importing a gender shall include the feminine, masculine and neuter genders. Where the word "**including**" or "**includes**" is used in this Agreement it means "**including without limitation**" or "**includes without limitation**", respectively. Any reference to any document shall include a reference to any schedule, amendment or supplement thereto or any agreement in replacement thereof, all as permitted under such document.

## **1.3 Statutory References**

A reference herein to any statute includes every regulation (and other similar ancillary instrument having the force of law) made pursuant thereto, all amendments to the statute or to any such regulation (or other similar ancillary instrument) in force from time to time, and any statute or regulation (or other similar ancillary instrument) which supplements or supersedes such statute or regulation (or other similar ancillary instrument); and a reference to any section or provision of a statute includes all amendments to such section or provision, as made from time to time, and all sections or provisions which supplement or supersede such section or provision referred to herein.

#### **1.4 Accounting Principles**

Wherever in this Agreement reference is made to International Financial Reporting Standards, generally accepted accounting principles or other similar terms ("**Accounting Principles**"), such reference shall be deemed to be to such accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable to the Trust as at the date on which such calculation is made or required to be made in accordance with Accounting Principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with the applicable Accounting Principles applied on a consistent basis.

#### **1.5 Headings for Reference Only**

The division of this Agreement into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and subsections are to Articles, Sections and subsections of this Agreement.

#### **1.6 Day Not a Business Day**

Except as otherwise set out herein, in the event that any day on which any amount is to be determined or any other determination is to be made or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined, or such other determination shall be made, or such action shall be required to be taken, at or before the requisite time on the next succeeding day that is a Business Day.

#### **1.7 Time of the Essence**

Time shall be of the essence in this Agreement.

#### **1.8 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The parties hereto hereby irrevocably submit and attorn to the jurisdiction of the courts of the Province of Alberta.

#### **1.9 Currency**

Unless otherwise specified, all references herein to currency shall be references to currency of Canada.

#### **1.10 Action by the Trust**

Where any reference is made in this Agreement to an act to be performed by the Trust, such reference shall be construed and applied for all purposes as if it referred to an act performed by the Trustee, in its representative capacity as Trustee of the Trust.

### **1.11 General Limitation of Liability and Indemnification**

The parties hereto acknowledge that the Trustee is entering into this Agreement solely in its capacity as Trustee on behalf of the Trust and the obligations of the Trust hereunder shall not be binding upon the Trustee other than in its capacity as such nor shall it be binding upon any Beneficiary, such that any recourse against the Trust, the Trustee or any Beneficiary 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.

### **1.12 Paramountcy**

Except as otherwise specifically provided herein, the provisions of this Agreement supersede those of the Trust Indenture to the extent of any conflict or inconsistency.

## **ARTICLE 2** **DELEGATION TO ADMINISTRATOR AND RELATED MATTERS**

### **2.1 Delegation to Administrator**

The Trustee hereby delegates solely and exclusively to the Administrator, and the Administrator hereby agrees to be responsible solely and exclusively for, the administration of the affairs of the Trust as more particularly set forth in Section 2.2 below.

### **2.2 Trust Delegated Duties**

Subject to, and in accordance with, the terms, conditions and limitations contained herein and in the Trust Indenture, the Administrator shall, on a sole and exclusive basis during the Term, provide and perform, or procure from its affiliates, associates or third parties, all administrative, operational and investment services, other than those set forth in Section 2.3, as may be required or advisable, from time to time, in order to administer the affairs of the Trust (the "**Trust Delegated Duties**"), including without limitation the following services:

- (a) prepare all returns, filings and documents and make all determinations and take all other actions necessary for the discharge of the Trustee's obligations under the Trust Indenture;
- (b) prepare, or cause to be prepared, the annual audited consolidated financial statements and interim unaudited consolidated financial statements of the Trust, as well as relevant tax information, which are to be provided to Unitholders;
- (c) prepare all necessary or advisable income tax returns, filings and elections and arrange for their filing within the time required by applicable tax law, including, without limitation, an election under subsection 132(6.1) of the Tax Act that the Trust be a "mutual fund trust" within the meaning of the Tax Act at all times since the time the Trust was settled;
- (d) open, operate and close accounts and make other similar credit, deposit and banking arrangements and to negotiate and sign banking and financing contracts and agreements, including entering into hedges for purposes of managing the Trust's exposure to commodity prices, foreign exchange or interest rates;

- (e) assist with calculating and determining distributions to Unitholders which are properly payable by the Trust and, in connection therewith, withholding (or advising the Trustee to withhold) all amounts required by applicable tax law, and making all such remittances and filings (or advising the Trustee to make all such remittances and filings) in connection with such withholdings;
- (f) ensure compliance by the Trust with all Applicable Laws, including without limitation, securities legislation and related regulations and stock exchange requirements (which includes all of the Trust's continuous disclosure obligations);
- (g) provide investor relations services to the Trust;
- (h) call and hold all annual and/or special meetings of Unitholders pursuant to the Trust Indenture and prepare, approve and arrange for the distribution of all materials including notices of meetings, instruments of proxy and information circulars in respect thereof;
- (i) prepare and cause to be provided to Unitholders on a timely basis all information to which Unitholders are entitled under the Trust Indenture and under Applicable Laws;
- (j) attend to all administrative and other matters arising in connection with any redemptions of Units;
- (k) monitor the Trust's status as a "mutual fund trust" and a "unit trust" within the meaning of the Tax Act and provide the Trustee with written notice when the Trust ceases or is at risk of ceasing to be a "mutual fund trust" or a "unit trust";
- (l) monitor the Trust's investment and holding in or of property to ensure that the Trust (i) is not at any time a "SIFT trust" as defined in section 122.1 of the Tax Act, and (ii) does not hold any "non-portfolio property" as defined in section 122.1 of the Tax Act;
- (m) monitor the investments of the Trust to ensure that they comply with the investment restrictions in Section 4.3 of the Trust Indenture;
- (n) monitor the status of the Trust to ensure the Units are a "qualified investment" for a "registered retirement savings plan", a "registered retirement income fund", a "registered education savings plan", a "deferred profit sharing plan", a "registered pension plan", a "registered disability savings plan" and a "tax-free savings account" (all as defined in the Tax Act), and provide the Trustee with written notice when the Units cease, or are at risk of ceasing, to so qualify;
- (o) monitor the Trust's compliance with subsection 132(7) of the Tax Act and Section 3.8 of the Trust Indenture;
- (p) undertake and perform all acts, duties and responsibilities in connection with acquiring or disposing of assets and property, for and on behalf of the Trust, of whatsoever nature or kind;
- (q) undertake, perform and provide, for and on behalf of the Trust, all acts, duties and responsibilities as the Administrator considers, in its discretion, necessary or desirable in connection with, or for completion of, any authorization for issuance and sale of securities of the Trust from time to time without limitation, including;



- (i) preparing, executing and delivering, on behalf of the Trust, any prospectus or comparable documents of the Trust relating to the sale and listing of any such securities, in such form as the Administrator considers necessary or desirable;
- (ii) preparing, approving, executing and delivering on behalf of the Trust: (1) any underwriting agreement(s); and (2) all instruments, contracts and other documents determined by the Administrator to be necessary or desirable for execution by the Trust in connection with such sale of securities, in each case in such form and containing such terms and conditions as the Administrator may approve; and
- (iii) preparing, approving, executing and delivering such other contracts, documents, instruments and agreements, and making all applications and filings with any Governing Authorities (including any listing or other application with any stock exchange(s) and any filings pursuant to the *Competition Act* (Canada)), and taking such other actions as the Administrator considers appropriate;
- (r) establish, implement and amend (when and as required, once established) any distribution reinvestment plans, Unit purchase plans, incentive option and other compensation plans and Unitholder rights plans, as may be determined by the Administrator to be desirable for the Trust to establish, and attend to all matters in connection with the operation of such plans;
- (s) engage (including negotiate contracts with) and oversee third party providers of services to the Trust (including transfer agents, legal counsel, financial advisors, auditors and printers) in connection with provision of the Trust Delegated Duties;
- (t) delegate to and oversee US Opco in connection with the day to day operational services and management of the Trust's subsidiaries' oil and gas business; and
- (u) provide all other services as may be necessary, or as requested by the Trustee, for the administration of the Trust, excluding however all matters described in Section 2.3.

### **2.3 Fund Services Not Delegated to the Administrator**

Notwithstanding any provision contained herein, the delegation to the Administrator of the right and obligation to perform or procure all administrative, operational and investment services as may be required or advisable, from time to time, in order to administer the affairs of the Trust (as more particularly set forth in Section 2.2) shall not be construed to include or be deemed to include the delegation, by the Trustee, of its rights, powers, authorities and duties to act on behalf of the Trust and be responsible for:

- (a) the issue, certification, exchange or cancellation of Units on or after the Closing;
- (b) the maintenance of registers of Unitholders on or after the Closing;
- (c) making the distribution of payments or property to Unitholders and statements in respect thereof;
- (d) any mailings to Unitholders of materials which are to be so mailed;

- (e) the execution of an amendment to the Trust Indenture or any amended and restated Trust Indenture following any amendment thereto;
- (f) voting securities owned by the Trust at any and all meetings of holders of such securities, or exercise any rights to pass resolutions in lieu of securityholder meetings; and
- (g) any matters ancillary or incidental to any of those set forth in subsections (a) to (e) above.

#### **2.4 Administrative Services**

The Parties acknowledge that by the terms of the Trust Indenture: (a) the Administrator has been granted the obligation to perform and provide, for and on behalf of the Trust, the Indenture Conferred Duties; and (b) the exercise and performance of the Indenture Conferred Duties have been made subject to the terms, conditions and limitations applicable in respect to the exercise and performance, by the Administrator, of the duties delegated to it hereunder; accordingly, the Parties agree that both the Trust Delegated Duties and the Indenture Conferred Duties (collectively herein referred to as the "**Administrative Services**") shall each be exercised and performed in accordance with and subject to the terms, conditions and limitations set forth herein and in the Trust Indenture, and that in the event of inconsistency between the terms of this Agreement and the Trust Indenture, this Agreement shall prevail except to the extent that such inconsistency affects Sections 4.1 or 4.3 of the Trust Indenture, in which case the Trust Indenture shall prevail, provided that any amendment to this Agreement that would change the legal effect of any other provision of the Trust Indenture in a manner that would require Unitholder consent thereunder shall not be effective until such consent is obtained.

#### **2.5 Administrator's Power and Authority and Restrictions Thereon**

- (a) For greater certainty, in accordance with the Trust Indenture, including without limitation Article 13 thereof, and subject to and in accordance with the terms, conditions and limitations herein contained, the Administrator is hereby delegated by the Trustee full and absolute right, power and authority during the Term to provide, for and on behalf of the Trust, all of the Administrative Services and to take and do, for and on behalf of the Trust, in connection with the provision of all such Administrative Services, all such actions and all such things which the Administrator deems appropriate, in its discretion, in connection with the provision of such services, including without limitation the right, power and authority to:
  - (i) execute and deliver all contracts, leases, licenses, and other documents, instruments and agreements;
  - (ii) make all applications and filings with any Governing Authorities; and
  - (iii) take such other actions as the Administrator considers appropriate in connection with the activities, investments and affairs of the Trust, in the name of and on behalf of the Trust, and no person shall be required to determine the authority of the Administrator to give any undertaking or enter into any commitment on behalf of the Trust.
- (b) The Administrator shall dedicate itself exclusively to: (i) the performance of the Administrative Services; (ii) providing services to the subsidiaries of the Trust that are ancillary to the Administrative Services; and (iii) providing services, as agreed from time to time with the Trustee, to affiliates of the Trust, and shall not engage in any activities

except as reasonably required to exercise its rights and perform its duties in regard to each of the foregoing.

## 2.6 Notice and Deemed Effective Date

- (a) Upon the request of the Administrator, the Trustee shall notify all parties requested by the Administrator of the appointment of the Administrator under this Agreement and shall execute all directions and other instruments as may be necessary to evidence, document or otherwise give effect to the Administrator's authority under this Agreement.
- (b) Notwithstanding the date hereof, the Administrator shall be deemed to have had, from and after the date of execution of the Trust Indenture the power, authorities and duties delegated to it hereunder. The Trustee, on behalf of the Trust, hereby ratifies any actions taken by the Administrator on behalf of the Trustee or the Trust prior to the Effective Date to the extent that such actions are not inconsistent with the terms set forth in this Agreement.

## 2.7 Execution of Documents

- (a) In carrying out the Administrative Services, the Administrator may execute, for and on behalf of the Trust, any instrument or document which the Administrator considers appropriate, in its discretion. Any such instrument or document shall be executed in accordance with, or substantially in accordance with, the following:

- (i) ARGENT ENERGY TRUST

By its Administrator, Argent Energy Ltd.

Per:

\_\_\_\_\_

Authorized Signatory

and

- (ii) in the case of any document required to be executed on behalf of the Trust in connection with a prospectus as follows:

ARGENT ENERGY TRUST

By: Argent Energy Ltd., Administrator of the Trust

and provide for such signatures as may be required by Applicable Laws.

- (b) The Administrator shall make all commercially reasonable efforts to ensure that every contract entered into on behalf of the Trust by the Administrator shall (except as the Administrator may otherwise expressly agree in writing with respect to the liability of the Administrator) include a provision substantially to the following effect:

The parties hereto acknowledge that 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 Trustee of the Trust or the Administrator other than in each of their respective capacities as such, nor shall it be binding upon any Unitholder, beneficial Unitholder or any "annuitant" as defined in the Trust Indenture of the Trust, such that any recourse against the Trust, the Trustee, the Administrator or any Beneficiary 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 of the Trust made as of January 31, 2012, as from time to time amended, restated or modified.

- (c) The rights conferred by any such provision shall be enforced by the Administrator for its benefit and shall be held in trust and enforced by the Administrator for the benefit of the Trustee and Beneficiaries. The omission of such a provision from any such written agreement shall not operate to impose personal liability on the Trustee, the Administrator or any Beneficiary.
- (d) The Administrator shall make all commercially reasonable efforts to ensure that every contract or other instrument granting rights to the Administrator that is entered into by the Administrator (including for greater certainty all employment contracts) be assignable to such party as the Trust may direct in the event this Agreement is terminated.

## **2.8 Standard of Care**

The Administrator shall exercise the powers and discharge the duties conferred upon it hereunder in accordance with the Standard of Care.

## **2.9 No Additional Duty**

The Administrator, in its capacity as such, shall only have duties and obligations expressly provided for in this Agreement and the Trust Indenture and no other obligation or duty (fiduciary or otherwise) in respect to the Administrator shall be implied. No standard of care other than as set forth in Section 2.8 above shall apply or be implied in relation to the performance of the Administrative Services or the other duties and obligations hereunder.

## **2.10 Delegation and Sub Delegation**

Subject to, and in accordance with, the terms and conditions herein contained (including Section 2.8), the Administrator may delegate (by subcontract or otherwise) the performance of some or all of the Administrative Services to any person, including affiliates of the Administrator, without the prior written consent of the Trustee, provided that such delegation shall not relieve the Administrator of the responsibility for performance of the Administrative Services unless otherwise agreed by the Trustee in writing.

**ARTICLE 3**  
**PAYMENT OF EXPENSES**

**3.1 Expense Reimbursement**

The Administrator or its affiliates (where an affiliate is performing some of the services to be provided hereunder) shall be paid, as set forth in Section 3.2, an amount equal to all out-of-pocket and third party fees, costs, taxes and expenses reasonably incurred by the Administrator or its affiliates in carrying out the Administrator's obligations and duties hereunder in connection with the provision and performance of the Administrative Services (hereinafter "**Trust Expenses**"). The reimbursement of Trust Expenses to the Administrator or its affiliates is not intended to provide the Administrator or its affiliates with any financial gain or loss except as expressly provided for in the Services Agreement, to be dated the date of the closing of the IPO, among the Corporation, the Trust and Aston Hill Financial Inc., as the same may be amended, supplemented or amended and restated from time to time.

**3.2 Invoicing and Payment**

The Administrator shall be responsible to invoice the Trust, on a quarterly basis or, at the discretion of the Administrator, on a more frequent basis, for the Trust Expenses incurred during the applicable period and each invoice shall set out the exact amount of the Trust Expenses payable for such period together with the related Sales Tax. Each invoice shall provide reasonably sufficient detail pertaining to the composition of the aggregate Trust Expenses set forth therein. The Administrator shall provide such additional detail pertaining to the Trust Expenses as is requested by the Trustee, acting reasonably, and within the possession of the Administrator. Invoices shall be paid by or on behalf of the Trust within 15 days of invoicing.

**3.3 Payment of Sales Tax**

Unless otherwise provided in this Agreement, all amounts expressed herein to be payable to the Administrator pursuant to this Agreement are exclusive of any goods and services tax, harmonized sales tax or other similar taxes required to be paid thereon pursuant to the *Excise Tax Act* (Canada) or otherwise (collectively, the "**Sales Tax**") and it is agreed that the Administrator shall be paid by the Trust, in addition to all amounts otherwise payable to the Administrator hereunder, all amounts of Sales Tax collectible by the Administrator with respect to all amounts otherwise payable to the Administrator hereunder and such Sales Tax shall be included by the Administrator in each invoice rendered by it.

**3.4 Failure to Pay When Due**

Any amount payable by the Trust to the Administrator hereunder and which is not remitted to the Administrator when so due shall remain due (whether on demand or otherwise) and interest will accrue on such overdue amounts (both before and after judgement), at a rate per annum equal to the rate at which the Administrator is able to borrow funds from its principal banker from the date payment is due until the date payment is made.

**ARTICLE 4**  
**RECORDS**

**4.1 Books and Records**

The Administrator shall maintain proper books, records and documents in which complete, true and correct entries in conformity, in all material respects, with Accounting Principles to the extent such are applicable and Applicable Laws will be made in respect of the performance of the Administrator's services under this Agreement. All such books and records shall be maintained, or made available for examination, at the Administrator's head office in the Province of Alberta or wherever else maintained.

**4.2 Examination of Records**

- (a) Upon reasonable prior notice by the Trustee to the Administrator, the Administrator shall make available to the Trustee and the Trustee's authorized representatives, for examination during normal business hours on a Business Day, all books, records and documents required to be maintained under Section 4.1, wherever maintained. In addition, the Administrator shall make available to the Trustee or the Trustee's authorized representatives such financial and operating data and other information in respect of the performance of the Administrative Services under this Agreement as may be in existence and as the Trustee or the Trustee's authorized representatives shall from time to time reasonably request, including for the purposes of conducting any audit in respect of expenses of the Trust or other matters necessary or advisable to be audited in order for the Trustee to conduct an audit of the financial affairs of the Trust.
- (b) Any examination of records at the Administrator's head office or at any other location shall be conducted in a manner which will not unduly interfere with the conduct of the business of the Administrator.

**ARTICLE 5**  
**OTHER COVENANTS OF THE TRUSTEE AND THE ADMINISTRATOR**

**5.1 Covenants of the Trustee**

The Trustee shall:

- (a) grant access, or cause access to be granted, to the Administrator, to all documentation and information necessary in order for the Administrator to provide the Administrative Services and perform its obligations, covenants and responsibilities pursuant to the terms hereof or under the Trust Indenture; and
- (b) provide, or cause to be provided, all documentation and information as may be reasonably requested by the Administrator, and promptly notify the Administrator of any material facts or information of which the Trustee is aware, which is in relation to and which may affect the performance of the obligations, covenants or responsibilities of the Administrator pursuant to this Agreement, including but not limited to any known pending or threatened suits, actions, claims, proceedings or orders by or against the Trustee, the Trust or any of their affiliates before any court or administrative tribunal.

## 5.2 Covenants of the Administrator

In the performance of the Administrative Services, the Administrator shall:

- (a) perform all such services at all times in compliance with Applicable Laws;
- (b) observe and perform or cause to be observed and performed on behalf of the Trust, in every material respect, the provisions of all agreements from time to time entered into by the Trust in connection with the activities of the Trust, including without limitation the terms of the Trust Indenture;
- (c) comply with all reasonable requests of the Trustee in relation to the performance of the Administrative Services hereunder;
- (d) provide the Trustee with prompt notice of any event or circumstance of which Administrator shall become aware where the Trustee is required by the Trust Indenture to take specific action;
- (e) not hold any funds or other property, or take any actions other than as required to exercise its rights and perform its obligations pursuant to this Agreement;
- (f) not commingle the Trust Property with that held on behalf any affiliate of the Trust;
- (g) provide to the Trustee, on an annual basis, within forty five days following December 31 of each year while this Agreement is in effect, an annual certificate substantially in the form of that attached hereto as Schedule A;
- (h) perform, and make all decisions in respect of, the Administrative Services, in Canada; and
- (i) at any time during which the Trust is a "reporting issuer" under the *Securities Act* (Alberta) and the Administrator is the administrator of the Trust under this Agreement, the Administrator shall have no fewer than three directors and at least the number of directors as required by National Instrument 52-110 *Audit Committees* shall be "independent" and "financially literate" within the meaning of such Instrument or successor instrument.

## 5.3 Other Covenants

The Parties agree that the following matters, in order to become effective after the date hereof, must be approved by a majority of the members of the Board of Directors of the Administrator who are independent of the Non-Trust Affiliated Entities and who are not otherwise a director or officer of any Non-Trust Affiliated Entities, acting reasonably:

- (a) the terms of any agreement or transaction to be entered into by the Trust or any of its affiliates or associates with any Non-Trust Affiliated Entity or any affiliate or associate thereof, or with a director or officer of the Administrator who is also a director or officer of a any Non-Trust Affiliated Entity or any affiliate or associate thereof; and
- (b) litigation to be taken by the Trust or any of its affiliates or associates against, or the defence of any litigation brought by any Non-Trust Affiliated Entity or any affiliate or

associate thereof, or by any director or officer of the Administrator who is also a director or officer of any Non-Trust Affiliated Entity or any affiliate or associate thereof.

**ARTICLE 6**  
**ADMINISTRATOR'S LIABILITY**

**6.1 Other Activities and Conflict of Interest**

The Trustee acknowledges and the Administrator agrees that:

- (a) the Administrator and its personnel shall devote as much time as is reasonably necessary for the proper discharge of the Administrator's duties and obligations hereunder;
- (b) the Administrator, its affiliates and associates and each of their respective directors, officers, employees, contractors and agents (collectively, the "**Trust Service Providers**"), may hold Units; and
- (c) in the event that, following Closing, the interests of an affiliate or associate of the Administrator come into material conflict with those of the Trust or its affiliates or associates with respect to any matter or transaction (a "**Conflict Matter**"), the Administrator shall give prompt written notice to the Trustee setting forth particulars of such conflict in reasonable detail.

**6.2 Reliance**

- (a) In carrying out the Administrative Services and its other duties hereunder, the Administrator and its delegates shall be entitled to rely on:
  - (i) statements of fact of other persons (any of which may be persons with whom the Administrator is affiliated or associated) who are considered by the Administrator to be knowledgeable of such facts (each, a "**Knowledgeable Person**"), provided that the Administrator has satisfied its Standard of Care set out in Section 2.8 in making the assessment as to whether such persons are knowledgeable of such facts; and
  - (ii) statements or information from, or the opinion or advice of, any solicitor, auditor, valuator, financial advisor, engineer, surveyor, appraiser or other expert selected by the Administrator (hereinafter "**Experts**"), provided that the Administrator has satisfied its Standard of Care set out in Section 2.8 in selecting such Expert to provide such statements, information opinion or advice.
- (b) The Administrator may, from time to time, employ such Experts as may be necessary for the proper discharge of the Administrative Services and the other duties of the Administrator hereunder.
- (c) The Administrator may rely, and shall be protected in acting, upon any instrument or other documents believed by it, acting reasonably, to be genuine and in force.



### **6.3 Liability of Administrator in respect of Administrative Services**

Notwithstanding anything contained herein, the Trust Service Providers shall not, either directly or indirectly, be liable, answerable or accountable to the Trust, the Trustee (or any affiliates of either) or any Beneficiary, for:

- (a) any loss or damage resulting from, or incidental or relating to, the performance or non-performance of the Administrative Services by any of the Trust Service Providers (irrespective of whether such services have been provided before the Effective Date), including any exercise of, or refusal to exercise, a discretion, any mistake or error of judgment, or any act or omission believed by a Trust Service Provider to be within the scope of authority conferred thereon by this Agreement or the Trust Indenture, unless such loss or damage resulted from the fraud, willful misconduct or gross negligence of a Trust Service Provider, or breach of the Standard of Care by the Trust Service Provider, in performing the Administrative Services, in which case the benefit of this subsection 6.3(a) shall not apply to that Trust Service Provider;
- (b) any loss or damage resulting from, or incidental or relating to, the performance or non-performance of the Administrative Services by any of the Trust Service Providers (irrespective of whether such services have been provided before the Effective Date), where such loss or damage is attributable to acting in accordance with the instructions of the Trustee, provided that the Trust Service Providers will bear, on a several basis, their proportionate share of liability in the event of joint or contributory liability with the Trustee;
- (c) any loss or damage resulting from, or incidental or relating to, any act or omission by any of the Trust Service Providers (irrespective of whether such act or omission occurred prior to the Effective Date), provided that such act or omission is based upon the Trust Service Provider's reliance on (i) statements of fact of Knowledgeable Persons (excluding persons with whom the Administrator is affiliated); or (ii) the opinion or advice of, or information obtained from, any Expert; and
- (d) any damage, injury or loss of an indirect or consequential nature, including loss of profits, suffered by the Trust, the Trustee (or their respective employees, agents, servants, or those for whom each is in law responsible), or any Beneficiary, or any of their respective affiliates, which is in any way connected with the activities, investments or affairs of the Trust or the performance or non-performance of the Administrative Services or any other aspect of this Agreement or the Trust Indenture (irrespective of whether such services have been provided before the Effective Date), howsoever and whensoever caused, and whether arising in contract, tort or otherwise.

Each of the Parties hereby acknowledges and agrees that the limits of liability provided for in this Section 6.3 shall not only be enforceable by the Administrator but shall also be enforceable directly by each of the other Trust Service Providers and, provided that the Administrator is also acting as agent and trustee for each of the other Trust Service Providers as regards the limitations of liability conferred upon such Trust Service Providers by this Section 6.3, and the Administrator shall hold and enforce same, to the extent necessary, for the benefit of such Trust Service Providers except to the extent that one or more Trust Service Providers have given written notice to the Administrator revoking its authority to act as agent and trustee in this regard.

The Administrator may rely, and shall be protected in acting, upon any instrument or other documents believed by it, acting reasonably, to be genuine and in force.

#### **6.4 Additional Information**

The Parties acknowledge and agree that conducting the activities and providing the Administrative Services contemplated herein may have the incidental effect of providing additional information ("**Additional Information**") which may be utilized with respect to, or which may augment the value of, business interests and related assets in which the Administrator, or one or more affiliates or associates of the Administrator, has an interest and that the Administrator shall not be liable to account to the Trustee, the Trust or any Beneficiary with respect to such activities or results; provided, however, that the Administrator shall not, in making any use of Additional Information, do so in any manner that the Administrator knew, or ought reasonably to have known: (i) would cause or result in a breach of any confidentiality provision hereof or of any other agreement by which the Trustee or the Trust is bound, (ii) would constitute a breach of the Standard of Care; or (iii) results, or could reasonably be expected to result, in a Conflict Matter.

#### **6.5 Confidentiality**

The Administrator hereby agrees that, unless the written consent of the Trustee is obtained, the Administrator will not at any time use, disclose or make available, to any person, any information (herein "**Confidential Information**") concerning the activities, investments and affairs of the Trust which is acquired in connection with the performance of the Administrative Services by the Administrator, provided that notwithstanding the foregoing:

- (a) the Administrator may make use of, reveal or disclose Confidential Information:
  - (i) as may be expressly permitted by this Agreement, or necessary or advisable for the performance of this Agreement;
  - (ii) where it is already in the public domain when disclosed to the Administrator or becomes, after having been disclosed to the Administrator, generally available to the public through publication or otherwise unless the publication or other disclosure was made directly or indirectly by the Administrator in breach of this Agreement;
  - (iii) as required in order to comply with Applicable Laws, the orders or directions of any Governing Authority, the requirements of any stock exchange or clearing house, or the requirements of any other regulatory authority having jurisdiction, including compliance with the disclosure obligations of the Administrator;
  - (iv) where it was made available to the Administrator on a non-confidential basis from a third party source, or where such information can be demonstrated by the Administrator to have come into its possession independently of anything done by the Administrator under or pursuant to this Agreement;
  - (v) to affiliates and associates of the Administrator, and to the officers, directors, employees, agents, delegates hereunder or other representatives (including consultants, financial institutions and other advisors) of the Administrator and its affiliates and associates, provided such persons have agreed to maintain such Confidential Information in confidence on terms substantially similar to those in

this Section 6.5 and that such persons will not use, disclose or make available any such Confidential Information in respect of a Conflict Matter; and

- (vi) as necessary in connection with any dispute resolution or any litigation commenced in respect of this Agreement; and
- (b) the Parties agree that:
  - (i) nothing in this Section 6.5 shall prevent the Administrator from using Additional Information (as defined in Section 6.4) in respect of any other business interests or assets of the Administrator or its affiliates or associates in compliance with Section 6.4, provided that in connection with such use the Administrator does not disclose such Additional Information to any other person except in the circumstances set forth in subsection 6.5(a);
  - (ii) the obligations under this Section 6.5, with respect to any particular item of Additional Information, shall expire and be at an end on the second anniversary of the Administrator's receipt of the particular item of Additional Information in question; and
  - (iii) the Administrator shall cause the agreements into which it enters with its affiliates, associates, officers, directors, employees and agents to require compliance with the Administrator's obligations pursuant to this Section 6.5, and to extend to such persons the Administrator's rights in this regard.

## **ARTICLE 7**

### **INDEMNIFICATION**

#### **7.1 Indemnification of the Administrator and Delegates**

The Administrator, its affiliates, associates and any person who is serving or shall have served as a director, officer, employee or agent of the Administrator, Can Holdco or US Opco, or of their respective affiliates or associates, and any respective heirs, legal representatives and successors of any of the foregoing (collectively the "**Administrator Indemnitees**"), shall be indemnified and saved harmless out of the Trust Property from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement (with the approval of the Trustee, acting reasonably), and legal fees on a solicitor-client basis, including reasonable disbursements) of whatsoever kind or nature (collectively "**Claims**") incurred by, borne by or asserted against any of the Administrator Indemnitees and which in any way arise from or relate in any manner to this Agreement, the Trust Indenture, or the performance or non-performance of the Administrative Services (irrespective of whether such services have been provided before the Effective Date), unless such Claims arise from the fraud, willful misconduct, gross negligence, or breach of the terms and conditions of this Agreement by, of any of the Administrator Indemnitees, provided that for greater certainty, in the event that any Claim arises from such fraud, willful misconduct or gross negligence or breach of the terms and conditions of this Agreement only the Administrator Indemnitee guilty of same will lose its right of indemnity hereunder as long as such Administrator Indemnitee was delegated its responsibility in accordance with the Standard of Care.

The foregoing right of indemnification shall not derogate from any other rights to which the Administrator Indemnitees may be entitled as a matter of law or equity or which may be lawfully granted to such person.

## 7.2 Indemnification of the Trust and the Trustee

Subject to limitations on liability of the Administrator contained in this Agreement, the Trust, the Trustee and any person who is serving or shall have served as a director, officer or employee of the Trustee, and any respective heirs, legal representatives and successors of any of the foregoing (the "**Trust Indemnitees**"), shall be indemnified and saved harmless by the Administrator from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement (with the approval of the Administrator, acting reasonably), and legal fees on a solicitor-client basis, including reasonable disbursements) of whatsoever kind or nature (collectively "**Trust Claims**") incurred by, borne by or asserted against any of the Trust Indemnitees and which arise from the fraud, willful misconduct or gross negligence of, or breach of the terms and conditions of this Agreement by, the Administrator in the performance of the Administrative Services, unless such Trust Claims arise from the fraud, willful misconduct or gross negligence or breach of the terms and conditions of this Agreement on the part of a Trust Indemnitee, or are attributable to actions undertaken on the specific instructions of the Trustee, provided for greater certainty that the actions of the Administrator with respect to the Administrative Services shall not be considered to have been undertaken on behalf of the Trust or the Trustee in this regard.

The foregoing right of indemnification shall not derogate from any other rights to which the Trust Indemnitees may be entitled as a matter of law or equity or which may be lawfully granted to such person.

## 7.3 Method of Asserting Claims

- (a) If a Party entitled to indemnification pursuant to the terms hereof (the "**Indemnified Party**") intends to seek indemnification under this Article 7 from the other Party (the "**Indemnifying Party**"), the Indemnified Party shall give the Indemnifying Party notice of such claim for indemnification promptly following the receipt or determination by the Indemnified Party of actual knowledge or information as to the factual and legal basis of any claim which is subject to indemnification and, where such claim results from the commencement of any claim or action by a third party, promptly following receipt of written notice of such third party claim or action. The failure of, or delay by, an Indemnified Party to so notify the Indemnifying Party (as set forth above) shall not relieve the Indemnifying Party of its indemnification obligations hereunder to the Indemnified Party, however the liability which the Indemnifying Party has to the Indemnified Party pursuant to the terms of this Article 7 (and for which the Indemnifying Party will be obligated to indemnify the Indemnified Party in respect of) shall be reduced to the extent that any such delay in or failure to give notice as herein required prejudices the defence of any such action, suit, proceeding, investigation or claim, or otherwise results in any increase in the liability which the Indemnifying Party has under its indemnity provided for herein.
- (b) The Indemnifying Party, at its sole cost and expense, shall have the right to assume the defence of any claim, action, suit, proceeding or investigation brought against the Indemnified Party with counsel designated by the Indemnifying Party and reasonably satisfactory to the Indemnified Party; provided that the Indemnifying Party will not, without the Indemnified Party's prior written consent (such consent not to be unreasonably withheld), settle, compromise, consent to the entry of any judgement in or otherwise seek to terminate any action, suit, proceeding, investigation or claim in respect of which indemnification may be sought hereunder (whether or not the Indemnified Party is a party thereto) unless such settlement, compromise, consent or termination includes a release of the Indemnified Party from all liabilities arising out of such action, suit,

proceeding, investigation or claim. The Indemnified Party will give to the Indemnifying Party and its counsel reasonable access to all business records and other documents relevant to such defence or settlement, and shall permit them to consult with the employees and counsel (if any) of the Indemnified Party.

- (c) Notwithstanding the foregoing:
- (i) if the defendants in any such action, suit, proceeding or investigation include both the Indemnified Party and the Indemnifying Party, and the Indemnified Party is advised by counsel that there are legal defences available to the Indemnified Party that are additional to those available to the Indemnifying Party and that in such circumstances representation by the same counsel would be inappropriate; or
  - (ii) if the Indemnified Party shall have reasonably concluded that the Indemnifying Party is not taking or has not taken, all necessary steps to diligently defend such claim, action, suit, proceeding or investigation, the Indemnified Party has provided written notice of same to the Indemnifying Party, and the Indemnifying Party has not rectified the situation within a reasonable time,

then the Indemnified Party shall have the right to retain separate counsel, the reasonable costs of which shall be at the Indemnifying Party's expense, to represent the Indemnified Party and to otherwise participate in the defence of such claim, action, suit, proceeding or investigation on behalf of such Indemnified Party. For further certainty, only one legal firm may be engaged at the expense of the Indemnifying Party.

- (d) Notwithstanding anything herein contained, an Indemnified Party shall have the right, at its sole cost and expense, to retain counsel to separately represent it in connection with the negotiation, settlement or defence of any claim, action, suit, proceeding or investigation brought by a third party provided, for further certainty, that such counsel shall not, unless agreed by the Indemnifying Party, assume control of the negotiation, settlement or defence.
- (e) Except to the extent expressly provided herein, no Indemnified Party shall settle any claim or action with respect to which it has sought or intends to seek indemnification pursuant to this Article 7 without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.
- (f) If the Indemnifying Party does not assume the defence of any claim, action, suit, proceeding or investigation brought against the Indemnified Party, then the Indemnified Party shall have the right to do so on its own behalf and all such expense in so doing shall be added to the amount of the claim for indemnification hereunder by such Indemnified Party as against the Indemnifying Party.

#### **7.4 Net Amount**

In the event that an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article 7, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's reasonable out-of-pocket losses (whether paid or payable), net of any such out-of-pocket losses recovered by the Indemnified Party from any other person; provided that the foregoing shall

not be construed so as to obligate an Indemnified Party to pursue or seek recovery of any of its out-of-pocket losses from any other person whomsoever, including insurers.

#### **7.5 Third Party Beneficiaries**

Each of the Parties hereby acknowledges and agrees that the rights of indemnification provided for in this Article 7 shall not only be enforceable by the Parties hereto but shall be enforceable directly by each of the Administrator Indemnitees and each of the Trust Indemnitees, as the case may be, and in this respect it is further acknowledged and agreed that:

- (a) the Administrator is acting as agent and trustee for the Administrator Indemnitees as regards the covenants of the Trust, pursuant to Section 7.1, with respect to the indemnification of the Administrator Indemnitees; and
- (b) the Trustee is acting as agent and trustee for the Trust Indemnitees as regards the covenants of the Administrator, pursuant to Section 7.2, with respect to indemnification of the Trust Indemnitees;

#### **7.6 Subrogation Rights**

If an Indemnified Party has a right against a person (other than as against one of the other parties to be indemnified by the Indemnifying Party) with respect to any damages or other amounts paid by the Indemnifying Party, then the Indemnifying Party shall, to the extent of such payment and to the extent permitted by Applicable Law, be subrogated to the rights of such Indemnified Party as against such person. Notwithstanding the foregoing, no Indemnifying Party shall be subrogated to any insurance rights of any Indemnified Party.

#### **7.7 Survival**

The obligation to indemnify under this Article 7 will continue in full force and effect notwithstanding the expiration or termination of this Agreement, with respect to any loss, claim, liability, damage or other expense based on events, conditions or circumstances which occurred or are attributable to the period prior to such expiration termination.

### **ARTICLE 8 TERM**

#### **8.1 Term**

This Agreement shall become effective as of the Effective Date and, subject to Section 8.2, shall continue in full force and effect until December 31, 2012 (the "**Initial Term**") and may only be terminated in the circumstances described in Article 9.

#### **8.2 Renewal**

This Agreement shall be automatically renewed upon expiry of the Initial Term for additional successive terms of one year each (each a "**Renewal Term**"), unless at least thirty (30) days prior to the expiry of the Initial Term or any Renewal Term, as the case may be, the Administrator provides the Trust, or the Trust provides the Administrator, with written notice indicating that the Agreement shall not be renewed at the expiry of such Initial Term or applicable Renewal Term, as the case may be.

### 8.3 Survival

Any obligation or liability of the Parties which arises pursuant to the terms hereof and which occurred or is attributable to the period prior to the expiration or termination of this Agreement shall survive such expiration or termination including, for greater certainty, all payment obligations of the Trust in respect of amounts accrued to and in favour of the Administrator hereunder.

## **ARTICLE 9** **TERMINATION**

### 9.1 Events of Termination by the Administrator

The Trustee or the Trust shall be in default under this Agreement upon the occurrence of any of the following events, each of which shall be deemed an event of termination with respect to the Trust for the purposes of this Agreement (a "**Trust Event of Termination**"):

- (a) in the event that the Trustee or the Trust breaches or fails to observe or perform any of their respective material obligations, covenants or responsibilities under this Agreement, and within sixty (60) days after notice from the Administrator specifying the nature of such breach or failure (for purposes of this Section 9.1, the "**Cure Period**"), the Trustee, as applicable, fails to cure such breach or failure if such breach or failure is reasonably remediable within such Cure Period, or if such breach or failure is not reasonably remediable within such Cure Period, the Trustee, as applicable, fails to commence to take, within the Cure Period, steps to remedy such default and to thereafter proceed diligently and as expeditiously as reasonably possible to cure or remedy such breach or failure;
- (b) in the event that the Trustee or the Trust shall: (i) institute proceedings to be adjudicated a voluntary bankrupt or consent to the filing of a bankruptcy proceeding against it; or (ii) file a petition or answer or consent, or take other proceedings, seeking reorganization, readjustment, arrangement, composition or similar relief under any Canadian federal or provincial law available for the protection of bankrupt or insolvent debtors; or (iii) consent to the appointment of a receiver, liquidator, trustee or assignee in bankruptcy of the Trust; or (iv) be voluntarily liquidated or wound up; or (v) otherwise take any action that acknowledges its insolvency; and
- (c) in the event that the Trustee or the Trust is subject to: (i) proceedings for the appointment of a receiver, receiver/manager or trustee in respect of its assets; or (ii) proceedings for the dissolution, liquidation or winding up of the Trust, as the case may be, and such proceedings are not being contested in good faith by appropriate proceedings or, if so contested remain outstanding, undismissed and unstayed for more than thirty (30) days from the institution of such proceeding.

### 9.2 Remedies of the Administrator

Upon the occurrence of a Trust Event of Termination, and without recourse to legal process and without limiting any other rights or remedies which the Administrator may have at law or otherwise, the Administrator may immediately terminate this Agreement by written notice of such termination delivered to the Trustee.

### 9.3 Events of Termination by the Trust

The Administrator shall be in default under this Agreement upon the occurrence of any of the following events, each of which shall be deemed to be an event of termination with respect to the Administrator for the purposes of this Agreement (an "**Administrator Event of Termination**"):

- (a) in the event that the Administrator breaches or fails to observe or perform any of the Administrator's material obligations, covenants or responsibilities under this Agreement, and:
  - (i) prior to receipt of the Ordinary Resolution contemplated by subsection 9.3(a)(ii) or within sixty (60) days after notice from the Trustee specifying the nature of such breach or failure, whichever last occurs, (for purposes of this Section 9.3, the "**Cure Period**"), the Administrator fails to cure such breach or failure if such breach or failure is reasonably remediable within such Cure Period, or if such breach or failure is not reasonably remediable within such Cure Period, the Administrator fails to commence to take, within the Cure Period, steps to remedy such default and to thereafter proceed diligently and as expeditiously as reasonably possible to cure or remedy such breach or failure; and
  - (ii) such termination has been authorized by an Ordinary Resolution of the Unitholders;
- (b) in the event that the Administrator shall: (i) institute proceedings to be adjudicated a voluntary bankrupt or consent to the filing of a bankruptcy proceeding against it; or (ii) file a petition or answer or consent, or take other proceedings, seeking reorganization, readjustment, arrangement, composition or similar relief under any Canadian federal or provincial law available for the protection of bankrupt or insolvent debtors; or (iii) consent to the appointment of a receiver, liquidator, trustee or assignee in bankruptcy of the Administrator; or (iv) be voluntarily liquidated or wound up; or (v) otherwise take any action that acknowledges its insolvency; and
- (c) in the event that the Administrator is subject to: (i) proceedings for the appointment of a receiver, receiver/manager or trustee in respect of its assets; or (ii) proceedings for the dissolution, liquidation or winding up of the Administrator, and such proceedings are not being contested in good faith by appropriate proceedings or, if so contested remain outstanding, undismissed and unstayed for more than thirty (30) days from the institution of such proceeding.

### 9.4 Remedies of the Trustee

Upon the occurrence of an Administrator Event of Termination, and without recourse to legal process and without limiting any other rights or remedies which the Trustee may have at law or otherwise, the Trustee may immediately terminate this Agreement by written notice of such termination delivered to the Administrator.

### 9.5 Dispute as to the Occurrence of an Event of Termination

Should a Party dispute in good faith that a Trust Event of Termination or an Administrator Event of Termination, as the case may be, has occurred under this Article 9, such dispute shall be submitted to arbitration by the disputing Party (in accordance with the provisions of Article 11 hereof) no later than ten



Business Days following the occurrence of such alleged event of termination (provided, for greater certainty, that the aforesaid ten Business Day period shall not commence to run until after any applicable Cure Period in respect of such alleged event of termination has elapsed).

#### **9.6 Post Termination Arrangements**

In the event of a termination of this Agreement:

- (a) The Administrator shall deliver, to such successor administrator of the Trust as has then been appointed or failing such appointment, to the Trustee, the following:
  - (i) all books, records, accounts, documents and manuals which the Administrator has developed and maintained in connection with the performance of its obligations and duties associated with the provision of the Administrative Services (the "**Books and Records**"); and
  - (ii) all money and other financial instruments which the Administrator is then holding for, or on behalf of, the Trust.
- (b) The Administrator shall be reimbursed for all Trust Expenses accrued or incurred hereunder, as accrued or incurred (as applicable) on or prior to the date of termination, and the Parties shall take all steps as may be reasonably required to complete any final accounting between them in respect to any Trust Expenses payable or reimbursable hereunder and to provide, if applicable, for the completion of any other matter contemplated by this Agreement.
- (c) Notwithstanding subsection 9.6(a)(i), the Administrator, prior to delivery of the Books and Records to the successor administrator to the Trust, shall be entitled to retain copies of any of the Books and Records as are reasonably necessary for preparing tax returns, conducting ongoing or contemplated negotiations with tax authorities, fulfilling any then present or contemplated obligations to any applicable Governing Authority and investigating, defending, litigating or prosecuting any ongoing, pending, threatened or potential claims by or against the Administrator or its affiliates. For a period of seven years from the date of delivery of the Books and Records, the Trustee shall ensure that the successor administrator to the Trust (as the case may be) shall retain all Books and Records so transferred to it by the Administrator. So long as any such Books and Records are so retained pursuant to this Agreement, without undue interference to the operations of the Trust, the Administrator shall have the right to inspect and to make copies of such Books and Records at any time upon reasonable request during normal business hours and upon reasonable notice for the purpose of preparing tax returns, conducting negotiations with tax authorities, fulfilling any obligation to any applicable Governing Authority and investigating, defending, litigating or prosecuting any ongoing, pending, threatened or potential claims by or against the Administrator or its affiliates.
- (d) The Administrator shall execute all agreements and other instruments, and do all such other acts and things, as may be required to facilitate the assignment of contracts and other rights described in subsection 2.7(d).

**ARTICLE 10**  
**FORCE MAJEURE**

**10.1 Consequences of Force Majeure**

Neither party shall be liable to the other, or held in breach of this Agreement if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

**10.2 Notice**

The Party seeking to invoke the benefit of Section 10.1 shall: (a) give the other Party prompt written notice of the particulars of the event in question and, if reasonably ascertainable, its expected duration; and (b) use its commercially reasonable efforts to remedy its inability to perform.

**ARTICLE 11**  
**RESOLUTION OF DISPUTES AND ARBITRATION**

**11.1 Dispute**

A dispute or disagreement of any kind or nature between the Parties arising out of or in connection with this Agreement (a "**Dispute**"), including pursuant to Section 9.5, will be resolved in accordance with this Article 11 to the extent permitted by law.

**11.2 Arbitration**

- (a) Any Dispute required to be submitted to arbitration hereunder or which the Parties agree in writing to submit to arbitration hereunder, shall be presided over by one arbitrator pursuant to the procedure set forth in this Section 11.2 and pursuant to the provisions of the *Arbitration Act* (Alberta). If the provisions of this Section 11.2 are inconsistent with the provisions of the *Arbitration Act* (Alberta) and to the extent of such inconsistency, the provisions of this Section 11.2 shall prevail.
- (b) Any Party may commence a proceeding for arbitration of a Dispute by making a demand for arbitration of a Dispute by sending a notice (the "**Arbitration Notice**") in writing to the other Party setting forth the nature of the Dispute, the amount involved and the name of the arbitrator the initiating Party proposes to be appointed.
- (c) Within thirty days after deemed receipt (in accordance with Section 12.6) of the Arbitration Notice by the Party to whom it is sent, the Parties shall agree on the designation of an arbitrator; should the Parties fail to do so, an arbitrator shall be appointed by a judge of the Court of Queen's Bench for the Province of Alberta, upon motion by any Party (the "**Arbitrator**"). The Parties agree to exercise their commercially reasonable efforts to select, or have selected, an arbitrator who has, objectively viewed, a reasonable level of expertise and experience related to the relevant matters in dispute so as to be competent to resolve the matter appropriately.

- (d) Arbitration hearings shall be held in Calgary, Alberta and shall commence no later than fifteen days after the appointment of the Arbitrator in accordance with subsection 11.2(c). The decision of the Arbitrator shall be final, without appeal, and binding upon the Parties.
- (e) Each Party shall bear the costs and expenses of lawyers, consultants, advisors, witnesses and employees retained by it in any arbitration. The expenses of the Arbitrator shall be paid equally by the Parties unless the Arbitrator provides otherwise in its award.

### **11.3 Continued Performance**

Notwithstanding Article 9, during any Dispute resolution process contemplated by this Article 11, the Parties shall continue to perform their respective obligations under this Agreement and none of the Parties shall exercise any other remedies to resolve such Dispute.

## **ARTICLE 12 GENERAL MATTERS**

### **12.1 No Partnership, Joint Venture or Trust**

The Parties are not and shall not be deemed to be partners or joint venturers with one another and nothing herein shall be construed so as to impose any liability as such on any of them. The Parties agree that the Administrator shall perform the Administrative Services as an independent contractor (with its duties and obligations as expressly provided herein and in the Trust Indenture) for and on behalf of the Trustee or the Trust, and it is acknowledged and agreed that only where the Administrator undertakes execution of contracts or other instruments for and on behalf of the Trustee or the Trust, as the case may be, may the Administrator then be acting as an agent of the Trustee. In no circumstances shall the Administrator be, or be deemed to be, a fiduciary or trustee for any person, whether or not a Party, in connection with the discharge by the Administrator of such Administrative Services.

### **12.2 Amendments**

This Agreement shall not be amended or varied in its terms by oral agreement or by representations or otherwise except by instrument in writing executed by the duly authorized representatives of the Parties hereto or their respective successors or assigns.

### **12.3 Assignment**

The Trustee shall not sell or assign its interest in this Agreement to a third party without the prior written consent of the Administrator, which consent shall not be unreasonably withheld. The Administrator shall not sell or assign its interest in this Agreement to a third party without the prior consent of the Unitholders by Ordinary Resolution.

Upon any such assignment by the Trustee or the Administrator in accordance with the terms hereof, the Trustee or the Administrator and the assignee shall execute and deliver such documents as are acceptable to the signatories thereof. Notwithstanding the foregoing, in the event of any assignment or sale by the Administrator of its interest hereunder, the Parties agree that the Administrator shall be released from its duties and obligations hereunder from and after the date of such assignment or sale.

#### **12.4 Change of Control**

There shall be no Change of Control without the prior consent of the Unitholders by Ordinary Resolution, provided that the shares of the Administrator may be transferred in compliance with the terms and conditions of the Voting Agreement without the prior consent of the Unitholders.

#### **12.5 Severability**

The provisions of this Agreement are severable. In the event of the unenforceability or invalidity of any one or more of the terms, covenants, conditions or provisions of this Agreement under Applicable Laws, such unenforceability or invalidity shall not render any of the other terms, covenants, conditions or provisions hereof unenforceable or invalid; and the Parties agree that this Agreement shall be construed as if such unenforceable or invalid term, covenant or condition was never contained herein.

#### **12.6 Notices**

All notices required or permitted pursuant to the terms of this Agreement shall be in writing and shall be given by personal delivery or facsimile transmittal during normal business hours on any Business Day to the address for the Administrator or the Trustee, as applicable, as set forth below. Any such notice or other communication given hereunder shall, if personally delivered or sent by facsimile transmittal (with confirmation received), be conclusively deemed to have been given or made and received on the day of delivery or facsimile transmittal (as the case may be) if such delivery or facsimile transmittal occurs during normal business hours of the recipient on a Business Day and if not so delivered or transmitted during normal business hours on a Business Day, then on the next Business Day following the day of delivery or transmittal. The Parties hereto may give from time to time written notice of change of address in the manner aforesaid.

Notices shall be provided:

(a) To the Trustee:

Computershare Trust Company of Canada  
600, 530 – 8th Ave. S.W.  
Calgary, Alberta T2P 3S8

Attention: Manager, Corporate Trust  
Fax: (403) 267-6598

(b) To the Administrator:

Argent Energy Ltd.  
Suite 500, 321 – 6<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H3

Attention: Chief Executive Officer  
Fax: (403) 770-4850

**12.7 Waivers**

No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, such waiver shall be limited to the specific breach waived.

**12.8 Further Assurances**

Each of the Parties shall from time to time execute and deliver all such further documents and instruments and do all acts and things as any other Party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

**12.9 Entire Agreement**

This Agreement, together with the Trust Indenture, constitutes the entire agreement among the Parties with respect to the subject matter hereof and cancels and supersedes any prior understanding and agreements among the Parties with respect thereto, including the document appointing, and delegating certain responsibilities to, the Administrator, dated January 31, 2012. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory with respect to the subject matter hereof among the Parties, other than as expressly set forth in this Agreement and the Trust Indenture.

**12.10 Remedies**

Each Party acknowledges that its failure to observe or perform its covenants and agreements herein contained will result in damages to the other Party which may not be adequately compensated for by a monetary award. Accordingly, each Party hereto agrees that, in addition to all other remedies available to a Party at law or in equity in the event another Party fails to observe or perform its covenants herein, but subject to Section 11.3, a Party will be entitled as a matter of right to apply to a court of competent jurisdiction for such relief by way of restraining order, injunction, decree of specific performance or otherwise, as may be appropriate to ensure compliance by each Party with this Agreement.

**12.11 Enurement**

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

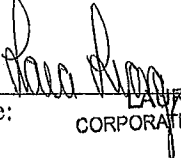
**12.12 Counterparts**


This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, and delivery of such counterparts may be affected by means of facsimile or other electronic transmission.

*[Remainder of Page Left Intentionally Blank]*

IN WITNESS WHEREOF the parties have hereunto executed this Agreement as of the day and year first above written.

**COMPUTERSHARE TRUST COMPANY OF  
CANADA, as trustee of ARGENT ENERGY  
TRUST**

  
Name: LAURA LEONG  
Title: CORPORATE TRUST OFFICER

  
Name: NAZIM NATHOO  
Title: CORPORATE TRUST OFFICER

**ARGENT ENERGY LTD.**

\_\_\_\_\_  
Brian Prokop  
Chief Executive Officer

\_\_\_\_\_  
Sean Bovingdon  
Chief Financial Officer

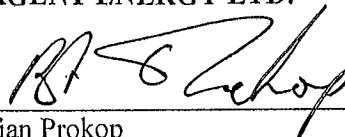
IN WITNESS WHEREOF the parties have hereunto executed this Agreement as of the day and year first above written.

**COMPUTERSHARE TRUST COMPANY OF CANADA, as trustee of ARGENT ENERGY TRUST**

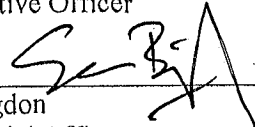
\_\_\_\_\_  
Name:  
Title:

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

**ARGENT ENERGY LTD.**



\_\_\_\_\_  
Brian Prokop  
Chief Executive Officer



\_\_\_\_\_  
Sean Bovingdon  
Chief Financial Officer

## SCHEDULE A

To the Administrative Services Agreement between Computershare Trust Company of Canada, as trustee of Argent Energy Trust, and Argent Energy Ltd. dated May 9, 2012 as the same may be amended, supplemented or amended and restated from time to time.

---

### CERTIFICATE OF COMPLIANCE

To: **COMPUTERSHARE TRUST COMPANY OF CANADA**, as trustee of Argent Energy Trust (the "**Trustee**")

All undefined, capitalized terms herein have the meaning ascribed thereto in the administrative services agreement (the "**Administrative Services Agreement**") dated May 9, 2012 between the Trustee and Argent Energy Ltd. (the "**Administrator**"), as the same may be amended, supplemented or amended and restated from time to time.

Pursuant to subsection 5.2(g) of the Administrative Services Agreement, the Administrator hereby certifies and confirms, with respect to the year ending December 31, 20\_\_ (the "**Completed Year**"), that to the best of its knowledge and belief:

- (a) the financial statements for the Trust, as required by Applicable Law and the Trust Indenture to be prepared on or prior to the date hereof in respect of the Completed Year, have been prepared and are complete, accurate and approved;
- (b) all regulatory filings and all filings required under the Tax Act required to be made by the Trust on or prior to the date hereof in respect of the Completed Year, have been accurately completed and filed;
- (c) all declarations and designations required to be made as of the date hereof under the Tax Act to ensure appropriate flow-through of income and capital have been made;
- (d) all clearance certificates required under the Tax Act from the Canada Revenue Agency, if any, have been obtained prior to making any distributions of property;
- (e) the Trust has maintained its status as a mutual fund trust under the Tax Act, including the dispersal of unitholder ownership requirements under the Tax Act and limitations on the ownership of "taxable Canadian property" (as defined in the Tax Act) as set forth in subsection 132(7) of the Tax Act;
- (f) the Trust has maintained its status as not being a "SIFT trust" for the purposes of the Tax Act;
- (g) the distribution of Units completed by the Trust during the Completed Year, are in compliance with all material regulatory requirements;
- (h) the investments of the Trust are in compliance, in all material respects, with the investment restrictions, practices and policies as set forth in the Trust Indenture, and with any other regulatory restriction or policy applicable to investments by the Trust;



- (i) all confirmations, quarterly statements and tax slips and other documents which have been prepared in respect of the Completed Year have been delivered to Unitholders, as required;
- (j) as of the date hereof the Administrator validly subsists under the laws of its jurisdiction of incorporation, is not insolvent, and is not under investigation by any regulatory authority;
- (k) all documentation required, on or prior to the date hereof, to be forwarded to the Trustee by the Administrator pursuant to the terms of the Trust Indenture or the Administrative Services Agreement, has been so forwarded, including the financial statements of the Trust, internal and external audit reports, statements of holdings of the Trust, and internal control documents;
- (l) there is no litigation pending against the Administrator or the Trust, to the best of the Administrator's knowledge, which has not been disclosed to the Trustee; and
- (m) the Administrator has complied with all of the terms and conditions of the Administrative Services Agreement and the Trust Indenture throughout the Completed Year.

The Administrator hereby covenants that it shall promptly inform the Trustee should the Trust or the Administrator fail to comply with any of the restrictions or conditions applicable to the Trust.

This Certificate is delivered to the Trustee by the undersigned in my capacity as an officer of the Administrator and not in my personal capacity, and no personal liability shall attach hereto.

Capitalized terms used herein but not defined shall have the meanings ascribed thereto in the Trust Indenture.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**ARGENT ENERGY LTD.,** as Administrator  
for **ARGENT ENERGY TRUST**

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

# EXHIBIT 5

CORPORATE ACCESS NUMBER: 2016762292

# Alberta

BUSINESS CORPORATIONS ACT

## CERTIFICATE OF INCORPORATION

ARGENT ENERGY (CANADA) HOLDINGS INC.  
WAS INCORPORATED IN ALBERTA ON 2012/05/04.

THIS IS EXHIBIT "5"  
referred to in the Affidavit of Declaration

Sean Bowington

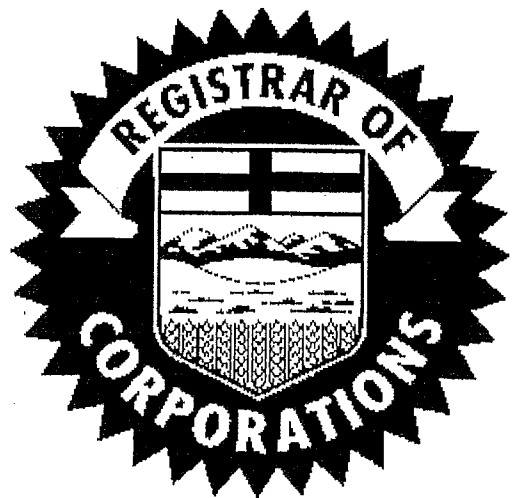
Sworn before me this 16<sup>th</sup>

day of February A.D. 2016

Kelsey Meyer

A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor



# Alberta

## Articles of Incorporation

1. Name of Corporation

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

2. The classes of shares, and any maximum number of shares that the corporation is authorized to issue:

One class of shares, to be designated as "Common Shares", in an unlimited number.

3. Restrictions on share transfers (if any):

The attached Schedule of Restrictions on Share Transfers is incorporated into and forms part of this form.

4. Number, or minimum and maximum number, of directors that the corporation may have:

Not less than One (1) director and not more than Seven (7) directors.

5. If the corporation is restricted FROM carrying on a certain business, or restricted TO carrying on a certain business, specify the restriction(s):

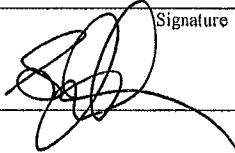
The attached Schedule of Restrictions on Business is incorporated into and forms part of this form.

6. Other rules or provisions (if any):

The attached Schedule of Other Provisions is incorporated into and forms part of this form.

7. Dated: 4 day of May, 2012

**Incorporators**

| Name of Person Authorizing (please print) | Address: (including postal code)                        | Signature   |
|---|---|---|
| Scott Jeffers                             | 4500, 855 - 2nd Street S.W.<br>Calgary, Alberta T2P 4K7 |  |

REGISTERED ON  
THE ALBERTA REGISTRIES  
CORES SYSTEM

MAY 04 2012

JS

## **SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS**

The right to transfer shares of the Corporation is restricted in that no shareholder shall be entitled to transfer any share or shares in the capital of the Corporation to any person who is not a shareholder of the Corporation unless the transfer has been approved by the board of directors of the Corporation.

## SCHEDULE OF RESTRICTIONS ON BUSINESS

The objects and powers of the Corporation are restricted to the following:

- (a) The Corporation is constituted exclusively for the purpose of investing in equity and debt securities of its affiliates and shall have such powers as are reasonably necessary or incidental to carry out such object and purpose, provided for greater certainty that the Corporation is prohibited from carrying on any business in Canada for purposes of the *Income Tax Act* (Canada) (the "Tax Act").
- (b) The Corporation is prohibited from acquiring or holding any property which constitutes "non-portfolio property" as defined in subsection 122.1(1) of the Tax Act or which would cause the Corporation to cease to qualify as a "portfolio investment entity" as defined in subsection 122.1(1) of the Tax Act.
- (c) The Corporation is prohibited from taking any action, or acquiring, retaining, or holding any investment in any entity or other property that would result in Argent Energy Trust being a SIFT trust, as defined in subsection 122.1(1) of the Tax Act.

## SCHEDULE OF OTHER PROVISIONS

1. The number of direct or indirect beneficial owners of securities of the Corporation will be limited to not more than 50, not including employees and former employees of the Corporation or any of its affiliates, provided that each person is counted as one beneficial owner unless the person is created or used solely to purchase or hold securities of the Corporation, in which case each beneficial owner or each beneficiary of the person, as the case may be, shall be counted as a separate beneficial owner. For purposes of this paragraph, the term "securities" does not include non-convertible debt securities of the Corporation.
2. Any invitation to the public to subscribe for securities of the Corporation is prohibited.
3. The Corporation has a lien on the shares of a shareholder or his legal representative for a debt of that shareholder to the Corporation.
4. The right to transfer securities of the Corporation, other than non-convertible debt securities, is restricted in that no securityholder shall be entitled to transfer any securities of the Corporation to any person who is not a securityholder of the Corporation unless the transfer has been approved by the board of directors of the Corporation.

**Articles of Incorporation**  
**For**  
**ARGENT ENERGY (CANADA) HOLDINGS INC.**

**Share Structure:** ONE CLASS OF SHARES, TO BE DESIGNATED AS "COMMON SHARES",  
IN AN UNLIMITED NUMBER.

**Share Transfers  
Restrictions:** THE ATTACHED SCHEDULE OF RESTRICTIONS ON SHARE  
TRANSFERS IS INCORPORATED INTO AND FORMS PART OF THIS  
FORM.

**Number of  
Directors:**

**Min Number of  
Directors:** 1

**Max Number of  
Directors:** 7

**Business Restricted  
To:** THE ATTACHED SCHEDULE OF RESTRICTIONS ON BUSINESS IS  
INCORPORATED INTO AND FORMS PART OF THIS FORM.

**Business Restricted  
From:** THE ATTACHED SCHEDULE OF RESTRICTIONS ON BUSINESS IS  
INCORPORATED INTO AND FORMS PART OF THIS FORM.

**Other Provisions:** THE ATTACHED SCHEDULE OF OTHER PROVISIONS IS  
INCORPORATED INTO AND FORMS PART OF THIS FORM.

**Registration Authorized By: SCOTT JEFFERS**  
**INCORPORATOR**



# Incorporate Alberta Corporation - Registration Statement

**Alberta Registration Date: 2012/05/04**

**Corporate Access Number: 2016762292**

**Service Request Number:** 17948994  
**Alberta Corporation Type:** Named Alberta Corporation  
**Legal Entity Name:** ARGENT ENERGY (CANADA) HOLDINGS INC.  
**French Equivalent Name:**  
**Nuans Number:** 105788083  
**Nuans Date:** 2012/05/04  
**French Nuans Number:**  
**French Nuans Date:**

## REGISTERED ADDRESS

**Street:** 4500, 855 - 2ND STREET S.W.  
**Legal Description:**  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 4K7

## RECORDS ADDRESS

**Street:** SUITE 500, ENERGY PLAZA, 321 - 6TH AVENUE S.W.  
**Legal Description:**  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 3H3

## ADDRESS FOR SERVICE BY MAIL

**Post Office Box:**  
**City:**  
**Province:**  
**Postal Code:**  
**Internet Mail ID:**

**Share Structure:** ONE CLASS OF SHARES, TO BE DESIGNATED AS "COMMON

SHARES", IN AN UNLIMITED NUMBER.

**Share Transfers  
Restrictions:**

THE ATTACHED SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

**Number of Directors:**

**Min Number Of  
Directors:** 1

**Max Number Of  
Directors:** 7

**Business Restricted To:** THE ATTACHED SCHEDULE OF RESTRICTIONS ON BUSINESS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

**Business Restricted  
From:** THE ATTACHED SCHEDULE OF RESTRICTIONS ON BUSINESS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

**Other Provisions:** THE ATTACHED SCHEDULE OF OTHER PROVISIONS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

**Professional  
Endorsement Provided:**

**Future Dating Required:**

**Registration Date:** 2012/05/04

---

**Director**

**Last Name:** TREMBLAY

**First Name:** ERIC

**Middle Name:**

**Street/Box Number:** SUITE 500, ENERGY PLAZA, 321 - 6TH AVENUE S.W.

**City:** CALGARY

**Province:** ALBERTA

**Postal Code:** T2P 3H3

**Country:**

**Resident Canadian:** Y

**Last Name:** PROKOP

**First Name:** BRIAN

**Middle Name:**

**Street/Box Number:** 535 SALEM AVENUE S.W.

**City:** CALGARY

**Province:** ALBERTA

**Postal Code:** T3C 2K7

**Country:**

**Resident Canadian:** Y

---

**Attachment**

| <b>Attachment Type</b>          | <b>Microfilm Bar Code</b> | <b>Date Recorded</b> |
|---------------------------------|---------------------------|----------------------|
| Restrictions on Share Transfers | ELECTRONIC                | 2012/05/04           |
| Other Rules or Provisions       | ELECTRONIC                | 2012/05/04           |
| Restrictions on Business        | ELECTRONIC                | 2012/05/04           |

**Registration Authorized By: SCOTT JEFFERS  
INCORPORATOR**

# EXHIBIT 6

# Delaware

PAGE 1

*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "ARGENT ENERGY (US) HOLDINGS INC.", FILED IN THIS OFFICE ON THE FOURTH DAY OF MAY, A.D. 2012, AT 7:41 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

THIS IS EXHIBIT " 6 "  
referred to in the Affidavit of Declaration

Sean Bovington

Sworn before me this 16<sup>th</sup>

day of February A.D. 20 16

[Signature]  
A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor

5150224 8100

120517074

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml).



[Signature]  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 9552573

DATE: 05-07-12

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 08:03 PM 05/04/2012  
REC'D 07:41 PM 05/04/2012  
20517074 - 5150224 FTLW

CERTIFICATE OF INCORPORATION  
OF  
ARGENT ENERGY (US) HOLDINGS INC.  
(a Delaware Corporation)

FIRST: The name of the Corporation is Argent Energy (US) Holdings Inc. (hereinafter called the "Corporation").

SECOND: The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purpose to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware. However, the business and purpose of the Corporation are restricted by the following:

(a) the Corporation is prohibited from carrying on any business in Canada for purposes of the *Income Tax Act* (Canada) (the "Tax Act");

(b) the Corporation is prohibited from acquiring or holding any property which constitutes "non-portfolio property" or which would cause the Corporation to cease to qualify as a "portfolio investment entity", each as defined in the Tax Act; and

(c) the Corporation is prohibited from taking any action or acquiring, retaining or holding any investment in any entity or other property that would result in Argent Energy Trust or any subsidiary (as defined in the *Securities Act* (Alberta)) thereof (including for greater certainty any trust, partnership or limited partnership) being a "SIFT trust" or a "SIFT partnership" as defined in the Tax Act.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is one thousand (1,000) shares of Common Stock, par value of one cent (\$0.01) per share.

FIFTH: The name of the incorporator is Adam Law, and his address is 1001 Fannin, Suite 2500, Houston, Texas 77002.

SIXTH: The name and mailing address of the directors of the Corporation who shall serve until the first annual meeting of stockholders or until their successors are elected and qualified, are as follows:

| <u>Name</u>  | <u>Address</u>  |
|--------------|---|
| Brian Prokop | Suite 500<br>321 - 6 <sup>th</sup> Avenue S.W.<br>Calgary, Alberta, Canada<br>T2P - 3H3 |

Richard Loudon

650 N. Sam Houston Pkwy, E.  
Suite 500  
Houston, Tx 77060  
USA

John Elzner

650 N. Sam Houston Pkwy, E.  
Suite 500  
Houston, Tx 77060  
USA

The number of directors of the Corporation shall be as specified in, or determined in the manner provided in, the bylaws of the Corporation. Election of directors need not be by written ballot.

SEVENTH: In furtherance of, and not in limitation of, the powers conferred by statute, the Board of Directors is expressly authorized to adopt, amend or repeal the bylaws of the Corporation provided that a majority of the directors approving any amendment or repeal of the bylaws must be resident in the United States.

EIGHTH: (a) No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

(b) Indemnification and Insurance.

(i) Right to Indemnification. (A) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was or has agreed to become a director or officer of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation, in any capacity, any corporation, partnership or other entity in which the Corporation has a partnership or other interest, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving or having agreed to serve as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in

connection therewith and such indemnification shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder and shall inure to the benefit of his or her heirs, executors and administrators, and (B) the Corporation shall indemnify and hold harmless in such manner any person designated by the Board of Directors, or any committee thereof, as a person subject to this indemnification provision, and who was or is made a party or is threatened to be made a party to a proceeding by reason of the fact that he, she or a person of whom he or she is the legal representative, is or was serving at the request of the Board of Directors of the Corporation as a director, officer, employee or agent of another corporation or a partnership, joint venture, trust or other enterprise whether such request is made before or after the acts taken or allegedly taken or events occurring or allegedly occurring which give rise to such proceeding; provided, however, that except as provided in subsection (b)(1) of this Section, the Corporation shall indemnify any such person seeking indemnification pursuant to this subsection in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred herein shall be a contract right based upon an offer from the Corporation which shall be deemed to have been made to a person subject to subsection (b)(1)(A) on the date hereof and to a person subject to subsection (b)(1)(B) on the date designated by the Board of Directors, shall be deemed to be accepted by such person's service or continued service as a director or officer of the Corporation for any period after the offer is made and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that if the Delaware General Corporation Law requires, the payment of such expenses incurred by a current, former or proposed director or officer in his or her capacity as a current, former or proposed director or officer (and not in any other capacity in which service was or is or has agreed to be rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such indemnified person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Section or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees or agents of the Corporation, individually or as a group, with the same scope and effect as the foregoing indemnification of directors and officers.

(11) Right of Claimant to Bring Suit. If a written claim received by the Corporation from or on behalf of an indemnified party under Section (b)(1) of this Article is not paid in full by the Corporation within 30 days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any



proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(iii) **Nonexclusivity of Rights.** The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any right which any person may have or hereafter acquire under any law (common or statutory), provision of the Certificate of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

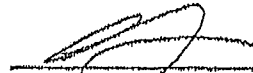
(iv) **Insurance.** The Corporation may maintain insurance, at its expense, to protect itself and any person who is or was serving as a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

(v) **Severability.** If any subsection of this Section (b) of this Article shall be deemed to be invalid or ineffective in any proceedings, the remaining subsections hereof shall not be affected and shall remain in full force and effect.

**NINTH:** The Corporation shall have the right, subject to any express provisions or restrictions contained in the certificate of incorporation or bylaws of the Corporation, from time to time, to amend the certificate of incorporation or any provision thereof in any manner now or hereafter provided by law, and all rights and powers of any kind conferred upon a director or stockholder of the Corporation by the certificate of incorporation or any amendment thereof are subject to such right of the Corporation.

*[Signature Page Follows]*

I, the undersigned, being the Incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this certificate, hereby declaring that this is my act and deed and that the facts herein stated are true, and accordingly have hereunto set my hand this 4<sup>th</sup> day of May, 2012.



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Adam Law, Incorporator

# Delaware

PAGE 1

*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "ARGENT ENERGY (US) HOLDINGS INC.", FILED IN THIS OFFICE ON THE ELEVENTH DAY OF OCTOBER, A.D. 2012, AT 10:38 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

5150224 8100

121118547

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 9908351

DATE: 10-11-12

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 10:58 AM 10/11/2012  
FILED 10:38 AM 10/11/2012  
SRV 12118547 - 5150224 FILE

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
ARGENT ENERGY (US) HOLDINGS INC.  
(a Delaware Corporation)

(Pursuant to Sections 228 and 242 of the  
General Corporation Law of the State of Delaware)

Argent Energy (US) Holdings Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "DGCL"), hereby certifies as follows:

WHEREAS, the Corporation was incorporated on May 4, 2012 to the DGCL upon the filing of the Certificate of Incorporation of the Corporation (the "Certificate");

WHEREAS, the Board of Directors of the Corporation, at a special meeting held on October 9, 2012, adopted a resolution proposing and declaring advisable this amendment to the Certificate to increase the total number of shares of all classes of stock which the Corporation shall have the authority to issue to ten thousand (10,000) shares of Common Stock, par value of one cent (\$0.01) per share, and directing that such resolution be considered by the sole stockholder of the Corporation;

WHEREAS, the sole stockholder of the Corporation, by a written consent in lieu of a special meeting, dated October 10, 2012, adopted a resolution adopting this amendment.

NOW, THEREFORE, pursuant to Sections 228 and 242 of the DGCL, this Certificate of Amendment hereby amends the Certificate as follows:

1. Amendment to Article Fourth

(a) Article Fourth of the Certificate is hereby amended and restated to read in its entirety as follows:

The total number of shares of all classes of stock which the Corporation shall have authority to issue is ten thousand (10,000) shares of Common Stock, par value of one cent (\$0.01) per share.

IN WITNESS WHEREOF, the undersigned has caused this Certificate of Amendment of Certificate of Incorporation to be executed this October 12, 2012, effective for all purposes as provided above.

ARGENT ENERGY (US) HOLDINGS  
INC.

By:   
Name: Brian Prokop  
Title: Chief Executive Officer

*Executton Verston*

BYLAWS  
OF  
ARGENT ENERGY (US) HOLDINGS INC.

A Delaware Corporation

Date of Adoption:

May 22, 2012

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BYLAWS  
OF  
ARGENT ENERGY (US) HOLDINGS LTD.

ARTICLE I  
OFFICES

Section 1. Registered Office. The registered office of Argent Energy (US) Holdings Inc. (the "Corporation") required by the General Corporation Law of the State of Delaware (the "DGCL") to be maintained in the State of Delaware, shall be the registered office named in the original Certificate of Incorporation of the Corporation (as the same may be amended and restated from time to time, the "Certificate of Incorporation"); or such other office as may be designated from time to time by the Board of Directors in the manner provided by law. Should the Corporation maintain a principal office within the State of Delaware such registered office need not be identical to such principal office of the Corporation.

Section 2. Other Offices. The Corporation may have offices at such other places in the United States both within and without the State of Delaware as the Board of Directors may from time to time determine or as the business of the Corporation may require. The Corporation shall not have offices outside the United States.

ARTICLE II  
STOCKHOLDERS

Section 1. Place of Meetings. All meetings of the stockholders shall be held at the principal office of the Corporation, or at such other place within or without the State of Delaware as shall be specified or fixed in the notices or waivers of notice thereof. The Board of Directors, in its sole discretion, may determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communications pursuant to Section 211(a) of the Delaware General Corporation Law.

Section 2. Quorum; Adjournment of Meetings. Unless otherwise required by law or provided in the Certificate of Incorporation or these bylaws, the holders of shares of stock with a majority of the voting power entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at any meeting of stockholders for the transaction of business and the act of the holders of a majority of the voting power of such stock so represented at any meeting of stockholders at which a quorum is present shall constitute the act of the meeting of stockholders. The stockholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Shares of its own stock belonging to the Corporation or to another corporation, if such shares of stock represent a majority of the voting power entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any subsidiary of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Notwithstanding the other provisions of the Certificate of Incorporation or these bylaws, the chairman of the meeting or the holders of shares of stock with a majority of the voting power present in person or represented by proxy at any meeting of stockholders, whether or not a quorum is present, shall have the power to adjourn such meeting from time to time, without any notice other than announcement at the meeting of the time and place of the holding of the adjourned meeting; provided, however, if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at such meeting. At any such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally called.

Section 3. Annual Meetings. An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, within or without the State of Delaware, on such date, and at such time as the Board of Directors shall fix and set forth in the notice of the meeting, which date shall be within thirteen (13) months subsequent to the later of the date of incorporation or the last annual meeting of stockholders.

Section 4. Special Meetings. Unless otherwise provided in the Certificate of Incorporation, special meetings of the stockholders for any purpose or purposes may be called at any time by the Chairman of the Board (if any), by the chief executive officer or by a majority of the Board of Directors, or by a majority of the executive committee (if any), and shall be called by the Chairman of the Board (if any), by the chief executive officer or the Secretary upon the written request therefor, stating the purpose or purposes of the meeting, delivered to such officer, signed by the holder(s) of at least 75 percent (75%) of the issued and outstanding stock entitled to vote at such meeting.

Section 5. Record Date. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders, or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors of the Corporation may fix, in advance, a date as the record date for any such determination of stockholders, which date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action.

If the Board of Directors does not fix a record date for any meeting of the stockholders, the record date for determining stockholders entitled to notice of or to vote at such meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if in accordance with Article VIII, Section 3 of these bylaws notice is waived, at the close of business on the day next preceding the day on which the meeting is held. If, in accordance with Section 12 of this Article II, corporate action without a meeting of stockholders is to be taken, the record date for determining stockholders entitled to express consent to such corporate action in writing, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed. The record date for determining stockholders for any other purpose

shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Notice of Meetings. Written notice of the place, date and hour of all meetings, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by or at the direction of the Chairman of the Board (if any) or the chief executive officer, the Secretary or the other person(s) calling the meeting to each stockholder entitled to vote thereat and shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, personally, by electronic transmission or by mail. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his or her address as it appears on the records of the Corporation. The Corporation may provide stockholders with notice of a meeting by electronic transmission provided such stockholders have consented to receiving electronic notice.

Section 7. Stock List. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in the name of such stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either on a reasonably accessible electronic network, provided that the information required to gain access to the list is provided with the notice of the meeting, or during ordinary business hours, at the principal place of business of the Corporation. The stock list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 8. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to a corporate action in writing without a meeting may authorize another person or persons to act for him by proxy. Proxies for use at any meeting of stockholders shall be filed with the Secretary, or such other officer as the Board of Directors may from time to time determine by resolution, before or at the time of the meeting. All proxies shall be received and taken charge of and all ballots shall be received and canvassed by the secretary of the meeting who shall decide all questions touching upon the qualification of voters, the validity of the proxies, and the acceptance or rejection of votes; unless an inspector or inspectors shall have been appointed by the chairman of the meeting, in which event such inspector or inspectors shall decide all such questions.

No proxy shall be valid after three (3) years from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless expressly provided therein to be irrevocable and coupled with an interest sufficient in law to support an irrevocable power.

Should a proxy designate two or more persons to act as proxies, unless such instrument shall provide the contrary, a majority of such persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, each proxy so attending shall be entitled to exercise such powers in respect of the same portion of the shares as he or she is of the proxies representing such shares.

Section 9. Voting; Elections; Inspectors. Unless otherwise required by law or provided in the Certificate of Incorporation, each stockholder shall have one vote for each share of stock entitled to vote which is registered in his or her name on the record date for the meeting. Shares registered in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxy as the bylaw (or comparable instrument) of such corporation may prescribe, or in the absence of such provision, as the Board of Directors (or comparable body) of such corporation may determine. Shares registered in the name of a deceased person may be voted by his or her executor or administrator, either in person or by proxy.

All voting, except as required by the Certificate of Incorporation or where otherwise required by law, may be by a voice vote; provided, however, that upon demand therefor by stockholders holding shares of stock representing a majority of the voting power present in person or by proxy at any meeting a written ballot vote shall be taken. All elections for directors shall be by written ballot unless otherwise provided in the Certificate of Incorporation. Unless otherwise provided in the Certificate of Incorporation or these bylaws, directors shall be elected by a plurality of the votes cast by the holders of shares of stock entitled to vote in the election of directors at a meeting of stockholders at which a quorum is present. All other elections and questions presented to the stockholders at a meeting at which a quorum is present shall, unless otherwise provided by the Certificate of Incorporation, these bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or applicable law or pursuant to any regulation applicable to the Corporation or its securities, be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock of the Corporation which are present in person or by proxy and entitled to vote thereon. Every stock vote shall be taken by written ballots, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting.

At any meeting at which a vote is taken by ballots, the chairman of the meeting may appoint one or more inspectors, each of whom shall subscribe an oath or affirmation to execute faithfully the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability. Such inspector shall ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share; determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots; count all votes and ballots; determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. The chairman of the

meeting may appoint any person to serve as inspector, except no candidate for the office of director shall be appointed as an inspector.

Unless otherwise provided in the Certificate of Incorporation, cumulative voting for the election of directors shall be prohibited.

Section 10. Conduct of Meetings. The meetings of the stockholders shall be presided over by the Chairman of the Board (if any), or if he or she is not present, by the chief executive officer, or if neither the Chairman of the Board (if any), nor chief executive officer is present, by a chairman elected at the meeting. The Secretary of the Corporation, if present, shall act as secretary of such meetings, or if he or she is not present, an Assistant Secretary shall so act; if neither the Secretary nor an Assistant Secretary is present, then a secretary shall be appointed by the chairman of the meeting. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him in order. Unless the chairman of the meeting of stockholders shall otherwise determine, the order of business shall be as follows:

- (a) Calling of meeting to order.
- (b) Election of a chairman and the appointment of a secretary if necessary.
- (c) Presentation of proof of the due calling of the meeting.
- (d) Presentation and examination of proxies and determination of a quorum.
- (e) Reading and settlement of the minutes of the previous meeting.
- (f) Reports of officers and committees.
- (g) The election of directors if an annual meeting, or a meeting called for that purpose.
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

Section 11. Treasury Stock. The Corporation shall not vote, directly or indirectly, shares of its own stock owned by it or any other corporation, if a majority of shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly by the Corporation and such shares shall not be counted for quorum purposes.

Section 12. Action Without Meeting. Unless otherwise provided in the Certificate of Incorporation, any action permitted or required by law, the Certificate of Incorporation or these bylaws to be taken at a meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that

would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, Prompt notice of the taking of the corporate action without a meeting by less than a unanimous written consent shall be given by the Corporation to those stockholders who have not consented in writing.

### ARTICLE III BOARD OF DIRECTORS

Section 1. Power; Number; Term of Office. The business and affairs of the Corporation shall be managed by and under the direction of the Board of Directors, and subject to the restrictions imposed by law or the Certificate of Incorporation, they may exercise all the powers of the Corporation.

The number of directors which shall constitute the whole Board of Directors, shall be determined from time to time by resolution of the Board of Directors (provided that no decrease in the number of directors which would have the effect of shortening the term of an incumbent director may be made by the Board of Directors). If the Board of Directors makes no such determination, the number of directors shall be the number of directors named in the Certificate of Incorporation. Each director shall hold office for the term for which he is elected, and until his successor shall have been elected and qualified or until his earlier death, resignation or removal.

A majority of the directors shall, at all times, be individuals resident in the United States. Unless otherwise provided in the Certificate of Incorporation, directors need not be stockholders nor residents of the State of Delaware.

Section 2. Quorum. Unless otherwise provided in the Certificate of Incorporation, one-third (1/3) of the total number of directors shall constitute a quorum for the transaction of business of the Board of Directors, provided that a majority of such directors are physically present in the United States at such time, and the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3. Place of Meetings; Order of Business. The directors shall hold their meetings and may have an office and keep the books of the Corporation, except as otherwise provided by law, in such place or places in the United States, within or without the State of Delaware, as the Board of Directors may from time to time determine by resolution. At all meetings of the Board of Directors business shall be transacted in such order as shall from time to time be determined by the Chairman of the Board (if any), or in his or her absence by the chief executive officer, or by resolution of the Board of Directors.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places in the United States as shall be designated from time to time by resolution of the Board of Directors. Notice of such regular meetings shall not be required.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board (if any), the chief executive officer or, on the written request of any two directors, by the Secretary, in each case on at least twenty-four (24) hours

personal or written notice or on at least twenty-four (24) hours notice by electronic transmission to each director and shall be held at places in the United States, within or without the State of Delaware, as set out in the notice with respect to such meeting. Such notice, or any waiver thereof pursuant to Article VII, Section 3 hereof, need not state the purpose or purposes of such meeting, except as may otherwise be required by law or provided for in the Certificate of Incorporation or these bylaws.

Section 6. Removal. Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

Section 7. Vacancies: Increases in the Number of Directors. Unless otherwise provided in the Certificate of Incorporation, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or a sole remaining director; and any director so chosen shall hold office until the next annual election and until his or her successor shall be duly elected and shall qualify, unless sooner displaced.

Section 8. Compensation. Unless otherwise restricted by the Certificate of Incorporation, the Board of Directors shall have the authority to fix the compensation of directors.

Section 9. Action Without a Meeting: Telephone Conference Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or any committee designated by the Board of Directors, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, a majority of the directors execute such consent in the United States, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such consent shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State of Delaware.

Members of the Board of Directors, or members of any committee designated by the Board of Directors, shall not participate in a meeting of such Board of Directors or committee, as the case may be, by means of a conference telephone or other communications equipment unless a majority of the directors in attendance at such meeting are in the United States.

Section 10. Contracts. Substantially all of the material contracts of the Corporation shall be entered into and executed on behalf of the Corporation in the United States.

Section 11. Approval or Ratification of Acts or Contracts by Stockholders. The Board of Directors in its discretion may submit any act for approval or ratification, or any contract required by law to be submitted for approval or ratification of the stockholders, at any annual meeting of the stockholders, or at any special meeting of the stockholders called for the purpose of considering any such act or contract, and any such act or contract that shall be approved or be ratified by the vote of the holders of shares of stock representing a majority of the voting power

entitled to vote and present in person or by proxy at such meeting (provided that a quorum is present), shall be as valid and as binding upon the Corporation and upon all the stockholders as if it has been approved or ratified by every stockholder of the Corporation. In addition, any such act or contract may be approved or ratified by the written consent of the holders of shares of stock representing a majority of the voting power entitled to vote and such consent shall be as valid and as binding upon the Corporation and upon all the stockholders as if it had been approved or ratified by every stockholder of the Corporation.

#### ARTICLE IV COMMITTEES

Section 1, Designation; Powers. The Board of Directors may, by resolution passed by a majority of the whole board, designate one or more committees, including, if they shall so determine, an executive committee, each such committee to consist of one or more of the directors of the Corporation provided that the majority of the members of each such committee shall be individuals resident in the United States. Any such designated committee shall have and may exercise such of the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation as may be provided in such resolution, except that no such committee shall have the power or authority of the Board of Directors in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders an agreement of merger, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution of the Corporation, or amending, altering or repealing the bylaws or adopting new bylaws for the Corporation and, unless such resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Any such designated committee may authorize the seal of the Corporation to be affixed to all papers which may require it. In addition to the above, such committee or committees shall have such other powers and limitations of authority as may be determined from time to time by resolution adopted by the Board of Directors.

Section 2, Procedure; Meetings; Quorum. Any committee designated pursuant to Section 1 of this Article shall choose its own chairman, shall keep regular minutes of its proceedings and report the same to the Board of Directors when requested, shall fix its own rules or procedures, and shall meet at such times and at such place or places in the United States as may be provided by such rules, or by resolution of such committee or resolution of the Board of Directors. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any resolution.

Section 3, Substitution of Members. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.



**ARTICLE V**  
**OFFICERS**

Section 1. Number, Titles and Term of Office. The officers of the Corporation shall be a chief executive officer and a Secretary and, if the Board of Directors so elects, a Chairman of the Board, one or more Vice Presidents (any one or more of whom may be designated Executive Vice President or Senior Vice President), a Treasurer and such other officers as the Board of Directors may from time to time elect or appoint. Each officer shall hold office until his or her successor shall be duly elected and shall qualify or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same person, unless the Certificate of Incorporation provides otherwise. Except for the Chairman of the Board, if any, no officer need be a director.

Section 2. Salaries. The salaries or other compensation of the officers and agents of the Corporation shall be fixed from time to time by the Board of Directors.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed, either with or without cause, by the vote of a majority of the whole Board of Directors at a special meeting called for the purpose, or at any regular meeting of the Board of Directors. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. Vacancies. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors.

Section 5. Powers and Duties of the Chief Executive Officer. The President shall be the chief executive officer of the Corporation unless the Board of Directors designates the Chairman of the Board or any other officer as chief executive officer. Subject to the control of the Board of Directors and the executive committee (if any), the chief executive officer shall have general executive charge, management and control of the properties, business and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; he or she may agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation and may sign all certificates for shares of capital stock of the Corporation; and shall have such other powers and duties as designated in accordance with these bylaws and as from time to time may be assigned to him by the Board of Directors.

Section 6. Powers and Duties of the Chairman of the Board. If elected, the Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors; shall have such other powers and duties as designated in these bylaws and as from time to time may be assigned to him by the Board of Directors.

Section 7. Powers and Duties of the President. Unless the Board of Directors otherwise determines, the President shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation; and, unless the Board of Directors otherwise determines, he or she shall, in the absence of the Chairman of the Board or if there be no Chairman of the Board, preside at all meetings of the

stockholders and (should he or she be a director) of the Board of Directors; and he or she shall have such other powers and duties as designated in accordance with these bylaws and as from time to time may be assigned to him or her by the Board of Directors.

Section 8. Vice Presidents. In the absence of the chief executive officer, or in the event of his or her inability or refusal to act, a Vice President-designated by the Board of Directors shall perform the duties of the chief executive officer, and when so acting shall have all the powers of and be subject to all the restrictions upon the chief executive officer. In the absence of a designation by the Board of Directors of a Vice President to perform the duties of the chief executive officer, or in the event of his or her absence or inability or refusal to act, the Vice President who is present and who is senior in terms of time as a Vice President of the Corporation shall so act. The Vice Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 9. Treasurer. The Treasurer, if any, shall have responsibility for the custody and control of all the funds and securities of the Corporation, and he or she shall have such other powers and duties as designated in these bylaws and as from time to time may be assigned to him or her by the Board of Directors. He or she shall perform all acts incident to the position of Treasurer, subject to the control of the chief executive officer and the Board of Directors; and he or she shall, if required by the Board of Directors, give such bond for the faithful discharge of his or her duties in such form as the Board of Directors may require.

Section 10. Assistant Treasurers. Each Assistant Treasurer, if any, shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as designated in these bylaws and as from time to time may be assigned to him or her by the chief executive officer or the Board of Directors. The Assistant Treasurers shall exercise the powers of the Treasurer during that officer's absence or inability or refusal to act.

Section 11. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors, committees of directors and the stockholders, in books provided for that purpose; he or she shall attend to the giving and serving of all notices; he or she may in the name of the Corporation affix the seal of the Corporation to all contracts of the Corporation and attest the affixation of the seal of the Corporation thereto; he or she may sign with the other appointed officers all certificates for shares of capital stock of the Corporation; he or she shall have charge of the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to inspection of any director upon application at the office of the Corporation during business hours; he or she shall have such other powers and duties as designated in these bylaws and as from time to time may be assigned to him or her by the Board of Directors or the chief executive officer; and he or she shall in general perform all acts incident to the office of Secretary, subject to the control of the chief executive officer and the Board of Directors.

Section 12. Assistant Secretaries. Each Assistant Secretary, if any, shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as designated in these bylaws and as from time to time may be assigned to him or her by the chief executive officer or the Board of Directors. The Assistant Secretaries shall exercise the powers of the Secretary during that officer's absence or inability or refusal to act.

Section 13, Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board of Directors, the chief executive officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of security holders of or with respect to any action of security holders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

## ARTICLE VI CAPITAL STOCK

Section 1, Certificates of Stock. Except as provided in this Section 1 of Article VI, the certificates for shares of the capital stock of the Corporation shall be in such form, not inconsistent with that required by law and the Certificate of Incorporation, as shall be approved by the Board of Directors. The Chairman of the Board (if any), chief executive officer or a Vice President shall cause to be issued to each stockholder one or more certificates, under the seal of the Corporation or a facsimile thereof if the Board of Directors shall have provided for such seal, and signed by the Chairman of the Board (if any), chief executive officer or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer certifying the number of shares owned by such stockholder in the Corporation; provided, however, that any of or all the signatures on the certificate may be facsimile. The stock record books and the blank stock certificate books shall be kept by the Secretary, or at the office of such transfer agent or transfer agents as the Board of Directors may from time to time by resolution determine. In case any officer, transfer agent or registrar who shall have signed or whose facsimile signature or signatures shall have been placed upon any such certificate or certificates shall have ceased to be such officer, transfer agent or registrar before such certificate is issued by the Corporation, such certificate may nevertheless be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The stock certificates shall be consecutively numbered and shall be entered in the books of the Corporation as they are issued and shall exhibit the holder's name and number of shares. The Board of Directors may deem that any outstanding shares of the Corporation will be uncertificated and registered in such form on the stock books of the Corporation.

Section 2, Transfer of Shares. Shares of the stock of the Corporation may be transferred on the record of stockholders of the Corporation by the holder thereof or by such holder's duly authorized attorney upon surrender of a certificate therefor properly endorsed or upon receipt of proper transfer instructions from the registered holder of uncertificated shares or by such holder's duly authorized attorney and upon compliance with appropriate procedures for transferring shares in uncertificated form.

Section 3, Ownership of Shares. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

Section 4, Regulations Regarding Certificates. The Board of Directors shall have the power and authority to make all such rules and regulations as they may deem expedient

concerning the issue, transfer and registration or the replacement of certificates for shares of capital stock of the Corporation.

Section 5. Lost or Destroyed Certificates. The Board of Directors may determine the conditions upon which a new certificate of stock may be issued in place of a certificate which is alleged to have been lost, stolen or destroyed; and may, in their discretion, require the owner of such certificate or his or her legal representative to give bond, with sufficient surety, to indemnify the Corporation and each transfer agent and registrar against any and all losses or claims which may arise by reason of the issue of a new certificate in the place of the one so lost, stolen or destroyed.

## ARTICLE VII MISCELLANEOUS PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Corporation shall be such as established from time to time by the Board of Directors.

Section 2. Corporate Seal. The Board of Directors may provide a suitable seal containing the name of the Corporation. The Secretary shall have charge of the seal (if any). If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by the Assistant Secretary or Assistant Treasurer.

Section 3. Notice and Waiver of Notice. Whenever any notice is required to be given by law, the Certificate of Incorporation or under the provisions of these bylaws, said notice shall be deemed to be sufficient if given by electronic transmission or by deposit of the same in a post office box in a sealed prepaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the records of the Corporation, and such notice shall be deemed to have been given on the day of such transmission or mailing, as the case may be.

Whenever notice is required to be given by law, the Certificate of Incorporation or under any of the provisions of these bylaws, a written waiver thereof, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these bylaws.

Section 4. Resignations. Any director, member of a committee or officer may resign at any time. Such resignation shall be made in writing or by electronic transmission and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the chief executive officer or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5. Facsimile Signatures. In addition to the provisions for the use of facsimile signatures elsewhere specifically authorized in these bylaws, facsimile signatures of any officer

or officers of the Corporation may be used whenever and as authorized by the Board of Directors.

Section 6. Reliance upon Books, Reports and Records. Each director and each member of any committee designated by the Board of Directors shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or reports made to the Corporation by any of its officers, or by an independent certified public accountant, or by an appraiser selected with reasonable care by the Board of Directors or by any such committee, or in relying in good faith upon other records of the Corporation.

Section 7. Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time.

#### ARTICLE VIII AMENDMENTS

If provided in the Certificate of Incorporation of the Corporation, the Board of Directors shall have the power to adopt, amend and repeal from time to time bylaws of the Corporation, subject to the right of the stockholders entitled to vote with respect thereto to amend or repeal such bylaws as adopted or amended by the Board of Directors.

# EXHIBIT 7



**Consolidated Financial Statements**  
**As at and for the Years Ended**  
**December 31, 2014 and December 31, 2013**

**Contents**

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THIS IS EXHIBIT " 7 "  
referred to in the Affidavit of Declaration

Sean Bovingdon

Sworn before me this 16<sup>th</sup>

day of February A.D. 20 16

Kelsey Meyer

A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor

## Management's Report

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Argent Energy Ltd., as administrator on behalf of Argent Energy Trust (the "Trust"), is responsible for the preparation of the consolidated financial statements. The accompanied consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include certain estimates that reflect management's best estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

Management is responsible for the integrity of the consolidated financial statements. Management has developed and maintains an extensive system of internal accounting controls that provide reasonable assurance that all transactions are accurately recorded, that the consolidated financial statements realistically report the Trust's operating and financial results and that the Trust's assets are safeguarded from loss or unauthorized use.

PricewaterhouseCoopers LLP, an independent firm of chartered accountants, was appointed to audit the consolidated financial statements of the Trust and to provide an independent professional opinion. PricewaterhouseCoopers LLP was appointed to hold such office until the next such annual meeting of the shareholders of the Trust.

The Board of Directors, through its Audit Committee, has reviewed the financial statements including notes thereto with management and PricewaterhouseCoopers LLP. The members of the Audit Committee are composed of independent directors who are not employees of the Trust. The Board of Directors has approved the information contained in the consolidated financial statements based on the recommendation of the Audit Committee.

*"John Elzner"*  
John Elzner, CEO

*"Sean Bovingdon"*  
Sean Bovingdon, CFO

March 30, 2015





## **Independent Auditor's Report**

### **To the Unitholders of Argent Energy Trust**

We have audited the accompanying consolidated financial statements of Argent Energy Trust, which comprise the consolidated balance sheets as at December 31, 2014 and December 31, 2013 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the consolidated financial statements**

Management of Argent Energy Limited, on behalf of Argent Energy Trust, is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Argent Energy Trust as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

#### **Emphasis of matter**

Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which describe matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Argent Energy Trust's ability to continue as a going concern.

*PricewaterhouseCoopers LLP*

#### **Chartered Accountants**

Calgary, Alberta  
March 30, 2015

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*PricewaterhouseCoopers LLP*  
111 5<sup>th</sup> Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3  
T: +1 403 509 7500, F: +1 403 781 1825, [www.pwc.com/ca](http://www.pwc.com/ca)

# CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars)

| As at,   | Note | December 31, 2014 | December 31, 2013 |
|--|------|-------------------|-------------------|
| <b>Assets</b>                                      |      |                   |                   |
| <b>Current assets</b>                              |      |                   |                   |
| Cash   |      | \$ 1,276          | \$ 1,014          |
| Trade and other receivables                        | 7    | 16,767            | 18,007            |
| Risk management                                    | 7    | 31,464            | -                 |
| Prepaid expenses and deposits                      |      | 1,805             | 1,212             |
|  |      | 51,312            | 20,233            |
| Risk management                                    | 7    | 1,005             | 521               |
| Oil and gas properties                             | 9    | 387,807           | 644,266           |
| Exploration and evaluation assets                  | 10   | 993               | 44,801            |
| Property and equipment                             | 11   | 3,347             | 2,586             |
| <b>Total assets</b>                                |      | <b>\$ 444,464</b> | <b>\$ 712,407</b> |
| <b>Liabilities</b>                                 |      |                   |                   |
| <b>Current Liabilities</b>                         |      |                   |                   |
| Trade and other payables                           |      | \$ 30,701         | \$ 31,185         |
| Distributions payable                              | 12   | 1,275             | 5,289             |
| Current portion of deferred land payment           | 13   | 8,121             | 6,382             |
| Risk management                                    | 7    | -                 | 2,566             |
| Current portion of unit based compensation         | 14   | 503               | 3,574             |
| Current portion of decommissioning liability       | 17   | 878               | 1,079             |
|  |      | 41,478            | 50,075            |
| Credit facility                                    | 15   | 118,648           | 81,244            |
| Risk management                                    | 7    | 408               | 270               |
| Deferred land payment                              | 13   | -                 | 7,129             |
| Unit based compensation                            | 14   | 137               | 2,621             |
| Convertible debentures                             | 16   | 49,088            | 144,879           |
| Decommissioning liability                          | 17   | 24,126            | 20,930            |
|  |      | 233,885           | 307,148           |
| <b>Unitholders' equity</b>                         |      |                   |                   |
| Trust capital                                      | 18   | 571,439           | 555,477           |
| Accumulated distributions                          |      | (98,266)          | (70,732)          |
| Deficit  |      | (394,487)         | (92,931)          |
| Other comprehensive income                         |      | 131,893           | 13,445            |
|  |      | 210,579           | 405,259           |
| <b>Total liabilities &amp; unitholders' equity</b> |      | <b>\$ 444,464</b> | <b>\$ 712,407</b> |

The notes are an integral part of the consolidated financial statements.

Going concern - see note 2

Commitments - see note 24

Subsequent events - see note 27

# CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(in thousands of Canadian dollars, except per unit amounts)

| <i>For the year ended,</i>                                      | Note  | December 31, 2014   | December 31, 2013  |
|---|-------|---------------------|--------------------|
| Oil and gas sales   |       | \$ 179,404          | \$ 154,356         |
| less: Royalties   |       | (39,520)            | (35,846)           |
| <b>Oil and gas revenue</b>                                      |       | <b>139,884</b>      | <b>118,510</b>     |
| Operating expenses  |       | 47,516              | 33,941             |
| Ad valorem tax  | 5     | 4,548               | 2,516              |
| General and administrative expenses                             | 19    | 18,451              | 15,039             |
| Unit based compensation (recovery) expense                      | 14    | (4,173)             | 7,687              |
| Depreciation, depletion and amortization                        | 9, 11 | 95,877              | 60,435             |
| Impairment  | 9, 10 | 315,567             | 69,266             |
| Exploration and evaluation                                      | 10    | 5,100               | 20,430             |
| Other expense   |       | 331                 | 816                |
| Foreign exchange gain   | 7     | (21,835)            | (16,959)           |
| Risk management (gain) loss                                     | 7     | (32,903)            | 3,203              |
| Loss (gain) on change in fair value of convertible debentures   | 16    | 1,303               | (4,690)            |
| Finance expense   | 20    | 14,701              | 13,810             |
| Gain on exercise of convertible debentures                      |       | (387)               | -                  |
| Gain on sale of oil and gas properties                          | 9     | (2,420)             | -                  |
| <b>Loss before taxation</b>                                     |       | <b>(301,792)</b>    | <b>(86,984)</b>    |
| Income tax (recovery) expense                                   | 21    | (236)               | 244                |
| <b>Loss for the year</b>  |       | <b>\$ (301,556)</b> | <b>\$ (87,228)</b> |
| <b>Other comprehensive income, net of tax items</b>             |       |                     |                    |
| <i>Item that may not be reclassified subsequently to income</i> |       |                     |                    |
| Gain (loss) on change in fair value of convertible debentures   | 16    | 96,593              | (319)              |
| <i>Item that may be reclassified subsequently to income</i>     |       |                     |                    |
| Foreign currency translation gain                               | 7     | 21,855              | 13,760             |
| <b>Total comprehensive loss for the year</b>                    |       | <b>\$ (183,108)</b> | <b>\$ (73,787)</b> |
| <b>Loss per unit</b>  |       |                     |                    |
| Basic   | 22    | \$ (4.80)           | \$ (1.65)          |
| Diluted   | 22    | \$ (4.80)           | \$ (1.65)          |

The notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

*(in thousands of Canadian dollars, except per unit amounts)*

|                                     | Number of<br>Note Trust Units | Trust Capital | Other<br>Comprehensive<br>Income | Accumulated<br>Deficit | Accumulated<br>Distributions | Total<br>Unitholders'<br>Equity |
|-------------------------------------|-------------------------------|---------------|----------------------------------|------------------------|------------------------------|---------------------------------|
| <b>Balance at December 31, 2012</b> | 48,438                        | \$ 442,075    | \$ 4                             | \$ (5,703)             | \$ (14,566)                  | \$ 421,810                      |
| Loss for year                       | -                             | -             | -                                | (87,228)               | -                            | (87,228)                        |
| Other comprehensive income          | -                             | -             | 13,441                           | -                      | -                            | 13,441                          |
| Total comprehensive income          | -                             | -             | 13,445                           | (92,931)               | -                            | (73,787)                        |
| Reinvested distributions            | 18 3,850                      | 34,799        | -                                | -                      | -                            | 34,799                          |
| Issue of Trust Capital              | 18 8,160                      | 83,232        | -                                | -                      | -                            | 83,232                          |
| Trust unit issuance costs           | 18 -                          | (4,629)       | -                                | -                      | -                            | (4,629)                         |
| Unitholder distributions            | -                             | -             | -                                | -                      | (56,166)                     | (56,166)                        |
| <b>Balance at December 31, 2013</b> | 60,448                        | \$ 555,477    | \$ 13,445                        | \$ (92,931)            | \$ (70,732)                  | \$ 405,259                      |
| Loss for the year                   | -                             | -             | -                                | (301,556)              | -                            | (301,556)                       |
| Other comprehensive income          | -                             | -             | 118,448                          | -                      | -                            | 118,448                         |
| Total comprehensive income          | -                             | -             | 118,448                          | (301,556)              | -                            | (183,108)                       |
| Reinvested distributions            | 18 3,298                      | 15,849        | -                                | -                      | -                            | 15,849                          |
| Convertible debentures exercised    | 18 36                         | 113           | -                                | -                      | -                            | 113                             |
| Unitholder distributions            | -                             | -             | -                                | -                      | (27,534)                     | (27,534)                        |
| <b>Balance at December 31, 2014</b> | 63,782                        | \$ 571,439    | \$ 131,893                       | \$ (394,487)           | \$ (98,266)                  | \$ 210,579                      |

*The notes are an integral part of the consolidated financial statements.*

## CONSOLIDATED STATEMENTS OF CASH FLOW

*(In thousands of Canadian dollars, except per unit amounts)*

| <i>For the year ended,</i>   | Note  | December 31, 2014 | December 31, 2013 |
|--|-------|-------------------|-------------------|
| <b>Operating Activities</b>  |       |                   |                   |
| Loss for the year  |       | \$ (301,556)      | \$ (87,228)       |
| Adjustments for non-cash items:  |       |                   |                   |
| Finance expense  | 20    | 14,701            | 13,810            |
| Depreciation, depletion and amortization   | 9, 11 | 95,877            | 60,435            |
| Impairment   | 9, 10 | 315,567           | 69,266            |
| Exploration and evaluation   | 10    | 5,076             | 20,430            |
| Unit based compensation (recovery) expense                                       | 14    | (4,173)           | 7,687             |
| Gain on sale of oil and gas assets   | 9     | (2,420)           | -                 |
| Gain on exercise of convertible debentures                                       |       | (387)             | -                 |
| Unrealized risk management (gain) loss   | 7     | (32,818)          | 918               |
| Unrealized loss (gain) on convertible debentures                                 | 16    | 1,303             | (4,690)           |
| Unrealized foreign exchange gain   | 7     | (21,805)          | (16,040)          |
| Cash provided by operating activities, before change in non-cash working capital |       | 69,365            | 64,588            |
| Change in non-cash working capital   | 23    | 3,107             | 710               |
| <b>Net cash provided by operating activities</b>                                 |       | <b>72,472</b>     | <b>65,298</b>     |
| <b>Investing Activities</b>  |       |                   |                   |
| Purchase of property and equipment   | 11    | (1,448)           | (1,514)           |
| Additions to oil and gas properties  | 9     | (66,682)          | (103,389)         |
| Additions to exploration and evaluation assets                                   | 10    | (206)             | (906)             |
| Acquisitions, net of cash acquired   | 8     | (675)             | (152,234)         |
| Deferred land payment  | 13    | (6,404)           | (5,042)           |
| Forward purchase contract  |       | -                 | (30,758)          |
| Proceeds on sale of oil and gas assets   | 9     | 10,673            | -                 |
| Proceeds on disposition of property and equipment                                | 11    | 12                | -                 |
| Change in non-cash working capital   | 23    | (6,818)           | (8,012)           |
| <b>Net cash used in investing activities</b>                                     |       | <b>(71,548)</b>   | <b>(301,855)</b>  |
| <b>Financing Activities</b>  |       |                   |                   |
| Proceeds from issuance of trust units  | 18    | -                 | 83,232            |
| Trust unit issue costs   | 18    | -                 | (4,629)           |
| Facility fees  | 15    | (312)             | (657)             |
| Proceeds from convertible debentures   | 16    | -                 | 149,250           |
| Proceeds from credit facilities  | 15    | 55,908            | 257,284           |
| Repayment of credit facilities   | 15    | (27,729)          | (215,547)         |
| Finance expense paid   |       | (12,904)          | (11,931)          |
| Distributions paid   | 12    | (15,699)          | (20,310)          |
| Change in non-cash working capital   | 23    | (1)               | (976)             |
| <b>Net cash provided by financing activities</b>                                 |       | <b>(737)</b>      | <b>235,716</b>    |
| Change in cash   |       | 187               | (841)             |
| Effect of exchange rates on cash   |       | 75                | 89                |
| Cash, beginning of year  |       | 1,014             | 1,766             |
| <b>Cash, end of year</b>   |       | <b>\$ 1,276</b>   | <b>\$ 1,014</b>   |

*The notes are an integral part of the consolidated financial statements.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 1. Reporting entity

Argent Energy Trust (the "Trust" or "Argent") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta on January 31, 2012.

The strategy of the Trust is to acquire non-Canadian oil and gas assets in order to generate returns for its unitholders. The Trust intends to make monthly distributions of a portion of its available cash to unitholders and will reinvest remaining cash into its subsidiaries for the purposes of acquiring non-Canadian oil and gas assets, and investing in capital expenditures. Cash flow is generated by the Trust through the oil and gas assets owned and operated by the subsidiaries of the Trust.

On October 1, 2014, the Trust announced a decision by its Board of Directors ("Board") to initiate a process to explore a range of strategic alternatives to maximize unitholder value. The Board oversaw the strategic alternatives review process with the assistance of senior management and its appointed external financial advisor, BMO Capital Markets. The Board considered all alternatives to increase unitholder value, which included, but was not limited to: a sale of a material portion of the assets of the Trust; a sale of the Trust, either in one transaction or in a combination of transactions; a merger or other business combination; or a joint venture or a farmout on a material portion of the assets.

After review with the Board, bid levels were lower than acceptable and the external advisor has been instructed to conclude the corporate process. The Trust will continue to market a combination of certain assets with the goal to utilize proceeds to pay down the existing credit facility, which is currently US\$108 million (approximately CDN\$135 million) drawn.

The head office, principal address and registered and records office of the Trust are located at Suite 500, 321 - 6th Avenue SW, Calgary, Alberta, T2P 3H3.

Pursuant to the terms of an Administrative Services Agreement, Argent Energy Ltd. (the "Administrator"), a corporation formed under the laws of the Province of Alberta on June 9, 2011, is the Administrator of the Trust and performs all general and administrative services that are or may be required or advisable, from time to time, for the Trust.

## 2. Going concern

The consolidated financial statements were prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"), which assumes that the Trust will continue in operation and will be able to realize its assets and discharge its liabilities in the normal course of business.

For the year ended December 31, 2014, the Trust reported a loss of \$301.6 million and an accumulated deficit of \$394.5 million. In addition to its ongoing working capital requirements, the Trust must maintain access to existing credit facilities, effectively manage risks associated with depressed oil prices and obtain ongoing financing to support the Trust's existing commitments, ongoing operations and planned capital expenditure program. As at December 31, 2014, the Trust had positive working capital of \$9.8 million indicating sufficient liquidity at that time to meet short term obligations.

The WTI price of oil declined from US\$90 per barrel to US\$53 per barrel during the fourth quarter of 2014. If oil price stays at the December 31, 2014 level for an extended period of time, it will adversely impact the Trust's cashflow from operating activities and its liquidity position. As at March 30, 2015, the WTI price of oil was \$48.87 per barrel.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 2. Going concern (continued)

As part of the Trust's risk management strategy, the Trust had entered into risk management contracts to sell a portion of its oil production at more than US\$90 per barrel for 2015, which partially mitigates the short-term impact of depressed oil prices on the Trust's cash flows. As at December 31, 2014, the Trust had unrealized risk management gains of \$32.8 million, which can be liquidated at its discretion to reduce amounts owing under its credit facility. Refer to note 7c) for further details on risk management contracts.

The Trust relies on its credit facility as described in note 15 to finance its capital program and cash flow requirements. As at December 31, 2014, the Trust had US\$103.0 million (CDN\$119.5 million) outstanding under its US\$140 million (CDN \$162.4 million) credit facility. The credit facility was renewed on December 10, 2014 and the Trust is required to obtain permission from the lender to draw on the credit facility in excess of US\$125 million (CDN\$145.0 million). The next borrowing base redetermination date was set as of May 31, 2015. Any significant reduction in the borrowing base by the lenders may adversely impact the liquidity position of the Trust. This indicates the existence of a material uncertainty related to events or conditions that may cast significant doubt about the Trust's ability to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Trust is marketing a combination of certain assets with the goal to utilize proceeds to pay down the existing credit facility. There is no assurance any transaction will occur.

The Trust's ability to continue as a going concern is dependent upon its ability to renew and maintain access to credit facilities, sell non-core assets, effectively manage risks associated with depressed oil prices and generate positive cash flows from operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues, expenses and balance sheet classifications that would be necessary if the Trust were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

## 3. Significant subsidiaries

The Trust has the following significant wholly owned subsidiaries whose financial position and results have been consolidated in the Trust's consolidated financial statements:

|  | Country of Formation | Nature of Business   |
|--|----------------------|----------------------|
| Argent Energy (Canada) Holdings Ltd. ("Canada Holdings") | Alberta              | Alberta Corporation  |
| Argent Energy (US) Holdings Inc. ("Argent US")           | United States        | Delaware Corporation |

The results of the above subsidiaries, together with Argent Energy Ltd. ("AEL") have been included in the consolidated statements in accordance with International Financial Reporting Standards ("IFRS") 10 - Consolidation. All of the entities have December 31 year ends.

The sole shareholder of AEL is Aston Hill Financial Management Inc. ("AHFMI"), and the sole shareholder of AHFMI is Aston Hill Financial Inc. ("AHF"). AEL is not a legal subsidiary of the Trust.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the years ended December 31, 2014 and December 31, 2013*

*(tabular amounts are in thousands of Canadian dollars except unit and per unit information)*

## **3. Significant subsidiaries (continued)**

AHFMI, the sole shareholder of AEL, has entered into a voting agreement which entitles unitholders of the Trust to elect 100% of the directors of AEL. AHFMI Inc. has also waived certain shareholder rights, including the right to appoint an auditor, dissent rights, and oppression rights. AEL is therefore controlled exclusively by the unitholders of the Trust.

Computershare Trust Company of Canada, the Trustee of Argent Energy Trust, has delegated much of the responsibility for conducting the Trust's affairs to the Administrator, AEL, pursuant to an administrative services agreement. The Board of Directors of the Administrator therefore performs the majority of the oversight and governance role for the Trust. As Trust Administrator, AEL performs services pursuant to the administrative services agreement on a cost recovery basis and no additional fees are payable by the Trust to the Administrator.

AEL meets the accounting definition of a special purpose entity and accordingly AEL has been consolidated based on the principles set out in IFRS 10 – Consolidated Financial Statements.

AEL is a structured entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. The relevant activities of AEL are directed by means of contractual arrangements. These contractual arrangements give the Trust the current ability to direct the relevant activities of AEL. As such, AEL has been consolidated in these financial statements.

## **4. Basis of preparation**

### **Statement of compliance**

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on March 30, 2015.

These consolidated financial statements have been prepared using accounting policies consistent with IFRS and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as issued by the International Accounting Standards Board. The Trust has applied the same accounting policies throughout all periods presented, unless otherwise stated. The accounting policies applied in these consolidated financial statements are based on IFRS effective for the year ended December 31, 2014. These consolidated financial statements are presented in Canadian dollars ("CDN"), which is the Trust's functional currency. All financial information is rounded to the nearest thousands, except per unit amounts and where otherwise indicated.

The financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities (including risk management assets or liabilities, convertible debentures, and liabilities associated with unit based compensation) at fair value through profit or loss.

### **Critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute Management's best judgment at the date of the financial statements. In the future, actual experience may deviate from these estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 4. Basis of preparation (continued)

The significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are summarized as follows:

i. Estimation of oil and gas reserves:

Oil and gas reserves are the estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Estimates of oil and gas reserves are inherently imprecise, require the application of judgment and are subject to future revision. Accordingly, financial and accounting measures (such as the impairment calculation, depletion charges, and decommissioning provisions) that are based on reserves are also subject to change.

ii. Capitalized exploration and evaluation expenditures:

In making decisions about whether to continue to capitalize exploration and evaluation expenditures, it is necessary to make judgments about the potential for commercial reserves and the level of activities that constitute on-going evaluation determination. If there is a change in any judgment in a subsequent period, then the related capitalized exploration and evaluation expenditure would be expensed in that period, resulting in a charge to income.

iii. Impairment indicators:

Cash-generating units ("CGUs") are reviewed for impairment at each reporting date or more frequently if changes in circumstances indicate that the carrying value may be impaired. The values associated with CGUs involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, reserve estimates, discount rates, and asset lives.

iv. Classification of trust units as equity:

Trust units issued by the Trust give the holder the right to put the units back to the issuer in exchange for cash. IAS32 "Financial Instruments: Presentation" establishes the general principle that an instrument which gives the holder the right to put the instrument back to the issuer for cash should be classified as a financial liability, unless such instrument has all of the features and meets the conditions of the IAS 32 "puttable instrument exemption". If these "puttable instrument exemption" criteria are met, the instrument is classified as equity. The Trust has examined the terms and conditions of its Trust Indenture and classifies its outstanding trust units as equity because the trust units meet the "puttable instrument exemption" criteria as there is no contractual obligation to distribute cash.

v. Acquisition and business combinations:

The Trust has made significant estimates and assumptions in determining the fair value of assets and liabilities acquired through business combinations. These estimates require judgment to assess the fair value of assets and liabilities acquired. Further details of business combinations completed are provided in note 8.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 4. Basis of preparation (continued)

The significant areas of critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are summarized as follows:

i. Measurement of unit based compensation:

The cost of services received in exchange for awards of equity instruments recognized is estimated using fair value methods as determined by management which require the use of assumptions. Further details regarding the assumptions used in the unit based compensation pricing model are provided in note 5(n) and note 14.

ii. CGU identification:

A CGU is defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of cash inflows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgement and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors its operations.

## 5. Significant accounting policies

### a) New and amended standards adopted by the Trust

The accounting policies are consistent with those of the previous financial year except for the following standards and amendments which have been adopted as of January 1, 2014. No restatement of financial statement line items was required as a result of the adoption of the following policies.

#### Retrospective application of change in accounting policy:

##### IFRIC 21 - Levies

International Financial Reporting Interpretation Committee ("IFRIC") 21 Levies ("IFRIC 21") clarified that an entity recognizes a liability for a levy when the activity that triggers payment occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarified that no liability should be anticipated before the minimum threshold is reached. The retrospective application of the policy had no effect on the comparative balance sheet for the year ended December 31, 2013, and ad Valorem taxes of \$2.5 million were reclassified in the December 31, 2013, income statement as a result of this adoption.

#### Future accounting changes:

##### IFRS 15 – Revenue from Contracts with Customers

In May 2014, IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 is effective for periods beginning on or after January 1, 2017 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The Trust intends to adopt IFRS 15 in its financial statements for the annual period beginning January 1, 2017. The extent of the impact of adoption of IFRS 15 has not yet been determined.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 5. Significant accounting policies (continued)

### Amendments to accounting standards:

#### IFRS 9 (2014) – Financial instruments

This revised standard incorporates the changes in IFRS 9 (2013), which provides revised guidance on the classification and measurement of financial assets and liabilities and adds guidance on general hedge accounting. In addition, IFRS 9 (2014) provides for a further classification category for financial assets, and includes a new impairment model for financial instruments. The standard is effective for annual periods on or after January 1, 2018. The Trust has not yet determined the impact of the final standard.

#### b) Basis of consolidation:

##### i. Subsidiaries:

Subsidiaries are all entities (including structured entities) over which the Trust has control. The Trust controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Trust. They are deconsolidated from the date that control ceases.

##### ii. Business combinations:

All business combinations, including acquisitions of subsidiaries and assets that meet the definition of a business under IFRS are accounted for using the acquisition method of accounting.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Contingent consideration is included in the cost of acquisition at fair value.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Directly attributable transaction costs are expensed in the current period and reported as acquisition costs.

##### iii. Transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

#### c) Joint arrangements:

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Trust has assessed the nature of its joint arrangements and determined them to be joint operations. The Trust accounts for its joint operations by including its interest in assets, liabilities, revenue and expenses in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 5. Significant accounting policies (continued)

### d) Foreign currency:

Items included in the financial statements of each of the Trust's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in "Canadian dollars" ("CDN"), which is the functional and presentation currency of the Trust.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on equities and similar non-monetary items measured at fair value are recognized in profit or loss, except for differences on available-for-sale non-monetary financial assets such as equity units, which are included in the fair value reserve in equity unless the asset is a hedged item in a fair value hedge.

The results and financial position of all the Trust entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii. Income and expenses for each income statement line item are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- iii. All items included in the statement of changes in equity, other than net profit or loss, for the year, are translated at historical exchange rates; and
- iv. All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to Accumulated Other Comprehensive Income ("AOCI"). When a foreign operation is sold or when control is lost, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### e) Financial instruments:

The Trust has early adopted IFRS 9 as applied to the recognition and measurement of financial assets and liabilities.

#### Initial Recognition

At initial recognition the Trust measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 5. Significant accounting policies (continued)

### Subsequent Measurement of Financial Assets

#### Non-Equity Instruments

IFRS 9 includes a single model that has only two classification categories for financial instruments other than equity instruments: amortized cost and fair value. To qualify for amortized cost accounting, the instrument must meet two criteria:

- I. The objective of the business model is to hold the financial asset for the collection of the cash flows; and
- II. All contractual cash flows represent only principal and interest on that principal.

All other instruments are mandatorily measured at fair value. Classification under IFRS 9 is determined at inception based on the two criteria previously described.

The Trust is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

#### Equity Instruments

The Trust subsequently measures all equity investments at fair value. Where the Trust's management has elected to present unrealized and realized fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognized in profit or loss as long as they represent a return on investment.

### Impairment of financial assets carried at amortized cost

The Trust assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

### Subsequent Measurement of Financial Liabilities

Financial liabilities either held for trading or designated at fair value through profit or loss are subsequently measured at fair value with gains and losses recognized in income.

Financial liabilities neither held for trading nor designated at fair value through profit or loss are subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. These financial instruments are classified as current liabilities if payment is due within twelve months or if the obligation is expected to be settled in the Trust's normal operating cycle. Otherwise, they are presented as non-current liabilities.

Embedded derivatives that are not closely related to such host financial liability contracts and meet the definition of a derivative are separated and fair valued through profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 5. Significant accounting policies (continued)

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

### Derecognition of Financial Assets and Financial Liabilities

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Trust has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when they are extinguished – that is, when the obligation specified in the contract is discharged or cancelled or expires.

#### f) Property & equipment:

##### (i) Recognition and measurement:

Items of property & equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property & equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property & equipment are determined by comparing the proceeds from disposal with the carrying amount of property & equipment, and are recognized within other income or other expense in profit or loss.

##### (ii) Depreciation:

For property & equipment, depreciation is recognized in profit or loss over the estimated useful lives of each significant part of an item of property and equipment.

The estimated useful lives for property & equipment for the current and comparative years are as follows:

|                         |                 |
|-------------------------|-----------------|
| Furniture and equipment | 5 years         |
| Vehicles                | 5 years         |
| Buildings               | 25 years        |
| Land                    | Not depreciated |

Depreciation methods, useful lives and residual values are reviewed annually.

#### g) Exploration and evaluation expenditures:

Pre-license costs, defined as those costs incurred before the legal right to explore has been acquired, are expensed in the period in which they are incurred. Exploration and evaluation costs of a type that are not sufficiently closely related to a specific property to support capitalization are also expensed in the period in which they are incurred.

Exploration and evaluation costs associated with oil and gas exploration are capitalized on a project by project basis (well, field or specific exploration licenses, as appropriate), pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical (geological and geophysical), license acquisition and directly attributable operational overhead. Capitalized exploration and evaluation costs are expensed if they are no longer technically feasible or commercially viable due to changes in management objectives or economic circumstances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 5. Significant accounting policies (continued)

The recoverability of all exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves and future profitable production or proceeds from the disposition thereof. When proven reserves are assigned, the accumulated costs for the relevant area are transferred from "Exploration and Evaluation Assets" to "Oil and Gas Properties".

### h) Oil and gas properties:

The drilling of development wells (including unsuccessful development or delineation wells) as well as expenditures on the construction, installation or completion of infrastructure facilities such as pipelines are capitalized within oil and gas properties. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Within oil and gas properties, developed oil and gas assets are stated at cost less accumulated depletion, depreciation and amortization along with accumulated impairment losses. When significant parts of an item of oil and gas properties have different useful lives, they are accounted for as separate items (componentized) and depreciated at that level.

The cost of oil and gas properties is depleted using the unit-of-production method. Costs are depleted only once commercial reserves associated with a development project can be determined and commercial production has commenced.

The unit-of-production rate is calculated by reference to the ratio of production volumes during the period to the related proven reserves, taking into account estimated future development costs necessary to bring those reserves into production.

Changes in factors such as estimates of proven commercial reserves that affect unit-of-production calculations do not give rise to prior financial period adjustments and are dealt with on a prospective basis.

### l) Impairment – Exploration and evaluation expenditures:

Exploration and evaluation assets are assessed for impairment if:

- I. Sufficient data exists to determine technical feasibility and commercial viability; or
- II. Facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are transferred to "Oil and Gas Properties" when sufficient data is considered to exist in order to determine the technical feasibility and commercial viability of extracting an oil and gas property.

Exploration and evaluation costs for which technical feasibility and commercial viability has not yet been determined are subject to technical, commercial and management review for indicators of impairment at each reporting date to confirm the continued intent to develop or otherwise extract value from the property. When this intent no longer exists, such facts and circumstances might indicate that the carrying amount exceeds the recoverable amount. If this is the case, the costs are written off.

### j) Impairment – oil and gas properties:

Oil and gas properties are reviewed for indicators of impairment at each reporting date. Indicators are events or changes in circumstances that indicate the carrying amount may not be recoverable. Oil and gas properties are grouped in CGU's for impairment testing. An impairment loss is recognized for the amount by which the asset or CGU's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 5. Significant accounting policies (continued)

### k) Financial liabilities

The Trust has designated its convertible debentures (note 16) as fair value through profit or loss ("FVTPL") in accordance with IFRS 9, Financial Instruments. As such, the convertible debentures are recorded at their fair value, and are marked to market at each financial reporting date. Changes in the fair value due to changes in market risks are recorded through income and loss, and changes in fair value due to changes in the Trust's internal credit risk is recognized through other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling to the income statement. The fair value of the convertible debentures is determined based on their closing price on the Toronto Stock Exchange.

The convertible debentures are classified entirely as a liability because in accordance with IAS 32, Financial Instrument Presentation, the redemption features in the Trust's units preclude the conversion from qualifying as an equity instrument.

All transaction costs related to financial instruments designated as FVTPL are expensed as incurred.

Changes in fair value due to changes in the Trust's internal credit risk is estimated using a pricing model based on a discounted cash flow utilizing risk free rate, the trading price, and volatility of the Trust's units and convertible debentures.

### l) Trust unit capital:

Trust units are classified as equity. Incremental costs directly attributable to the issue of trust units and unit options are recognized as a deduction from equity, net of any tax effects. Trust units are classified as equity as they meet the conditions in IAS 32 for puttable instruments.

### m) Leased assets:

All of the Trust's leases are operating leases, which are not recognized on the Trust's balance sheet. Payments made under operating leases are recognized in net income on a straight-line basis over the term of the lease.

### n) Unit based compensation:

The Trust grants Restricted Trust Units ("RTUs") and Phantom Unit Rights ("PURs") to employees, directors, officers and certain direct and indirect service providers. RTUs entitle the participants to receive either the cash equivalent of one unit, or one Trust unit issued from treasury at the option of the Trust, at a certain point in time subject to the Restricted Trust Unit Plan ("RTUP"). The purpose of the RTUP is to aid in attracting, retaining and motivating eligible employees and other service providers by enabling such persons to participate in the growth and development of the Trust. The Trust also has a Phantom Unit Rights Plan ("PURP") that entitles United States based directors, officers, employees and certain direct and indirect service providers of the Trust to participate via PURs, in a similar manner to RTUs except that they are settled in cash only.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 5. Significant accounting policies (continued)

The units issued pursuant to the RTUP and PURP are not considered equity settled share based payments as the IAS 32 "Puttable Instrument" exemption does not extend to unit based payments made by the Trust. The grant date fair value of RTUs and PURPs granted to employees is therefore recognized as unit based compensation expense, with a corresponding increase in the liability for unit based compensation. The grant date fair value of RTUs granted is determined by fair value models as deemed appropriate by management. The dollar amount of unit-based compensation expense does not represent cash paid by the Trust. The Trust is required to re-determine the fair value of the liability relating to the RTUs and PURPs at the end of each reporting period and record any changes in fair value through the income statement. The actual value realized by holders of the awards will depend on the accumulated distributions actually paid by the Trust, the actual year over year price appreciation of the units, the actual price of the units and the actual payments pursuant to the phantom unit rights plan. Further detail regarding the assumptions used in the RTU and PURP pricing model is provided in note 14.

### o) Provisions:

A provision is recognized if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

### p) Revenue:

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Trust's activities. Revenue is shown net of royalties. Intercompany sales are eliminated on consolidation. With respect to royalties, the Trust is acting as a collection agent on behalf of others.

Revenue is recognized when the amount can be reliably measured, it is probable that future economic benefits will flow to the Trust and when specific criteria have been met as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Trust bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, the nature of the product and the specifics of each arrangement.

Revenue from the sale of crude oil and natural gas sales is recognized when the significant risks of loss and rewards of ownership have transferred, when legal title passes to the third-party purchaser. This is generally at the time the product enters collection facilities

Costs associated with the sale of crude oil and natural gas such as operating costs and transportation expenses are reflected in operating expenses.

### q) Royalties:

Royalties include production/severance taxes on oil and gas sales. Royalties in the United States are paid, pursuant to a lease agreement, to the owners of the mineral rights which can include private citizens, state governments or the federal government. Royalties can also be granted out of the lessee's interest in the lease (often referred to as an overriding royalty). Royalty obligations are recorded at the time the production is sold and are calculated in accordance with the applicable lease agreements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 5. Significant accounting policies (continued)

Production taxes in the U.S. are recorded at the time transfer of title occurs. Production taxes are calculated in accordance with the applicable regulations and are paid to the state government on mineral production based on the value and/or quantity of production. Under certain circumstances, reduced tax rates or exemptions from production taxes are granted by a state government after production commences, whereby credits are granted for previously paid taxes. These tax credits are recorded at the time they are approved by the state government.

### r) Finance expense:

Finance expense comprises interest expense and facility fees on the Trust's credit facility, and Trust's accretion of the Trust's decommissioning liabilities and deferred land payment.

### s) Income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Tax on income is accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Argent is a taxable entity under the Income Tax Act (Canada) ("Tax Act") though is currently taxable only on income that is not distributed or distributable to the unitholders. The Trust distributes all of its taxable income to the unitholders and expects to continue to distribute all of its taxable income to unitholders. The Trust will at no time be a SIFT trust as defined in the Tax Act. Investment restrictions contained in the formation documents provide that the Trust and its subsidiaries will only invest in entities that qualify as a "portfolio investment entity" and will not hold any "non-portfolio property" or "taxable Canadian property", each as defined in the Tax Act. It also qualifies as a "mutual fund trust" within the meaning of the Tax Act and will not be subject to the limit on non-resident ownership in the Tax Act as it will not own any "taxable Canadian property" as defined in the Tax Act.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 5. Significant accounting policies (continued)

### t) Reinvested distributions

Distributions reinvested in accordance with the Trust's Distribution Reinvestment Plan ("DRIP") are recognized in the period in which they are authorized or approved. Where trust units have been issued under the DRIP, the additional shares have been reflected as trust capital. Distributions that have been reinvested in additional trust units under the DRIP are also recorded as distributions within retained earnings.

Reinvested distributions are accrued as distributions are declared, and any difference between the estimated distribution at the declaration date, and actual distribution at the settlement date is recorded to profit or loss as other income or other expense.

### u) Earnings per unit:

The Trust uses the treasury stock method to determine the dilutive effect of trust unit rights and RTUs. Under the treasury stock method, outstanding and exercisable instruments that will have a dilutive effect are included in per-unit diluted calculations, ordered from most dilutive to least dilutive.

## 6. Determination of fair values

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Purchases and sales of financial assets are accounted for on a trade-date basis. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### a) Fair value classifications

The following table summarizes the fair value measurement information for financial assets and liabilities recorded:

| December 31, 2014              | Carrying           | Fair               | Fair value measurements using |                  |             |
|--------------------------------|--------------------|--------------------|-------------------------------|------------------|-------------|
|                                | Amount             | Value              | Level 1                       | Level 2          | Level 3     |
| Risk Management (net position) | \$ 32,061          | \$ 32,061          | \$ -                          | \$ 32,061        | \$ -        |
| Convertible debentures         | (49,088)           | (49,088)           | (49,088)                      | -                | -           |
|                                | <b>\$ (17,027)</b> | <b>\$ (17,027)</b> | <b>\$ (49,088)</b>            | <b>\$ 32,061</b> | <b>\$ -</b> |

| December 31, 2013              | Carrying            | Fair                | Fair value measurements using |                   |             |
|--------------------------------|---------------------|---------------------|-------------------------------|-------------------|-------------|
|                                | Amount              | Value               | Level 1                       | Level 2           | Level 3     |
| Risk Management (net position) | \$ (2,315)          | \$ (2,315)          | \$ -                          | \$ (2,315)        | \$ -        |
| Convertible debentures         | (144,879)           | (144,879)           | (144,879)                     | -                 | -           |
|                                | <b>\$ (147,194)</b> | <b>\$ (147,194)</b> | <b>\$ (144,879)</b>           | <b>\$ (2,315)</b> | <b>\$ -</b> |

All assets in the above table are recurring items in the Trust's financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 6. Determination of fair values (continued)

### Level 1 Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities.

The fair value of the convertible debentures is determined based on their closing price on the Toronto Stock Exchange.

### Level 2 Fair Value Measurements

Level 2 fair value measurements are based on inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly. Level 2 financial instruments have been valued indirectly through calculations based on market information.

The Trust's derivative contracts are measured based on quotes from the Trust's counterparties. Such quotes have been derived using valuation models that consider various inputs including current market and contractual prices for the underlying instruments, quoted forward prices for natural gas and crude oil, volatility factors and interest rates.

### Level 3 Fair Value Measurements

Level 3 fair value measurements are based on models using significant unobservable inputs.

#### b) Financial assets and liabilities at fair value through profit or loss:

Non-derivative financial assets and liabilities at fair value through profit or loss are classified as held for trading and are reported at fair value through profit and loss. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Financial instruments at fair value through profit and loss include unit based compensation and risk management contracts. Units based compensation and risk management contracts have been valued at using level two fair value measurements.

#### c) Unit based compensation:

The fair value of RTU and PUR issuances are calculated in accordance with fair value techniques as determined by management. The inputs to these fair value techniques include unit price on measurement date based on their weighted average expected life of the instruments (based on historical experience and general option holder behavior), and credit-adjusted risk-free rate. The volatility of Trust units has been determined on a basis of comparison to peers given the Trust's limited trading history.

Certain RTUs granted to directors are subject to the Trust meeting specified performance targets as determined by the Trust's compensation committee.

## 7. Financial risk management

### Overview:

The Trust's activities expose it to a variety of financial risks that arise as a result of its operating, investing, and financing activities such as:

- Credit risk;
- Liquidity risk;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 7. Financial risk management (continued)

- Market risk;
- Interest rate risk; and
- Foreign exchange risk.

This note presents information about the Trust's exposure to each of the above risks, the Trust's objectives, policies and processes for measuring and managing risk, and the Trust's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors oversees Management's establishment and execution of the Trust's risk management framework. Management has implemented and monitors compliance with risk management policies. The Trust's risk management policies are established to identify and analyze the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Trust's activities.

### a) Credit risk:

Credit risk is the potential for financial loss to the Trust if a counterparty in a transaction fails to meet its obligations. The Trust's cash, trade and other receivables and risk management are exposed to credit risk. The Trust monitors its credit risk management policies continuously to evaluate their effectiveness and feels that the credit worthiness of its counterparties is satisfactory at this time.

The maximum exposure to credit risk at December 31, 2014 and December 31, 2013 is as follows:

|                             | December 31, 2014 | December 31, 2013 |
|-----------------------------|-------------------|-------------------|
| Cash                        | \$ 1,276          | \$ 764            |
| Trade and other receivables | 16,767            | 18,007            |
| Risk management             | 32,469            | 521               |
| Total                       | \$ 50,512         | \$ 19,292         |

### Cash:

As at December 31, 2014, \$nil (2013 - \$250,000) of cash is insured by the Federal Deposit Insurance Company, and therefore is not subject to credit risk. The Trust further mitigates its credit risk on cash by only investing cash in highly liquid temporary deposits with Canadian chartered banks, US Schedule 1 banks, and from time to time, US Federal Treasury bonds. Given this approach, Management does not expect any counterparty to fail to meet its obligation. The Trust did not have any such investments at December 31, 2014 and December 31, 2013.

### Trade and other receivables:

The Trust's operations are conducted in the United States. Exposure to credit risk is primarily influenced by the individual characteristics of each customer, and is primarily limited to the Trust's product marketers and joint venture partners.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 7. Financial risk management (continued)

Receivables from the Trust's product purchasers are normally collected in the month following production. The Trust's policy to mitigate credit risk associated with these balances is to establish marketing relationships with reputable purchasers with good credit, and over time, by spreading this risk over as many marketers as is reasonable. The Trust historically has not experienced collection issues with its purchasers. The Trust does not typically obtain collateral from its purchasers.

Joint venture receivables are with customers in the oil and gas industry and are subject to normal industry credit risks. The Trust attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to the expenditure. In certain circumstances, the Trust may request an operating advance or cash call a partner in advance of capital expenditures being incurred.

The Trust does not anticipate any material default as it transacts with creditworthy customers and Management does not expect any material losses from non-performance by these customers. As such, no material provision for doubtful accounts has been recorded at December 31, 2014 and December 31, 2013.

As at December 31, 2014 and December 31, 2013, there were no material receivables past due.

The Trust's most significant customer, a US oil and natural gas marketer, accounted for approximately 16% (2013 - 28%), or \$2.5 million (2013 - \$4.7 million) of trade receivables at December 31, 2014.

Risk management:

The Trust enters into certain risk management contracts periodically to economically hedge a portion of its oil and natural gas sales. The counterparties to these instruments are highly rated Canadian corporate, investment banking and capital markets divisions of Canadian chartered banks. See note 7(c) for further details on the risk management contracts the Trust has entered into.

### b) Liquidity risk:

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

Typically the Trust ensures that it has sufficient cash or available credit on the Trust's credit facility to meet expected operational expenses for a period of 120 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. To achieve this objective, the Trust prepares annual operational and capital expenditure budgets which are regularly monitored and updated as considered necessary. The Trust also utilizes authorizations for expenditures ("AFEs") on both operated and non-operated projects to manage capital expenditures.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 7. Financial risk management (continued)

The following are the contractual maturities of financial liabilities including estimated interest payments as at December 31, 2014 and December 31, 2013:

| As at December 31, 2014            | Carrying amount   | Contractual cash flows | Less than one year | One - two years   | Two - five years  | More than five years |
|------------------------------------|-------------------|------------------------|--------------------|-------------------|-------------------|----------------------|
| Financial liabilities:             |                   |                        |                    |                   |                   |                      |
| Trade and other payables           | \$ 30,701         | \$ 30,701              | \$ 30,701          | \$ -              | \$ -              | \$ -                 |
| Risk management liability          | 408               | 408                    | -                  | 408               | -                 | -                    |
| Convertible debentures - principal | 49,088            | 148,750                | -                  | -                 | 148,750           | -                    |
| - interest <sup>(i)</sup>          | -                 | 34,493                 | 9,270              | 9,270             | 15,953            | -                    |
| Credit Facility - principal        | 118,648           | 118,648                | -                  | 118,648           | -                 | -                    |
| - interest <sup>(ii)</sup>         | 575               | 7,380                  | 575                | 6,805             | -                 | -                    |
| Deferred land payment              | 8,121             | 8,121                  | 8,121              | -                 | -                 | -                    |
|                                    | <b>\$ 207,541</b> | <b>\$ 348,501</b>      | <b>\$ 48,667</b>   | <b>\$ 135,131</b> | <b>\$ 164,703</b> | <b>\$ -</b>          |

| As at December 31, 2013            | Carrying amount   | Contractual cash flows | Less than one year | One - two years   | Two - five years  | More than five years |
|------------------------------------|-------------------|------------------------|--------------------|-------------------|-------------------|----------------------|
| Financial liabilities:             |                   |                        |                    |                   |                   |                      |
| Trade and other payables           | \$ 31,185         | \$ 31,185              | \$ 31,185          | \$ -              | \$ -              | \$ -                 |
| Risk management liability          | 2,836             | 2,836                  | 2,566              | 270               | -                 | -                    |
| Convertible debentures - principal | 144,879           | 149,250                | -                  | -                 | 149,250           | -                    |
| - interest <sup>(i)</sup>          | -                 | 43,763                 | 9,270              | 9,270             | 25,223            | -                    |
| Credit Facility - principal        | 81,244            | 81,244                 | -                  | 81,244            | -                 | -                    |
| - interest <sup>(ii)</sup>         | 350               | 4,291                  | 350                | 3,941             | -                 | -                    |
| Deferred land payment              | 13,511            | 13,827                 | 6,382              | 7,445             | -                 | -                    |
|                                    | <b>\$ 274,005</b> | <b>\$ 326,396</b>      | <b>\$ 49,753</b>   | <b>\$ 102,170</b> | <b>\$ 174,473</b> | <b>\$ -</b>          |

(i) Calculated based on the interest rate and repayment schedule

(ii) Based on interest rate data available as at the financial reporting dates and an estimated repayment date of August 12, 2016.

The Trust had an undrawn availability under its committed credit facility of approximately \$42.9 million (December 31, 2013 - \$88.3 million) providing sufficient liquidity to fund its obligations. The next redetermination date for the credit facility was set to May 31, 2015. The lending syndicate has the ability to revise the credit facility limit as part of their redetermination process. Any significant change in the borrowing base by the lenders may adversely impact the liquidity position of the Trust, and its ability to pay a distribution and fund its capital program. Refer to note 2, Going Concern, and note 15, Credit Facility for further details.

The Trust units contain a redemption feature as explained in note 18. Utilizing the terms of redemption as outlined in note 18, the total market redemption price for all outstanding units would be \$40.2 million (2013 - \$420.7 million). The maximum cash outlay required by the Trust is capped at \$100,000 in unit redemptions per month.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

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## 7. Financial risk management (continued)

### c) Market risk:

Market risk is the potential for loss to the Trust from changes in the values of its financial instruments due to changes in commodity prices, securities prices, credit risk, interest rates or foreign exchange rates.

The Trust may use both financial derivatives and physical delivery sales contracts to manage market risks. All such transactions are conducted within risk management tolerances that are reviewed by the Board of Directors.

#### Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also world economic events that dictate the levels of supply and demand. The Trust may enter into certain financial derivative instruments periodically to economically hedge some oil and natural gas sales through the use of various financial derivative forward sales contracts and physical sales contracts. The Trust does not apply hedge accounting for these contracts. The Trust's production is usually sold using "spot" or near term contracts, with prices fixed at the time of transfer of custody or on the basis of a monthly average market price. The Trust, however, may give consideration in certain circumstances to the appropriateness of entering into long term, fixed price marketing contracts. As at December 31, 2014, the Trust has entered into the following financial contracts to mitigate the effects of fluctuating prices on a portion of its production as follows:

|  | Commodity   | Volume | Measure | Beginning | Term   | Fixed US\$ |
|--|-------------|--------|---------|-----------|--------|------------|
| <b>Fixed contract swaps</b>                      |             |        |         |           |        |            |
| WTI <sup>(i)</sup>                               | Oil         | 800    | bb/d    | Jan-15    | Dec-15 | 91.11/bbl  |
| LLS <sup>(i)</sup>                               | Oil         | 1,200  | bb/d    | Jan-15    | Dec-15 | 92.63/bbl  |
| NYMEX <sup>(ii)</sup>                            | Natural gas | 6,000  | MMBtu/d | Jan-15    | Dec-15 | 4.12/MMBTU |
| NYMEX <sup>(ii)</sup>                            | Natural gas | 4,000  | MMBtu/d | Jan-16    | Dec-16 | 4.06/MMBTU |
| <b>Sold (wrote) call options<sup>(iii)</sup></b> |             |        |         |           |        |            |
| WTI Call   | Oil         | 600    | bb/d    | Jan-16    | Dec-16 | 91.40/bbl  |
| WTI Call   | Oil         | 200    | bb/d    | Jan-16    | Dec-16 | 90.25/bbl  |

(i) Represents fixed price financial swap transactions with a set forward sale oil reference prices that are based on West Texas Intermediary ("WTI"), Brent or Louisiana Light Sweet ("LLS") oil.

(ii) Represents fixed price financial swap transactions based on the NYMEX natural gas forward sale reference price.

(iii) Represents the selling of call options, giving the counter party the right (but not obligation) on December 31 of the year preceding the contract term to enter into fixed price financial swap transactions with a set forward sales reference price.

The following table summarizes the Trust's net risk management position:

|                                       | December 31, 2014 |        | December 31, 2013 |         |
|---------------------------------------|-------------------|--------|-------------------|---------|
| Current asset                         | \$                | 31,464 | \$                | -       |
| Long term asset                       |                   | 1,005  |                   | 521     |
| Current liability                     |                   | -      |                   | (2,566) |
| Long term liability                   |                   | (408)  |                   | (270)   |
| Net risk management asset (liability) | \$                | 32,061 | \$                | (2,315) |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

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## 7. Financial risk management (continued)

The total fair value of the Trust's unrealized risk management positions at December 31, 2014, was a net asset of \$32.1 million (December 31, 2013 – net liability of \$2.3 million) and has been calculated using both quoted prices in active markets and observable market-corroborated data. For years ended December 31, 2014 and December 31, 2013 risk management gains and losses were comprised of the following:

|  | December 31, 2014 | December 31, 2013 |
|--|-------------------|-------------------|
| Unrealized risk management (gain) loss | \$ (32,818)       | \$ 918            |
| Realized risk management (gain) loss   | (85)              | 2,285             |
| Risk management (gain) loss            | \$ (32,903)       | \$ 3,203          |

A \$1 per bbl increase in the forward strip market price of oil would have resulted in a decrease of loss of approximately \$0.8 million (2013 - \$1.6 million) due to a change in unrealized risk management loss (gain) as a result of a change in the fair value of the Trust's risk management position at December 31, 2014. At December 31, 2014, a \$0.25 per mcf increase in the market price of gas would have resulted in decrease of loss of approximately \$1.0 million (2013 - \$1.2 million), respectively, due to a change in the unrealized risk management loss (gain).

### Securities price risk

The Trust's convertible debentures are subject to securities price risk as they are traded on a public exchange.

During the year fair value of the convertible debentures changed due to change in market risk and credit risk. Fair value change due to market risk was \$1.3 million loss (2013 - \$4.7 million gain) and credit risk was \$96.6 million gain (2013 - \$0.3 million loss), which was recognized through income statement and other comprehensive income, respectively.

As at December 31, 2014, had the securities price of the convertible debentures increased or decreased by 1%, the loss would have decreased or increased by approximately \$0.5 million (2013 - \$1.4 million).

### Foreign exchange risk:

Foreign exchange risk is the risk that future cash flows will fluctuate as a result of changes in market foreign exchange rates. The Trust's operating cash flows are generated in US dollars and distributions are declared in Canadian dollars. As a consequence, there is an element of foreign exchange risk to the Trust. The Trust's treasury management function is responsible for managing funding requirements and investments, which include banking and cash flow management. Prices for oil are determined in global markets and generally denominated in US dollars. The exchange rate effect cannot be quantified but generally an increase in the value of the CDN\$ as compared to the US\$ will reduce the prices received by the Trust for its petroleum and natural gas sales but will also reduce the operating expenses associated with those sales.

The average exchange rate for year ended December 31, 2014 was US \$1 equal to \$1.1046 (2013 – US \$1 equal to \$1.0300). A \$0.01 increase (decrease) in the value of CDN\$ versus US\$ on December 31, 2014 would have decreased (increased) loss by approximately \$2.0 million (2013 - \$2.4 million) due to the unrealized foreign exchange loss (gain) from the Trust's inter-company loan to its US subsidiary of approximately US\$204.9 million. Under IFRS, this inter-company loan is not part of the net investment in the subsidiary and any period end foreign exchange translation adjustment is required to be recorded in profit or loss. This analysis assumes that all other variables, in particular interest rates, remain constant.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 7. Financial risk management (continued)

The foreign exchange gain and loss recorded for the years ended December 31, 2014 and December 31, 2013 was composed of the following:

|                                       | December 31, 2014 |          | December 31, 2013 |          |
|---------------------------------------|-------------------|----------|-------------------|----------|
| Unrealized foreign exchange gain      | \$                | (21,805) | \$                | (16,040) |
| Realized foreign exchange loss (gain) |                   | (30)     |                   | (919)    |
| Foreign exchange gain                 | \$                | (21,835) | \$                | (16,959) |

The foreign currency translation gain of \$21.9 million (2013 – 13.8 million) recorded in other comprehensive income for the year ended December 31, 2014, is unrealized. Under IFRS, this foreign exchange loss (gain) is part of the net investment in the subsidiary and is required to be recorded in other comprehensive income.

#### Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Trust is exposed to variable rates on its credit facilities (note 15). If the interest rate had fluctuated by 1%, there would have been a corresponding increase or decrease to profit or loss of \$1.1 million (2013 - \$0.8 million) for the year ended December 31, 2014. This analysis assumes that all other variables remain constant.

#### d) Capital management:

The Trust's capital management objective is to maximize unitholder returns while ensuring that the Trust is capitalized in a manner which appropriately supports regulatory requirements, financial obligations, debt covenants, working capital needs and business expansion. The Trust's capital management practices are focused on preserving the quality of its financial position by maintaining a strong capital base. In order to maintain or adjust the capital structure, the Trust may issue units, engage in external debt financing, and adjust its capital spending to manage current and projected debt levels.

The Trust monitors capital based on the ratio of external debt to cash generated from operations. This ratio is calculated as external debt, defined as outstanding loans and borrowings, divided by annualized cash provided by operations before changes in non-cash working capital. Management's objective is to maintain an external debt (excluding convertible debentures) to estimated future annual cash flows not to exceed 1.5 to 1.0. This ratio may increase temporarily at certain times as a result of acquisitions. In order to facilitate the management of this ratio, the Trust prepares annual operating and capital expenditure budgets, which are updated as necessary depending on varying factors including current and forecast prices, successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. Capital of the Trust is comprised of unitholder's equity and its term credit facility. The Trust's capital is primarily utilized in its ongoing business operations to support working capital requirements and long-term investments made by the Trust, business expansion and other strategic objectives. The Trust's capital consists of the following:

|                        | December 31, 2014 |         | December 31, 2013 |         |
|------------------------|-------------------|---------|-------------------|---------|
| Term credit facility   | \$                | 118,648 | \$                | 81,244  |
| Convertible debentures |                   | 49,088  |                   | 144,879 |
| Unitholders' equity    |                   | 210,579 |                   | 405,259 |
|                        | \$                | 378,315 | \$                | 631,382 |

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## 7. Financial risk management (continued)

Any draws against the existing credit facility would be subject to established covenants. The credit facilities are subject to a semi-annual review of the borrowing base which is directly impacted by the value of the oil and natural gas reserves. See "Credit Facilities" (note 15). At December 31, 2014, the Trust is in compliance with all externally imposed restrictions on capital.

## 8. Acquisition and business combinations

### a) Kansas assets

Pursuant to an asset purchase agreement dated July 12, 2013, the Trust purchased producing petroleum properties in Kansas and Colorado (the "Kansas Assets") from a private company for total cash consideration (including closing adjustments) of \$45.8 million. The acquisition had an effective date of June 1, 2013, and had an acquisition closing date of August 8, 2013.

The fair value of assets acquired and liabilities assumed is as follows:

|                                  |           |               |
|----------------------------------|-----------|---------------|
| Oil and gas assets               | \$        | 47,516        |
| Other assets                     |           | 315           |
| Accounts payable                 |           | (370)         |
| Decommissioning liability        |           | (1,665)       |
| <b>Total net assets acquired</b> | <b>\$</b> | <b>45,796</b> |

The amounts of revenue, net of royalties, since the Kansas Assets' acquisition date included in the consolidated statement of comprehensive income for year ended December 31, 2013 was approximately \$4.6 million. Had this transaction closed on January 1, 2013 the additional revenue, net of royalties, for the year ended December 31, 2013, would have been approximately \$7.9 million, for a total revenue of \$12.5 million. The amount of operating profits, being revenue less royalties less operating expenses and directly attributable costs, since the Kansas Assets' acquisition date included in the consolidated statement of comprehensive income for year ended December 31, 2013 was approximately \$3.1 million. Had this transaction closed on January 1, 2013 the additional operating profit for the year ended December 31, 2013, would have been approximately \$5.4 million, for a total consolidated operating profit of \$87.5 million. It is impracticable to determine the net income in the current reporting period had this transaction closed on January 1, 2013. The effect of retrospective application of IFRS policies is not determinable and requires significant estimates of amounts and information that were not readily available.

During the year ended December 31, 2014, purchase price adjustments of \$143,000 were incurred in relation to this acquisition.

### b) Wyoming assets

Pursuant to an asset purchase agreement dated October 9, 2013, the Trust purchased producing petroleum properties in Wyoming (the "Wyoming Assets") from a private company for total cash consideration (including closing adjustments) of \$106.4 million. The acquisition had an effective date of September 1, 2013, and had an acquisition closing date of October 25, 2013.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 8. Acquisition and business combinations (continued)

The fair value of assets acquired and liabilities assumed is as follows:

|                                   |           |                |
|-----------------------------------|-----------|----------------|
| Oil and gas assets                | \$        | 105,791        |
| Exploration and evaluation assets |           | 3,137          |
| Property and equipment            |           | 717            |
| Accounts payable                  |           | (1,052)        |
| Decommissioning liability         |           | (2,155)        |
| <b>Total net assets acquired</b>  | <b>\$</b> | <b>106,438</b> |

The amounts of revenue, net of royalties, since the Wyoming Assets' acquisition date included in the consolidated statement of comprehensive income for year ended December 31, 2013 was approximately \$5.0 million. Had this transaction closed on January 1, 2013 the revenue, net of royalties, for the year ended December 31, 2013, would have been an additional \$31.3 million approximately, for a total revenue of \$36.3 million. The amount of operating profits, being revenue less royalties less operating expenses and directly attributable costs, since the Wyoming Assets' acquisition date included in the consolidated statement of comprehensive income for year ended December 31, 2013 was approximately \$2.5 million. Had this transaction closed on January 1, 2013 the operating profits for the year ended December 31, 2013, would have been an additional \$21.9 million approximately, for a total consolidated operating profit of \$103.9 million. It is impracticable to determine the net income in the current reporting period had this transaction closed on January 1, 2013. The effect of retrospective application of IFRS policies is not determinable and requires significant estimates of amounts and information that were not readily available.

During the year ended December 31, 2014, purchase price adjustments of \$532,000 were incurred in relation to this acquisition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 9. Oil and gas properties

|   | December 31, 2014 |                | December 31, 2013 |                |
|---|-------------------|----------------|-------------------|----------------|
| Cost:   |                   |                |                   |                |
| Opening balance                                 | \$                | 786,961        | \$                | 475,148        |
| Revision to estimates on decommissioning assets |                   | 1,370          |                   | 2,059          |
| Additions to decommissioning assets             |                   | 277            |                   | 616            |
| Acquired in business combination <sup>(i)</sup> |                   | 675            |                   | 152,632        |
| Additions                                       |                   | 66,682         |                   | 103,389        |
| Transferred from exploration and evaluation     |                   | 4,556          |                   | 13,382         |
| Sale of oil and gas assets <sup>(ii)</sup>      |                   | (9,660)        |                   | -              |
| Foreign exchange adjustment                     |                   | 74,766         |                   | 39,735         |
| <b>Closing balance</b>                          | <b>\$</b>         | <b>925,627</b> | <b>\$</b>         | <b>786,961</b> |
| Accumulated depletion and impairment:           |                   |                |                   |                |
| Opening balance                                 | \$                | 142,695        | \$                | 8,490          |
| Depletion                                       |                   | 95,033         |                   | 60,131         |
| Impairment                                      |                   | 278,906        |                   | 69,266         |
| Sale of oil and gas assets                      |                   | (760)          |                   | -              |
| Foreign exchange adjustment                     |                   | 21,946         |                   | 4,808          |
| <b>Closing balance</b>                          | <b>\$</b>         | <b>537,820</b> | <b>\$</b>         | <b>142,695</b> |
| Carrying amounts:                               |                   |                |                   |                |
| Opening balance                                 | \$                | 644,266        | \$                | 466,658        |
| <b>Closing balance</b>                          | <b>\$</b>         | <b>387,807</b> | <b>\$</b>         | <b>644,266</b> |

(i) Relates to purchase price adjustments of acquisitions completed in prior year.

(ii) Relates to certain oil and gas properties located in Kansas which were sold for proceeds of \$10.7 million leading to a gain on sale of \$2.4 million.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 9. Oil and gas properties (continued)

During the year ended December 31, 2014, the Trust recognized an impairment loss of \$278.9 million, as follows:

| Cash Generating Unit "CGU"  | December 31, 2014 |
|-----------------------------|-------------------|
| Eagle Ford and Austin Chalk | \$ 142,584        |
| Texas conventional oil      | 75,406            |
| South Texas Gas             | 27,017            |
| Oklahoma                    | 17,982            |
| Kansas/Colorado             | 14,757            |
| Wyoming                     | 1,160             |
| Total                       | \$ 278,906        |

The impairment on the Trust's Eagle Ford and Austin Chalk CGU, which includes the production payment, was a result of utilizing a lower future oil price deck in the reserve calculations, widening basis differentials, and technical revisions due to mechanical failure of two well bores and performance related issues primarily from the Trust's Eagle Ford wells as well as the third party operated production payment. The Trust recorded an impairment on its Texas Conventional Oil CGU, South Texas Gas CGU, Oklahoma CGU, Kansas/Colorado CGU, and Wyoming CGU which was a result of utilizing a lower future oil and gas price deck in the reserve calculations.

The impairment losses recognized were the difference between the carrying amount of each CGU and their fair value less costs of disposal. The fair value less costs of disposal was calculated using a discounted cash flow model based on the proved plus probable reserves using forecast oil prices and an after-tax discount rate of 10.5% to 12.0% for all CGUs. The cash flow model used is considered a level 3 fair value technique. The following table summarizes the recoverable amount calculated for each CGU that was subject to impairment for the year ended December 31, 2014:

| CGU                         | December 31, 2014 |
|-----------------------------|-------------------|
| Eagle Ford and Austin Chalk | \$ 43,936         |
| Texas conventional oil      | 124,614           |
| South Texas Gas             | 53,218            |
| Oklahoma                    | 29,804            |
| Kansas/Colorado             | 25,256            |
| Wyoming                     | 110,979           |
| Total                       | \$ 387,807        |

A change of 0.5% in the discount rates for these three CGUs would result in a corresponding change in impairment expense of approximately \$10.0 million.

The fair value less costs of disposal calculation assumes the following forecast realized WTI oil sales prices in US\$/bbl:

|    | 2015  | 2016     | 2017     | 2018     | 2019     | 2020     | 2021 <sup>(i)</sup> |
|----|-------|----------|----------|----------|----------|----------|---------------------|
| \$ | 60.85 | \$ 72.98 | \$ 77.58 | \$ 81.54 | \$ 86.62 | \$ 91.47 | \$ 94.44            |

(i) + 2% per year thereafter

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 9. Oil and gas properties (continued)

During the year ended December 31, 2013, the Trust recognized an impairment loss of \$66.0 million on its Texas unconventional oil CGU, which includes the Eagle Ford, Austin Chalk and production payment, as well as an impairment loss of \$3.3 million on its Oklahoma CGU. The impairment on its Texas unconventional oil CGU resulted from the decline in realized forecast oil price, due to reduced WTI differentials to Light Louisiana Sweet price at the Gulf coast and reserves revisions primarily on probable reserves on the Austin Chalk properties. The impairment on its Oklahoma CGU resulted from the reserves revisions primarily on its probable reserves.

The impairment losses recognized were the difference between the carrying amount of each CGU and their fair value less costs of disposal. For Texas unconventional oil CGU, the fair value less costs of disposal was calculated using a discounted cash flow model based on the proved plus probable reserves using forecast oil prices and an after-tax discount rate of 9%. For Oklahoma CGU, the fair value less costs of disposal was calculated using a discounted cash flow model based on the proved plus probable reserves using forecast oil prices and a before tax discount rate of 10%. The cash flow model used is considered a level 3 fair value technique. The recoverable amount of the Texas unconventional oil CGU was calculated as \$180.9 million and the recoverable amount of the Oklahoma CGU was calculated as \$48.4 million. A change of 0.5% in the discount rates for these two CGUs would result in a corresponding change in impairment expense of approximately \$6.8 million.

The fair value less costs of disposal calculation assumes the following forecast realized WTI oil sales prices in US\$/bbl:

|    | 2014   | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      |
|----|--------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$ | 105.25 | \$ 105.41 | \$ 105.56 | \$ 105.72 | \$ 105.89 | \$ 106.06 | \$ 107.27 |

As at October 31, 2013, the Trust revised its estimate of the depletion of its oil and gas properties for the year ended December 31, 2013 from using proven plus probable reserves as its unit-of-production base to using only proven reserves as its unit-of-production base. The effect of this revision increased depletion expense by \$8.4 million compared to depletion expense that would have been calculated using proven plus probable reserves as the Trust's unit-of-production base for the quarter ended December 31, 2013. The amount of the effect on future periods has not been disclosed because estimating it is impracticable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 10. Exploration and evaluation assets

|  | December 31, 2014 | December 31, 2013 |
|--|-------------------|-------------------|
| Opening balance                                | \$ 44,801         | \$ 66,762         |
| Additions                                      | 206               | 906               |
| Acquired in business combination               | -                 | 3,137             |
| Additions related to forward purchase contract | -                 | 4,061             |
| Impairment                                     | (36,661)          | -                 |
| Transferred to oil and gas properties          | (4,556)           | (13,382)          |
| Expense associated with lease expiries         | (5,100)           | (20,430)          |
| Foreign exchange adjustment                    | 2,303             | 3,747             |
| <b>Closing balance</b>                         | <b>\$ 993</b>     | <b>\$ 44,801</b>  |

During the year ended December 31, 2014, the Trust expensed \$5.1 million (2013 - \$20.4 million) of exploration and evaluation assets related to leases that expired or are near expiry with no intention to renew.

During the year ended December 31, 2014, the Trust recorded a \$36.7 million (2013 - \$nil) impairment charge related to leaseholds located in the Eagle Ford Shale and Buda formation. This impairment charge arose due to the downward revision of reserves associated with the Eagle Ford CGU, resulting in reduced prospectivity of the leasehold and substantive expenditure for further exploration in this area is not planned.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 11. Property and equipment

|   | Vehicles        | Furniture and<br>equipment | Buildings     | Land          | Total           |
|---|-----------------|----------------------------|---------------|---------------|-----------------|
| <b>Cost:</b>  |                 |                            |               |               |                 |
| Balance at December 31, 2013                            | \$ 1,097        | \$ 1,108                   | \$ 580        | \$ 157        | \$ 2,942        |
| Additions   | 463             | 824                        | 161           | -             | 1,448           |
| Disposals   | (101)           | (2)                        | -             | -             | (103)           |
| Foreign exchange  | 115             | 142                        | 61            | 15            | 333             |
| <b>Balance at December 31, 2014</b>                     | <b>\$ 1,574</b> | <b>\$ 2,072</b>            | <b>\$ 802</b> | <b>\$ 172</b> | <b>\$ 4,620</b> |
| <b>Depreciation:</b>                                    |                 |                            |               |               |                 |
| Balance at December 31, 2013                            | 104             | 205                        | 47            | -             | 356             |
| Depreciation for the year                               | 283             | 482                        | 79            | -             | 844             |
| Foreign exchange  | 24              | 42                         | 7             | -             | 73              |
| <b>Balance at December 31, 2014</b>                     | <b>\$ 411</b>   | <b>\$ 729</b>              | <b>\$ 133</b> | <b>\$ -</b>   | <b>\$ 1,273</b> |
| <b>Carrying amount:</b>                                 |                 |                            |               |               |                 |
| <b>December 31, 2014</b>                                | <b>\$ 1,163</b> | <b>\$ 1,343</b>            | <b>\$ 669</b> | <b>\$ 172</b> | <b>\$ 3,347</b> |
| <b>Cost:</b>  |                 |                            |               |               |                 |
| Balance at December 31, 2012                            | \$ 118          | \$ 238                     | \$ 80         | \$ -          | \$ 436          |
| Additions   | 574             | 828                        | 112           | -             | 1,514           |
| Change in estimate to prior period business combination | 174             | -                          | -             | -             | 174             |
| Acquired in business combination                        | 193             | -                          | 370           | 154           | 717             |
| Disposals   | -               | -                          | -             | -             | -               |
| Foreign exchange  | 38              | 42                         | 18            | 3             | 101             |
| <b>Balance at December 31, 2013</b>                     | <b>\$ 1,097</b> | <b>\$ 1,108</b>            | <b>\$ 580</b> | <b>\$ 157</b> | <b>\$ 2,942</b> |
| <b>Depreciation:</b>                                    |                 |                            |               |               |                 |
| Balance at December 31, 2012                            | 6               | 21                         | 9             | -             | 36              |
| Depreciation for the year                               | 95              | 173                        | 36            | -             | 304             |
| Foreign exchange  | 3               | 11                         | 2             | -             | 16              |
| <b>Balance at December 31, 2013</b>                     | <b>\$ 104</b>   | <b>\$ 205</b>              | <b>\$ 47</b>  | <b>\$ -</b>   | <b>\$ 356</b>   |
| <b>Carrying amount:</b>                                 |                 |                            |               |               |                 |
| <b>December 31, 2013</b>                                | <b>\$ 993</b>   | <b>\$ 903</b>              | <b>\$ 533</b> | <b>\$ 157</b> | <b>\$ 2,586</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 12. Distributions payable

|                          | December 31, 2014 | December 31, 2013 |
|--------------------------|-------------------|-------------------|
| Opening balance          | \$ 5,289          | \$ 4,232          |
| Distributions declared   | 27,534            | 56,166            |
| Distributions paid       | (15,699)          | (20,310)          |
| Distributions reinvested | (15,849)          | (34,799)          |
| <b>Closing balance</b>   | <b>\$ 1,275</b>   | <b>\$ 5,289</b>   |

Distributions are declared and paid monthly. The outstanding balance at December 31, 2014 represents the amount of cash distributions to be paid on January 23, 2015.

### 13. Deferred land payment

| December 31, 2014      | Opening balance  | Payment made   | Reclassified amount | Accretion  | Period end foreign exchange adjustment | Closing balance |
|------------------------|------------------|----------------|---------------------|------------|--|-----------------|
| Short term portion     | \$ 6,382         | (6,404)        | 7,129               | 329        | 685                                    | \$ 8,121        |
| Long term portion      | \$ 7,129         | -              | (7,129)             | -          | -                                      | \$ -            |
| <b>Total liability</b> | <b>\$ 13,511</b> | <b>(6,404)</b> | <b>-</b>            | <b>329</b> | <b>685</b>                             | <b>\$ 8,121</b> |

| December 31, 2013      | Opening balance  | Payment made   | Reclassified amount | Accretion  | Period end foreign exchange adjustment | Closing balance  |
|------------------------|------------------|----------------|---------------------|------------|--|------------------|
| Short term portion     | \$ 4,976         | (5,042)        | 5,581               | 260        | 607                                    | \$ 6,382         |
| Long term portion      | \$ 12,093        | -              | (5,581)             | 303        | 314                                    | \$ 7,129         |
| <b>Total liability</b> | <b>\$ 17,069</b> | <b>(5,042)</b> | <b>-</b>            | <b>563</b> | <b>921</b>                             | <b>\$ 13,511</b> |

Resulting from the Denali Acquisition completed in 2012, the Trust purchased undeveloped land from Denali over a deferred payment plan. The purchase will be satisfied in a series of three installments with total cash outflows of US \$18.0 million. The first payment of US \$5.0 million was made on January 1, 2013, the second payment of US \$6.0 million was made on January 1, 2014, and the third payment of US \$7.0 million is due on January 1, 2015 and has been paid subsequent to December 31, 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 14. Unit based compensation

The Trust's unit based compensation comprises the following:

| December 31, 2014      |            |     |           |     |        |
|------------------------|------------|-----|-----------|-----|--------|
|                        | Short term |     | Long term |     | Total  |
| Restricted trust units | \$         | 231 | \$        | 32  | \$ 263 |
| Phantom unit rights    |            | 272 |           | 105 | 377    |
|                        | \$         | 503 | \$        | 137 | \$ 640 |

| December 31, 2013      |            |       |           |       |          |
|------------------------|------------|-------|-----------|-------|----------|
|                        | Short term |       | Long term |       | Total    |
| Restricted trust units | \$         | 1,952 | \$        | 1,413 | \$ 3,365 |
| Phantom unit rights    |            | 1,622 |           | 1,208 | 2,830    |
|                        | \$         | 3,574 | \$        | 2,621 | \$ 6,195 |

#### a) Restricted trust units ("RTUs")

|   | Units                 |
|---|-----------------------|
| <i>For the year ended December 31, 2014</i> |                       |
|   | <i>(in thousands)</i> |
| Outstanding, beginning of period            | 771                   |
| Granted                                     | 42                    |
| Forfeited                                   | (302)                 |
| Exercised                                   | (197)                 |
| Accumulated distributions <sup>(1)</sup>    | 95                    |
|   | <b>409</b>            |

|   | Units                 |
|---|-----------------------|
| <i>For the year ended December 31, 2013</i> |                       |
|   | <i>(in thousands)</i> |
| Outstanding, beginning of period            | 635                   |
| Granted                                     | 273                   |
| Forfeited                                   | -                     |
| Exercised                                   | (227)                 |
| Accumulated distributions <sup>(1)</sup>    | 90                    |
|   | <b>771</b>            |

(1) Grants based on accumulated distributions on unvested unit grants.

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For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 14. Unit based compensation (continued)

The Trust has a Restricted Trust Unit Plan ("RTUP") for employees, directors, officers and direct or indirect service providers. Restricted Trust Units ("RTUs") issued under the RTUP entitles the participant, at the trust's discretion, to receive either the cash equivalent of one unit, or one Trust unit issued from treasury at the option of the Trust plus additional RTUs in respect of distributions declared by the Trust on the units that would have been paid to the participant if the RTUs in the participant's account were outstanding units during the relevant period. The RTUs granted vest 1/3 per year on the first three anniversary dates from the date granted. During the year ended December 31, 2014, all vested RTUs were paid to participants in cash. As at December 31, 2014, and December 31, 2013, no RTUs were vested that remained unexercised.

During the year ended December 31, 2014, 197,000 RTUs were exercised at an average price of \$3.32 per unit. During the year ended December 31, 2013, 227,000 RTUs were exercised at an average price of \$10.12 per unit.

The fair value estimate associated with the RTUs is expensed in profit or loss over the vesting period with the offsetting entry to liabilities. The related accumulated liability is transferred to the Trust's capital account in unitholders equity if trust units are issued to settle this obligation. The Trust is required to fair value the liability related to these RTUs at the end of each reporting period. As at December 31, 2014, these units accounted for a \$2.5 million recovery (2013 - \$4.2 million expense) of unit based compensation recorded in profit or loss.

The fair value of RTUs at grant was based on the trading price of the Trust's units on the Toronto Stock Exchange. A forfeiture rate of 1.07% (2013 - 0.02%) was used, and due to the limited history of the Trust, this figure is an estimated expected rate.

As at December 31, 2014, the RTUs have a weighted average contractual life of 1.5 years (2013 - 2.4 years).

Certain RTUs granted to officers and directors are subject to the Trust meeting specified performance targets or continued service provisions as determined by the Trust's compensation committee.

RTUs granted to service providers are not subject to any performance restrictions other than continued performance under service contract.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 14. Unit based compensation (continued)

#### b) Phantom unit rights

|   | Units                 |
|---|-----------------------|
| <i>For the year ended December 31, 2014</i> |                       |
|   | <i>(in thousands)</i> |
| Outstanding, beginning of period            | 706                   |
| Granted                                     | 365                   |
| Forfeited                                   | (254)                 |
| Exercised                                   | (214)                 |
| Accumulated distributions <sup>(1)</sup>    | 132                   |
|   | <b>735</b>            |
| <i>For the year ended December 31, 2013</i> |                       |
|   | <i>(in thousands)</i> |
| Outstanding, beginning of period            | 438                   |
| Granted                                     | 364                   |
| Forfeited                                   | (13)                  |
| Exercised                                   | (159)                 |
| Accumulated distributions <sup>(1)</sup>    | 76                    |
|   | <b>706</b>            |

(1) Grants based on accumulated distributions on unvested unit grants.

The Trust has a Phantom Unit Rights Plan ("PURP") that entitles United States based directors, officers, employees and certain direct and indirect service providers of the Trust to participate. Phantom Unit Rights ("PURs") issued under the Trust's PURP entitles the participant to receive the value of units of the Trust and distributions payable in respect of units of the Trust until the PURs are fully vested. The PURs granted vest 1/3 per year on the first three anniversary dates from the date granted. During the year ended December 31, 2014, all vested PURs were paid to the participants in cash. As at December 31, 2014, and December 31, 2013, no PURs were vested that remained unexercised.

In the year ended December 31, 2014, 214,000 PURs were exercised at an average price of \$4.13 per unit. In the year ended December 31, 2013, 364,000 PURs were exercised at an average price of \$10.04 per unit.

The fair value estimate associated with the PURs is expensed in profit or loss over the vesting period with the offsetting entry to liabilities. The related accumulated liability will be transferred to the Trust's capital account in unitholders equity if trust units are issued to settle this obligation. The Trust is required to fair value the liability related to these PURs at the end of each reporting period. As at December 31, 2014, these units accounted for \$1.7 million recovery (2013 - \$3.5 million expense) of unit based compensation recorded in profit or loss.

A forfeiture rate of 2.99% (2013 - 0.13%) was used, and due to the limited history of the Trust, this figure is an estimated expected rate.

As at December 31, 2014, the PURs have a weighted average contractual life of 2.6 years (2013 - 3.2 years).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 14. Unit based compensation (continued)

Certain PURs granted to an officer and director are subject to certain continued service provision as determined by the Trust's compensation committee.

PURs granted to service providers are not subject to any performance restrictions other than continued performance under service contract.

### 15. Credit facility

| <i>For the year ended December 31, 2014</i> |                   |
|---|-------------------|
| Opening balance                             | \$ 81,244         |
| Draw downs                                  | 55,908            |
| Repayments                                  | (27,729)          |
| Facility fees incurred                      | (312)             |
| Accretion of facility fees                  | 551               |
| Foreign exchange adjustment                 | 8,986             |
| <b>Closing balance</b>                      | <b>\$ 118,648</b> |
| <i>For the year ended December 31, 2013</i> |                   |
| Opening balance                             | \$ 34,282         |
| Draw downs                                  | 257,284           |
| Repayments                                  | (215,547)         |
| Facility fees paid                          | (657)             |
| Accretion of facility fees                  | 481               |
| Interest accrued                            | 1,868             |
| Interest paid                               | (1,518)           |
| Foreign exchange adjustment                 | 5,051             |
| <b>Closing balance</b>                      | <b>\$ 81,244</b>  |

As at December 31, 2014, the Trust had US\$103.0 million (CDN\$119.5 million) outstanding under its US\$140 million (CDN \$162.4 million) credit facility and had an undrawn credit limit of US\$37.0 million (CDN\$42.9 million). The credit facility is a senior secured extendible revolving credit facility. The borrowing base of the credit facility is subject to semi-annual redetermination by the lenders. The credit facility was renewed on December 10, 2014, with a borrowing base of US\$140 million (CDN \$162.4 million) and the Trust is required to obtain permission from the lender to draw on the credit facility in excess of US\$125 million (CDN\$145.0 million).

The next redetermination date was set as of May 31, 2015. Any significant change in the borrowing base by the lenders may adversely impact the liquidity position of the Trust. There can be no assurance provided about the final credit facility limit when it redetermined by the lending syndicate on May 31, 2015. Refer to additional disclosure included in note 2.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 15. Credit facility (continued)

The Trust may, at its option, borrow at a US base rate, Canadian prime rate, or at a Libor or bank acceptance rate plus applicable margin. The applicable margin and standby fees changes based on the Trust's consolidated debt to cash flow ratio excluding the convertible debentures. The weighted average interest rate at December 31, 2014 was 3.52% (December 31, 2013 – 2.47%).

The revolving period of the credit facility ends on August 11, 2015. At this date, the facility is rolled into a new term loan that is due for repayment on August 12, 2016. The Trust can request an extension to the revolving period of the facility but the extension is at the discretion of the lender. If at any time the Borrowing Base upon any redetermination is reduced any undrawn credit above the redetermined Borrowing Base shall cease to be available to the Trust and the total available facility shall be reduced to an amount equal to the Borrowing Base. If there is a shortfall due to redetermination between the redetermined Borrowing Base and amount drawn on facility, the Trust shall within 60 days from its receipt of notice of such Borrowing Base Shortfall in writing from the Lender, to eliminate the Borrowing Base shortfall.

This credit facility contains a financial covenant in which the Trust shall not make any cash distributions if the aggregate amount of any cash distribution exceeds 115% of the available Annualized Cash Flow, as adjusted for major acquisitions, related to the reporting period.

Annualized Cash Flow means, for any period and as determined in accordance with IFRS on a consolidated basis, the cash flow from operations of the Trust, and allowing on a proforma basis for the cash flow from the beginning of such period from any material acquisition, less, without duplication, any mandatory capital expenditure requirements as provided in the "proved developed producing reserves schedule" of the then current engineering reserve report to be made or which the Trust has made or legally committed to make in the ordinary course of business. Major acquisition means an acquisition of shares or other assets which increases the consolidated net assets (excluding current assets) of the Trust, as shown on the most current consolidated financial statements of the Trust, by more than ten percent (10%) of the borrowing base.

The Trust was in compliance with this financial covenant as at December 31, 2014.

## 16. Convertible debentures

On June 4, 2013, the Trust issued \$75.0 million aggregate principal amount of 6.00% convertible unsecured subordinated debentures (the "Debentures") due June 30, 2018 at a price of \$1,000 per debenture. On June 12, 2013, the trust issued an additional \$11.3 million principal amount of Debentures upon exercise of the underwriters' over-allotment option. The Debentures pay interest at a rate of 6.00% per annum, payable on a semi-annual basis on June 30 and December 31 of each year.

The Debentures issued on June 4, 2013 and June 12, 2013 are convertible at the option of the holder into trust units at a fixed conversion price of \$13.90 per unit, on or after June 30, 2016 until their maturity date. The Debentures are convertible at the Trust's option on or after June 30, 2016 until their maturity date at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Trust's units on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the conversion price. Interest payments commenced on December 31, 2013.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 16. Convertible debentures (continued)

On October 31, 2013, the Trust issued \$60.0 million aggregate principal amount of 6.50% Debentures due December 31, 2018 at a price of \$1,000 per debenture. On November 29, 2013, the Trust issued an additional \$3.0 million principal amount of Debentures upon exercise of the underwriters' over-allotment option. The Debentures pay interest at a rate of 6.50% per annum, payable on a semi-annual basis on June 30 and December 31 of each year.

The Debentures issued on October 31, 2013 and November 29, 2013 are convertible at the option of the holder into Trust units at a fixed conversion price of \$12.50 per unit, on or after June 30, 2016 until their maturity date. The Debentures are convertible at the Trust's option on or after June 30, 2016 until their maturity date at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Trust's units on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the conversion price. Interest payments commenced on December 31, 2013.

The following table outlines the changes in the convertible debentures for years ended December 31, 2014 and December 31, 2013:

|   | Amount            |
|---|-------------------|
| Balance at December 31, 2013                      | \$ 144,879        |
| Change in fair value due to change in credit risk | (96,593)          |
| Change in fair value due to change in market risk | 1,303             |
| Convertible debentures exercised                  | (501)             |
| <b>Balance at December 31, 2014</b>               | <b>\$ 49,088</b>  |
|   | Amount            |
| Balance at December 31, 2012                      | \$ -              |
| Convertible debentures issued                     | 149,250           |
| Change in fair value due to change in credit risk | 319               |
| Change in fair value due to change in market risk | (4,690)           |
| <b>Balance at December 31, 2013</b>               | <b>\$ 144,879</b> |

The fair value of the convertible debentures on December 31, 2014, was \$49.1 million (December 31, 2013 - \$144.9 million) based on the December 31, 2014 closing price of the convertible debentures on the Toronto Stock Exchange. The face value of the convertible debentures at December 31, 2014 is \$148.8 million (December 31, 2013 - \$149.3 million).

Significant estimates were made in the calculation of the change in fair value of the convertible debentures due to change in credit risk and market risk. The significant inputs to this calculation were:

|  | December 31, 2014 | December 31, 2013 |
|--|-------------------|-------------------|
| Closing price of convertible debentures per unit | \$ 33             | \$ 99             |
| Risk free rate                                   | 1.65%             | 2.40%             |
| Credit spread                                    | 48.17%            | 5.13%             |
| Volatility                                       | 42.64%            | 22.45%            |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 17. Decommissioning liabilities

|                                      | December 31, 2014 | December 31, 2013 |
|--------------------------------------|-------------------|-------------------|
| Opening balance                      | \$ 22,009         | \$ 13,948         |
| Acquisitions                         | -                 | 3,820             |
| Obligations incurred during the year | 365               | 598               |
| Accretion                            | 731               | 438               |
| Change in estimate <sup>(i)</sup>    | 1,383             | 2,059             |
| Sale of oil and gas properties       | (647)             | -                 |
| Abandonments completed               | (881)             | -                 |
| Foreign exchange                     | 2,044             | 1,146             |
| Closing balance                      | \$ 25,004         | \$ 22,009         |
| Short term portion                   | \$ 878            | \$ 1,079          |
| Long term portion                    | 24,126            | 20,930            |
| Total decommissioning liability      | \$ 25,004         | \$ 22,009         |

(i) Change in estimate primarily relates to change in discount rate on decommissioning liabilities acquired in corporate acquisitions. On acquisition date, the discount rate which is required to be used is the Trust's credit-adjusted risk-free rate and is subsequently adjusted to the Trust's risk-free rate at period end.

The decommissioning liabilities recorded represent the present value of internal estimates of future decommissioning costs of the Trust's net ownership position in oil and gas wells and related facilities at the relevant balance sheet date determined using local pricing conditions and requirements. These costs are expected to be incurred between 2015 and 2070. The timing of payments related to the decommissioning liabilities is uncertain and is dependent on various items which are not always within the Trust's control.

The provision was estimated using current prices adjusted forecast at a 2.00% (2013 - 2.50%) inflation rate over the period until expected settlement. The future estimated prices were then discounted to their present day value using an average risk-free discount rate of 2.40% (2013 - 3.57%). A 1% increase in the risk-free discount rate would have decreased the liability by \$3.1 million (2013 - \$2.8 million), and a 1% decrease would increase the liability by \$3.8 million (2013 - \$3.7 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 18. Trust capital

### Authorized

The Trust is authorized to issue an unlimited number of common voting Trust units. Each unit represents an equal, undivided beneficial interest in the net assets of the Trust. Unitholders are entitled to receive non-cumulative distributions from the Trust as declared.

Trust units are redeemable on demand at the option of the unitholder. The redemption price is equal to the lesser of:

- i. 90% of the volume weighted average trading price of a unit during the last 10 trading days; and
- ii. 100% of the volume weighted average trading price of a unit on the redemption date.

The aggregate Market Redemption Price payable by the Trust in respect of any units tendered for redemption during any calendar month shall be satisfied by way of a cash payment on or before the fifth business day after the end of the calendar month following the calendar month in which the units were tendered for redemption. Unitholders are not entitled to receive cash upon the redemption of their units if the total amount payable by the Trust in respect of such units and all other units tendered for redemption in the same month exceeds \$100,000. If a unitholder is not entitled to receive cash, the redemption may be satisfied by distributing notes having an aggregate principal amount equal to the aggregate Market Redemption Price of the Trust units tendered for redemption. It is anticipated that the redemption right will not be the primary mechanism for unitholders to dispose of their units.

### Trust units outstanding

|   | Number of units<br>(in thousands) | Amount            |
|---|-----------------------------------|-------------------|
| Balance December 31, 2013                       | 60,448                            | \$ 555,477        |
| Distribution reinvestment plan <sup>(1)</sup>   | 3,298                             | 15,849            |
| Convertible debentures exercised <sup>(2)</sup> | 36                                | 113               |
| <b>Balance December 31, 2014</b>                | <b>63,782</b>                     | <b>\$ 571,439</b> |

|   | Number of units<br>(in thousands) | Amount            |
|---|-----------------------------------|-------------------|
| Balance December 31, 2012                     | 48,438                            | \$ 442,075        |
| Issue of Trust Capital <sup>(3)</sup>         | 8,160                             | 83,232            |
| Distribution reinvestment plan <sup>(4)</sup> | 3,850                             | 34,799            |
| Trust unit issue costs                        | -                                 | (4,629)           |
| <b>Balance December 31, 2013</b>              | <b>60,448</b>                     | <b>\$ 555,477</b> |

(1) During the year ended December 31, 2014, the Trust issued 3.3 million units at a weighted average price of \$4.81 per unit for total gross proceeds of \$15.8 million under the Trust's premium distribution and distribution reinvestment plan (the "DRIP Plan").

(2) During year ended December 31, 2014, the Trust issued 36,000 units related to the exercise of \$0.5 million of convertible debentures exercisable at \$13.90 per unit. The units issued had a market value of \$3.14 per unit at the time of exercise.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 18. Trust capital (continued)

- (3) On August 15, 2013, the Trust closed a public offering in which it issued 8,160,000 trust units for a price of \$10.20 per share for gross proceeds of \$83.2 million.
- (4) During the year ended December 31, 2013, the Trust issued 3,850,000 units at a weighted average price of \$9.04 per unit for total gross proceeds of \$34.8 million under the Trust's premium distribution and distribution reinvestment plan.

### 19. General and administrative expenses

| <i>For the year ended,</i>                       | December 31, 2014 | December 31, 2013 |
|--|-------------------|-------------------|
| Wages, salaries and benefits                     | \$ 10,714         | \$ 5,759          |
| Office costs                                     | 5,859             | 7,716             |
| Legal, accounting and consulting                 | 1,878             | 1,564             |
| <b>Total general and administrative expenses</b> | <b>\$ 18,451</b>  | <b>\$ 15,039</b>  |

### 20. Finance expense

| <i>For the year ended,</i>                   | December 31, 2014 | December 31, 2013 |
|--|-------------------|-------------------|
| Accretion on deferred land obligation        | \$ 329            | \$ 563            |
| Accretion on decommissioning obligations     | 731               | 438               |
| Accretion of facility fees on revolving loan | 551               | 481               |
| Total accretion                              | 1,611             | 1,482             |
| Interest on term credit facility             | 3,824             | 1,868             |
| Interest on convertible debentures           | 9,266             | 3,665             |
| Convertible debentures issuance costs        | -                 | 6,795             |
| <b>Total finance expense</b>                 | <b>\$ 14,701</b>  | <b>\$ 13,810</b>  |

### 21. Deferred income taxes

- a) At December 31, 2014, the Trust had approximately \$158.3 million (2013 - \$164.9 million) of non-capital loss carryover balances. In addition, the Trust has capital cost pools of \$720.7 million (2013 - \$613.4 million) to deduct against future taxable income.

The non-capital losses can be used for 20 years. The non-capital losses of \$158.3 will expire between 2032 and 2034. Deferred tax assets have not been recognized in respect of this tax loss due to the entities being newly formed and having a limited history of operations. At this time, it is therefore not probable that future taxable profit will be available against which this benefit can be utilized.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 21. Deferred income taxes (continued)

- b) The components of the Trust's deferred tax asset (liability) are a result of the origination and reversal of temporary differences and are comprised of the following:

|                                    | December 31, 2014 | December 31, 2013 |
|------------------------------------|-------------------|-------------------|
| Deferred tax assets:               |                   |                   |
| Deferred land purchase             | \$ -              | \$ 4,787          |
| Decommissioning liability          | 229               | 177               |
| Oil and gas properties             | 125,786           | -                 |
| Risk management                    | -                 | 784               |
| Finance costs                      | 1,080             | 1,065             |
| Unit based                         | 134               | 674               |
| Non-capital loss carryforwards     | 56,252            | 58,434            |
|                                    | <b>183,481</b>    | <b>65,921</b>     |
| Less deferred tax liabilities:     |                   |                   |
| Exploration and evaluation assets  | (353)             | (6,106)           |
| Oil and gas properties             | -                 | (14,993)          |
| Risk management                    | (11,390)          | -                 |
| Deferred tax assets not recognized | (171,289)         | (44,799)          |
| Other                              | (449)             | (23)              |
|                                    | <b>\$ -</b>       | <b>\$ -</b>       |

- c) The income tax provision differs from the expected amount calculated by applying the Trust's combined federal and state income tax rate of 35.5% (2013 – 35.4%) as follows:

|   | December 31, 2014 | December 31, 2013 |
|---|-------------------|-------------------|
| Expected recovery at an effective tax rate of 35.5% (2013 - 35.4%)              | \$ (107,132)      | \$ (30,909)       |
| Add (deduct) effects of:  |                   |                   |
| Interest on internal debt of subsidiary   | (8,145)           | (8,482)           |
| Intercompany expense recoveries   | (1,088)           | (1,202)           |
| Change in fair value of convertible debentures                                  | 463               | (1,662)           |
| General and administrative expenses   | 2,174             | 2,381             |
| Finance fees  | 3,292             | 3,707             |
| Unit based compensation   | (878)             | 1,193             |
| Foreign exchange loss, net  | (7,757)           | (6,010)           |
| Changes in temporary differences for which no deferred tax asset was recognized | 118,821           | 41,328            |
| Other   | 14                | (100)             |
|   | <b>\$ (236)</b>   | <b>\$ 244</b>     |

- d) The Trust recorded a total tax recovery of \$0.2 million (2013 - \$0.2 million expense) due to the States of Oklahoma and Kansas.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 22. Loss per unit

Basic and diluted loss per unit is calculated as follows:

| <i>For the year ended,</i>                    | <b>December 31, 2014</b> | December 31, 2013 |
|---|--------------------------|-------------------|
| Loss for the year                             | \$ (301,556)             | \$ (87,228)       |
| Issued trust units at beginning of the period | 60,448                   | 48,438            |
| Effect of exercise of convertible debentures  | 17                       | -                 |
| Effect of unit issuances                      | 2,320                    | 4,501             |
| Weighted average number of units - Basic      | 62,785                   | 52,939            |
| Basic loss per unit                           | \$ (4.80)                | \$ (1.65)         |

For the years ended December 31, 2014 and December 31, 2013, the dilutive effect of convertible debentures and restricted trust units were not included in the calculation of diluted earnings per share as their effect was anti-dilutive.

### 23. Supplemental cash flow information

Changes in non-cash working capital from operating activities is comprised of:

| <i>For the year ended,</i>       | <b>December 31, 2014</b> | December 31, 2013 |
|----------------------------------|--------------------------|-------------------|
| Source/(use) of cash:            |                          |                   |
| Trade and other receivables      | \$ 2,867                 | \$ (6,770)        |
| Prepaid expenses and deposits    | (111)                    | (744)             |
| Unit based compensation paid     | (1,550)                  | (3,909)           |
| Decommissioning obligations paid | (668)                    | -                 |
| Trade and other payables         | 2,569                    | 12,133            |
|                                  | \$ 3,107                 | \$ 710            |

Changes in non-cash working capital from investing activities is comprised of:

| <i>For the year ended,</i> | <b>December 31, 2014</b> | December 31, 2013 |
|----------------------------|--------------------------|-------------------|
| Source/(use) of cash:      |                          |                   |
| Accounts receivable        | \$ -                     | \$ 1,984          |
| Trade and other payables   | (6,818)                  | (9,996)           |
|                            | \$ (6,818)               | \$ (8,012)        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 23. Supplemental cash flow information (continued)

Changes in non-cash working capital from financing activities is comprised of:

| <i>For the year ended,</i> | December 31, 2014 | December 31, 2013 |
|----------------------------|-------------------|-------------------|
| Source/(use) of cash:      |                   |                   |
| Trade and other payables   | \$ (1)            | \$ (976)          |

### 24. Commitments

Operating lease rentals are payable as follows:

| <i>As at,</i>              | December 31, 2014 | December 31, 2013 |
|----------------------------|-------------------|-------------------|
| Less than one year         | \$ 1,696          | \$ 249            |
| Between one and five years | 6,045             | 5,360             |
| More than five years       | 8,020             | 8,918             |
|                            | \$ 15,761         | \$ 14,527         |

### 25. Operating segments

The operations of the Trust comprise one operating segment: oil and gas exploration, development and the sale of hydrocarbons and related activities. All of the Trust's assets and liabilities, income and expenses relate to this segment and the relevant disclosures have been made elsewhere in these financial statements.

#### Geographical information

The Trust's operating activities are wholly focused in the continental United States, currently in five states, and are supported by an office in Houston, Texas. The Trust's head office is in Calgary, Alberta.

#### Revenue

All of the Trust's revenue from external customers is derived from its operations in the United States. All inter-segment transactions have been eliminated on consolidation. The Trust uses an oil and natural gas marketing company that accounted for approximately 30% (2013 - 50%) of its revenue in the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and December 31, 2013

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 26. Related party transactions

The Trust had the following related party transactions:

- (i) Prior to May 21, 2014, the Trust shared a common director with Aston Hill Financial Inc. ("Aston Hill"). As at December 31, 2014, the Trust had accounts payable of \$nil (2013 - \$0.8 million) related to expenses incurred during the period in which Aston Hill was a related party. During the time Aston Hill was a related party, within the year ended December 31, 2014, the Trust incurred \$0.7 million (2013 - \$2.0 million) in administration charges, as well as \$0.2 million (2013 - \$1.5 million) in overhead expenses for costs that were reimbursed to Aston Hill by the Trust. For the period that Aston Hill was a related party during the year ended December 31, 2014, the Trust incurred a \$0.3 million recovery (2013 - expense of \$1.0 million) in unit based compensation related to RTUs which were issued as a part of the Trust's RTU plan for services rendered by Aston Hill under the Services Agreement. On August 10, 2013 \$0.7 million was paid to Aston Hill to settle vested RTUs. For the year ended December 31, 2014, no payments were made to Aston Hill to settle vested RTUs during the period in which they were a related party. All expenses paid to Aston Hill are in relation to services performed in accordance with the Services Agreement.
- (ii) During the year ended December 31, 2014, the Trust paid US\$6.0 million to satisfy their deferred land payment which was an obligation related to the acquisition of Denali Oil and Gas ("Denali") which was completed on August 10, 2012. Denali shares common directors and a member of key management with the Trust. For the year ended December 31, 2014, the Trust also incurred \$nil (2013 - \$0.5 million) in relation to overriding royalty payments related to the Eagle Ford Shale Deep Rights. As at December 31, 2014, \$nil (December 31, 2013 - \$0.05 million) of trade and other payables was related to overriding royalty payments to Denali.
- (iii) The aggregate payroll expense of key management was as follows:

| <i>For the year ended,</i>   | <b>December 31, 2014</b> | <b>December 31, 2013</b> |
|------------------------------|--------------------------|--------------------------|
| Wages, salaries and benefits | \$ 3,205                 | \$ 1,869                 |
| Unit based compensation      | (3,004)                  | 4,849                    |
| <b>Total remuneration</b>    | <b>\$ 201</b>            | <b>\$ 6,718</b>          |

Key management includes the Trust's executive officers and directors. Unit based compensation includes the amortization of RTUs and PURs issued to key management as recorded on the financial statements.

- (iv) Balances and transactions between the Trust and its subsidiaries, which are related parties of the Trust, have been eliminated on consolidation.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties

## 27. Subsequent events

### Distributions

Subsequent to December 31, 2014, the Trust declared distributions total of \$0.03 per Trust unit for months of January, February and March 2015. The Trust also issued 379,000 units pursuant to the Trust's DRIP plan at an average a price of \$0.58 per unit.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the years ended December 31, 2014 and December 31, 2013*

*(tabular amounts are in thousands of Canadian dollars except unit and per unit information)*

### **28. Reclassification of prior period presentation**

Certain prior year amounts have been reclassified for consistency with the current period presentation. Refer to note 5a) for a description of the amounts reclassified.



# EXHIBIT 8



**ARGENT**  
ENERGY TRUST

**Interim Consolidated Financial Statements  
As at and for the Three and Nine Month Periods Ended  
September 30, 2015**

**Contents**

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THIS IS EXHIBIT " 8 "  
referred to in the Affidavit of Declaration

Sean Bovingdon

Sworn before me this 16<sup>th</sup>

day of February A.D. 20 16

  
A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor

# INTERIM CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars)

| As at,   | Note | September 30, 2015 | December 31, 2014 |
|--|------|--------------------|-------------------|
| <b>Assets</b>                                      |      |                    |                   |
| <b>Current assets</b>                              |      |                    |                   |
| Cash   |      | \$ 1,334           | \$ 1,276          |
| Trade and other receivables                        |      | 11,150             | 16,767            |
| Risk management                                    | 6    | 19,981             | 31,464            |
| Prepaid expenses and deposits                      |      | 1,143              | 1,805             |
|  |      | <b>33,608</b>      | <b>51,312</b>     |
| Risk management                                    | 6    | 2,192              | 1,005             |
| Oil and gas properties                             | 7    | 222,624            | 387,807           |
| Exploration and evaluation assets                  |      | 911                | 993               |
| Property and equipment                             |      | 2,875              | 3,347             |
| <b>Total assets</b>                                |      | <b>\$ 262,210</b>  | <b>\$ 444,464</b> |
| <b>Liabilities</b>                                 |      |                    |                   |
| <b>Current Liabilities</b>                         |      |                    |                   |
| Trade and other payables                           |      | \$ 30,792          | \$ 30,701         |
| Distributions payable                              |      | -                  | 1,275             |
| Current portion of deferred land payment           |      | -                  | 8,121             |
| Current portion of unit based compensation         |      | 42                 | 503               |
| Current portion of decommissioning liability       |      | 178                | 878               |
|  |      | <b>31,012</b>      | <b>41,478</b>     |
| Credit facility                                    | 8    | 86,067             | 118,648           |
| Risk management                                    | 6    | -                  | 408               |
| Unit based compensation                            |      | 5                  | 137               |
| Convertible debentures                             | 9    | 44,625             | 49,088            |
| Decommissioning liability                          |      | 19,081             | 24,126            |
|  |      | <b>180,790</b>     | <b>233,885</b>    |
| <b>Unitholders' equity</b>                         |      |                    |                   |
| Trust capital                                      | 10   | 571,720            | 571,439           |
| Accumulated distributions                          |      | (100,187)          | (98,266)          |
| Deficit  |      | (528,455)          | (394,487)         |
| Other comprehensive income                         |      | 138,342            | 131,893           |
|  |      | <b>81,420</b>      | <b>210,579</b>    |
| <b>Total liabilities &amp; unitholders' equity</b> |      | <b>\$ 262,210</b>  | <b>\$ 444,464</b> |

The notes are an integral part of the interim consolidated financial statements.

**Going concern - see note 2**

# INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

*(in thousands of Canadian dollars, except per unit amounts)*

|   | Note | For the three month period ended |                       | For the nine month period ended |                       |
|---|------|----------------------------------|-----------------------|---------------------------------|-----------------------|
|   |      | September 30,<br>2015            | September 30,<br>2014 | September 30,<br>2015           | September 30,<br>2014 |
| Oil and gas sales   |      | \$ 17,146                        | \$ 49,680             | \$ 61,235                       | \$ 143,466            |
| less: Royalties   |      | (3,947)                          | (10,957)              | (13,435)                        | (31,467)              |
| <b>Oil and gas revenue</b>                                      |      | <b>13,199</b>                    | <b>38,723</b>         | <b>47,800</b>                   | <b>111,999</b>        |
| Operating expenses  |      | 7,449                            | 10,805                | 28,294                          | 34,606                |
| Ad valorem tax expense (recovery)                               |      | (72)                             | 46                    | 2,191                           | 4,177                 |
| General and administrative expenses                             |      | 3,394                            | 3,504                 | 13,326                          | 13,330                |
| Unit based compensation recovery                                |      | (120)                            | (176)                 | (428)                           | (3,455)               |
| Depreciation, depletion and amortization                        |      | 12,199                           | 33,335                | 38,131                          | 75,177                |
| Impairment  | 7    | 112,099                          | 156,053               | 137,696                         | 156,053               |
| Exploration and evaluation                                      |      | -                                | 4,610                 | 213                             | 5,052                 |
| Loss (gain) on sale of oil & gas properties                     |      | 901                              | (2,418)               | 498                             | (2,418)               |
| Other expense (income)  |      | 46                               | (400)                 | 46                              | (86)                  |
| Foreign exchange gain   | 6    | (17,415)                         | (12,058)              | (36,692)                        | (12,911)              |
| Risk management (gain) loss                                     | 6    | (14,233)                         | (14,217)              | (15,782)                        | 1,022                 |
| Loss (gain) on fair value of convertible debentures             | 9    | 661                              | (2,257)               | 3,420                           | 131                   |
| Finance expense   | 11   | 3,380                            | 3,754                 | 10,843                          | 11,035                |
| <b>Loss before taxation</b>                                     |      | <b>(95,090)</b>                  | <b>(141,858)</b>      | <b>(133,956)</b>                | <b>(169,714)</b>      |
| Income tax expense (recovery)                                   |      | 12                               | 26                    | 12                              | (202)                 |
| <b>Loss for the period</b>                                      |      | <b>\$ (95,102)</b>               | <b>\$ (141,884)</b>   | <b>\$ (133,968)</b>             | <b>\$ (169,512)</b>   |
| <b>Other comprehensive income, net of tax items</b>             |      |                                  |                       |                                 |                       |
| <i>Item that may not be reclassified subsequently to income</i> |      |                                  |                       |                                 |                       |
| Gain on fair value of convertible debentures                    | 9    | 1,833                            | 17,102                | 7,883                           | 36,445                |
| <i>Item that may be reclassified subsequently to income</i>     |      |                                  |                       |                                 |                       |
| Foreign currency translation gain (loss)                        |      | (2,136)                          | 13,825                | (1,434)                         | 15,483                |
| <b>Total comprehensive loss for the period</b>                  |      | <b>\$ (95,405)</b>               | <b>\$ (110,957)</b>   | <b>\$ (127,519)</b>             | <b>\$ (117,584)</b>   |
| <b>Loss per unit</b>  |      |                                  |                       |                                 |                       |
| Basic   | 12   | \$ (1.48)                        | \$ (2.24)             | \$ (2.09)                       | \$ (2.71)             |
| Diluted   | 12   | \$ (1.48)                        | \$ (2.24)             | \$ (2.09)                       | \$ (2.71)             |

*The notes are an integral part of the interim consolidated financial statements.*

## INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

*(in thousands of Canadian dollars, except per unit amounts)*

|                                      | Number of<br>Note Trust Units | Trust Capital | Other<br>Comprehensive<br>Income | Accumulated<br>Deficit | Accumulated<br>Distributions | Total<br>Unitholders'<br>Equity |
|--------------------------------------|-------------------------------|---------------|----------------------------------|------------------------|------------------------------|---------------------------------|
| <b>Balance at January 1, 2014</b>    | 60,448                        | \$ 555,477    | \$ 13,445                        | \$ (92,931)            | \$ (70,732)                  | \$ 405,259                      |
| Loss for the period                  | -                             | -             | -                                | (169,512)              | -                            | (169,512)                       |
| Other comprehensive income           | -                             | -             | 51,928                           | -                      | -                            | 51,928                          |
| Total comprehensive income           | -                             | -             | 65,373                           | (262,443)              | -                            | 287,675                         |
| Reinvested distributions             | 3,005                         | 15,542        | -                                | -                      | -                            | 15,542                          |
| Convertible debentures exercised     | 36                            | 113           | -                                | -                      | -                            | 113                             |
| Unitholder distributions             | -                             | -             | -                                | -                      | (23,715)                     | (23,715)                        |
| <b>Balance at September 30, 2014</b> | 63,489                        | \$ 571,132    | \$ 65,373                        | \$ (262,443)           | \$ (94,447)                  | \$ 279,615                      |
| <b>Balance at December 31, 2014</b>  | 63,782                        | \$ 571,439    | \$ 131,893                       | \$ (394,487)           | \$ (98,266)                  | \$ 210,579                      |
| Loss for the period                  | -                             | -             | -                                | (133,968)              | -                            | (133,968)                       |
| Other comprehensive income           | -                             | -             | 6,449                            | -                      | -                            | 6,449                           |
| Total comprehensive income           | -                             | -             | 138,342                          | (528,455)              | -                            | (127,519)                       |
| Reinvested distributions             | 10                            | 568           | 281                              | -                      | -                            | 281                             |
| Unitholder distributions             | -                             | -             | -                                | -                      | (1,921)                      | (1,921)                         |
| <b>Balance at September 30, 2015</b> | 64,350                        | \$ 571,720    | \$ 138,342                       | \$ (528,455)           | \$ (100,187)                 | \$ 81,420                       |

*The notes are an integral part of the interim consolidated financial statements.*

# INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of Canadian dollars, except per unit amounts)

|  | Note | For the three month period ended |                       | For the nine month period ended |                       |
|--|------|----------------------------------|-----------------------|---------------------------------|-----------------------|
|  |      | September 30,<br>2015            | September 30,<br>2014 | September 30,<br>2015           | September 30,<br>2014 |
| <b>Operating Activities</b>                                    |      |                                  |                       |                                 |                       |
| Loss for the period  |      | \$ (95,102)                      | \$ (141,884)          | \$ (133,968)                    | \$ (169,512)          |
| Adjustments for non-cash items:                                |      |                                  |                       |                                 |                       |
| Finance expense  | 11   | 3,380                            | 3,754                 | 10,843                          | 11,035                |
| Depreciation, depletion and amortization                       |      | 12,199                           | 33,335                | 38,131                          | 75,177                |
| Impairment   |      | 112,099                          | 156,053               | 137,696                         | 156,053               |
| Exploration and evaluation                                     |      | -                                | 4,586                 | 213                             | 5,028                 |
| Other expenses (income)  |      | 46                               | (387)                 | 78                              | (387)                 |
| (Gain) loss on sale of oil & gas properties                    | 7    | 901                              | (2,418)               | 498                             | (2,418)               |
| Unit based compensation recovery                               |      | (120)                            | (176)                 | (428)                           | (3,455)               |
| Unrealized risk management (gain) loss                         | 6    | (2,891)                          | (15,053)              | 13,415                          | (4,469)               |
| Unrealized (gain) loss on fair value of convertible debentures |      | 661                              | (2,257)               | 3,420                           | 131                   |
| Unrealized foreign exchange gain                               |      | (17,365)                         | (11,595)              | (36,008)                        | (12,568)              |
|  |      | 13,808                           | 23,958                | 33,890                          | 54,615                |
| Change in non-cash working capital                             | 13   | 1,072                            | (2,775)               | (3,265)                         | (2,196)               |
| <b>Net cash provided by operating activities</b>               |      | <b>14,880</b>                    | <b>21,183</b>         | <b>30,625</b>                   | <b>52,419</b>         |
| <b>Investing Activities</b>                                    |      |                                  |                       |                                 |                       |
| Purchase of property and equipment                             |      | (222)                            | (45)                  | (224)                           | (1,394)               |
| Proceeds on disposition of property and equipment              |      | 21                               | 1                     | 89                              | 12                    |
| Proceeds on disposition of oil & gas properties                |      | 23                               | 10,673                | 48,629                          | 10,673                |
| Additions to oil and gas properties                            | 7    | (8,168)                          | (7,028)               | (16,793)                        | (63,454)              |
| Additions to exploration and evaluation assets                 |      | -                                | (84)                  | -                               | (139)                 |
| Acquisitions, net of cash acquired                             | 7    | -                                | -                     | -                               | (675)                 |
| Deferred land payment  |      | -                                | -                     | (8,233)                         | (6,404)               |
| Change in non-cash working capital                             | 13   | (502)                            | (12,409)              | 4,881                           | (5,483)               |
| <b>Net cash provided by (used in) investing activities</b>     |      | <b>(8,848)</b>                   | <b>(8,892)</b>        | <b>28,349</b>                   | <b>(66,864)</b>       |
| <b>Financing Activities</b>                                    |      |                                  |                       |                                 |                       |
| Facility fees  |      | (37)                             | (187)                 | (176)                           | (536)                 |
| Proceeds from credit facilities                                | 8    | -                                | 9,430                 | 8,848                           | 55,869                |
| Repayment of credit facilities                                 | 8    | (4,580)                          | (17,355)              | (56,709)                        | (20,975)              |
| Finance expense paid   |      | (801)                            | (1,097)               | (7,762)                         | (7,223)               |
| Distributions paid   |      | -                                | (3,521)               | (2,916)                         | (12,193)              |
| Change in non-cash working capital                             | 13   | -                                | -                     | (245)                           | (1)                   |
| <b>Net cash provided by financing activities</b>               |      | <b>(5,418)</b>                   | <b>(12,730)</b>       | <b>(58,960)</b>                 | <b>14,941</b>         |
| Change in cash   |      | 614                              | (439)                 | 14                              | 496                   |
| Effect of exchange rates on cash                               |      | 28                               | 42                    | 44                              | 44                    |
| Cash, beginning of period                                      |      | 692                              | 1,951                 | 1,276                           | 1,014                 |
| <b>Cash, end of period</b>                                     |      | <b>\$ 1,334</b>                  | <b>\$ 1,554</b>       | <b>\$ 1,334</b>                 | <b>\$ 1,554</b>       |

The notes are an integral part of the interim consolidated financial statements.

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

*For the three and nine months periods ended September 30, 2015  
(tabular amounts are in thousands of Canadian dollars except unit and per unit information)*

## 1. Reporting entity

Argent Energy Trust (the "Trust" or "Argent") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta on January 31, 2012.

The strategy of the Trust is to acquire non-Canadian oil and gas assets in order to generate returns for its unitholders. The Trust will invest cash into its subsidiaries for the purposes of acquiring non-Canadian oil and gas assets, and invest in capital expenditures. Cash flow is generated by the Trust through the oil and gas assets owned and operated by the subsidiaries of the Trust.

The head office, principal address and registered and records office of the Trust are located at Suite 500, 321 - 6th Avenue SW, Calgary, Alberta, T2P 3H3.

Pursuant to the terms of an Administrative Services Agreement, Argent Energy Ltd. (the "Administrator"), a corporation formed under the laws of the Province of Alberta on June 9, 2011, is the Administrator of the Trust and performs all general and administrative services that are or may be required or advisable, from time to time, for the Trust.

## 2. Going concern

The consolidated financial statements were prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"), which assumes that the Trust will continue in operation and will be able to realize its assets and discharge its liabilities in the normal course of business.

For the three month period ended September 30, 2015, the Trust reported a loss of \$95.1 million and an accumulated deficit of \$528.5 million. In addition to its ongoing working capital requirements, the Trust must maintain access to existing credit facilities, effectively manage risks associated with depressed oil prices and obtain ongoing financing to support the Trust's existing commitments, ongoing operations and planned capital expenditure program. As at September 30, 2015, the Trust had positive working capital of \$2.6 million indicating sufficient liquidity at that time to meet short term obligations.

Over the past twelve months, the WTI price of oil has experienced a continued decline from US\$106 per barrel at September 30, 2014 to US\$45 per barrel as at September 30, 2015. If oil prices stay at current level or continue to decline for an extended period of time, it will adversely impact the Trust's cashflow from operating activities and its liquidity position.

As part of the Trust's risk management strategy, the Trust had entered into risk management contracts to sell a portion of its oil production at a WTI price of more than US\$90 per barrel for 2015 and US\$65 per barrel in 2016, which partially mitigates the short-term impact of depressed oil prices on the Trust's cash flows. As at September 30, 2015, the Trust had a total risk management asset of \$22.2 million, which can be liquidated at its discretion to reduce amounts owing under its credit facility. Refer to note 6 for further details on risk management contracts.

As at September 30, 2015, the Trust had US\$65.0 million (CDN\$86.7 million) outstanding under its US\$80.0 million (CDN \$106.8 million) credit facility. The credit facility was renewed on June 30, 2015 and the Trust is required to obtain permission from the lender to draw on the credit facility in excess of US\$75.0 million (CDN\$100.1 million). The next borrowing base redetermination date is set for November 30, 2015. Any significant reduction in the borrowing base by the lenders may adversely impact the liquidity position of the Trust. This indicates the existence of a material uncertainty related to events or conditions that may cast significant doubt about the Trust's ability to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

*For the three and nine months periods ended September 30, 2015*

*(tabular amounts are in thousands of Canadian dollars except unit and per unit information)*

## **2. Going concern (continued)**

The Trust's ability to continue as a going concern is dependent upon its ability to maintain access to credit facilities and effectively manage risks associated with depressed oil prices and generate positive cash flows from operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues, expenses and balance sheet classifications that would be necessary if the Trust were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

## **3. Basis of preparation**

### **Statement of compliance**

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on November 12, 2015.

These consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The Trust has applied the same accounting policies as the annual audited IFRS consolidated financial statements for the year ended December 31, 2014, except for income tax expense for an interim period which is based on an estimated average annual effective income tax rate. The accounting policies applied in these consolidated financial statements are based on IFRS effective as of January 1, 2015. The consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRSs as issued by the IASB. These interim consolidated financial statements are presented in Canadian dollars ("CDN"), which is the Trust's functional currency. All financial information is rounded to the nearest thousands, except per unit amounts and where otherwise indicated.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2014.



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months periods ended September 30, 2015  
(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

## 4. Significant accounting policies

The accounting policies are consistent with those of the previous financial year, except for income tax expense for an interim period which is based on an estimated average annual effective income tax rate.

## 5. Determination of fair values

The following table summarizes the fair value measurement information for financial assets and liabilities recorded:

| <b>September 30, 2015</b>      | Carrying           | Fair               | Fair value measurements using |                  |             |
|--------------------------------|--------------------|--------------------|-------------------------------|------------------|-------------|
|                                | Amount             | Value              | Level 1                       | Level 2          | Level 3     |
| Risk Management (net position) | \$ 22,173          | \$ 22,173          | \$ -                          | \$ 22,173        | \$ -        |
| Convertible debentures         | (44,625)           | (44,625)           | (44,625)                      | -                | -           |
|                                | <b>\$ (22,452)</b> | <b>\$ (22,452)</b> | <b>\$ (44,625)</b>            | <b>\$ 22,173</b> | <b>\$ -</b> |

| <b>December 31, 2014</b>       | Carrying           | Fair               | Fair value measurements using |                  |             |
|--------------------------------|--------------------|--------------------|-------------------------------|------------------|-------------|
|                                | Amount             | Value              | Level 1                       | Level 2          | Level 3     |
| Risk Management (net position) | \$ 32,061          | \$ 32,061          | \$ -                          | \$ 32,061        | \$ -        |
| Convertible debentures         | (49,088)           | (49,088)           | (49,088)                      | -                | -           |
|                                | <b>\$ (17,027)</b> | <b>\$ (17,027)</b> | <b>\$ (49,088)</b>            | <b>\$ 32,061</b> | <b>\$ -</b> |

All amounts in the above table are recurring items in the Trust's financial statements.

### Level 1 Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities.

The fair value of the convertible debentures is determined based on their closing price on the Toronto Stock Exchange as at September 30, 2015.

### Level 2 Fair Value Measurements

Level 2 fair value measurements are based on inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly. Level 2 financial instruments have been valued indirectly through calculations based on market information.

The Trust's derivative contracts are measured based on quotes from the Trust's counterparties. Such quotes have been derived using valuation models that consider various inputs including current market and contractual prices for the underlying instruments, quoted forward prices for natural gas and crude oil, volatility factors and interest rates.

### Level 3 Fair Value Measurements

Level 3 fair value measurements are based on models using significant unobservable inputs.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months periods ended September 30, 2015  
(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 6. Financial risk management

#### Overview:

The Trust's activities expose it to a variety of financial risks that arise as a result of its operating, investing, and financing activities such as:

- Credit risk;
- Liquidity risk;
- Market risk;
- Interest rate risk; and
- Foreign exchange risk.

This note presents information about changes in the Trust's exposure to each of the above risks since the year ended December 31, 2014.

#### Liquidity risk:

The following are the September 30, 2015 financial liabilities including estimated interest payments:

| As at September 30, 2015                | Carrying amount   | Contractual cash flows | Less than one year | One - two years   | Two - five years  | More than five years |
|---|-------------------|------------------------|--------------------|-------------------|-------------------|----------------------|
| Financial liabilities:                  |                   |                        |                    |                   |                   |                      |
| Trade payables                          | \$ 30,503         | \$ 30,503              | \$ 30,503          | \$ -              | \$ -              | \$ -                 |
| Convertible debenture interest          | -                 | 34,493                 | 9,270              | 9,270             | 11,318            | -                    |
| Credit facility interest <sup>(i)</sup> | 289               | 5,563                  | 2,986              | 2,577             | -                 | -                    |
| Trade and other payables                | \$ 30,792         | \$ 70,559              | \$ 42,759          | \$ 11,847         | \$ 11,318         | \$ -                 |
| Convertible debentures - principal      | 44,625            | 148,750                | -                  | -                 | 148,750           | -                    |
| Credit Facility - principal             | 86,067            | 86,743                 | -                  | 86,743            | -                 | -                    |
|   | <b>\$ 161,484</b> | <b>\$ 306,052</b>      | <b>\$ 42,759</b>   | <b>\$ 98,590</b>  | <b>\$ 160,068</b> | <b>\$ -</b>          |
| As at December 31, 2014                 |                   |                        |                    |                   |                   |                      |
|   | Carrying amount   | Contractual cash flows | Less than one year | One - two years   | Two - five years  | More than five years |
| Financial liabilities:                  |                   |                        |                    |                   |                   |                      |
| Trade payables                          | \$ 30,126         | \$ 30,126              | \$ 30,126          | \$ -              | \$ -              | \$ -                 |
| Convertible debenture interest          | -                 | 34,493                 | 9,270              | 9,270             | 15,953            | -                    |
| Credit facility interest <sup>(i)</sup> | 575               | 7,380                  | 575                | 6,805             | -                 | -                    |
| Trade and other payables                | \$ 30,701         | \$ 71,999              | \$ 39,971          | \$ 16,075         | \$ 15,953         | \$ -                 |
| Risk management liability               | 408               | 408                    | -                  | 408               | -                 | -                    |
| Convertible debentures - principal      | 49,088            | 148,750                | -                  | -                 | 148,750           | -                    |
| Credit Facility - principal             | 118,648           | 118,648                | -                  | 118,648           | -                 | -                    |
| Deferred land payment                   | 8,121             | 8,121                  | 8,121              | -                 | -                 | -                    |
|   | <b>\$ 206,966</b> | <b>\$ 347,926</b>      | <b>\$ 48,092</b>   | <b>\$ 135,131</b> | <b>\$ 164,703</b> | <b>\$ -</b>          |

(i) Based on interest rate data available as at the financial reporting dates and the credit facility maturity date of August 11, 2017.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months periods ended September 30, 2015

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 6. Financial risk management (continued)

The Trust had undrawn availability under its committed credit facility of approximately \$20.0 million (December 31, 2014 - \$42.9 million) providing sufficient liquidity to fund its obligations. The next redetermination date for the credit facility is set for November 30, 2015. The lending syndicate has the ability to revise the credit facility limit as part of their redetermination process. Any significant change in the borrowing base by the lenders may adversely impact the liquidity position of the Trust, and its ability to fund its capital program.

Refer to note 2, Going Concern, for further discussion of liquidity.

#### Market risk:

##### Commodity Price Risk

As at September 30, 2015, the Trust has entered into the following financial contracts to mitigate the effects of fluctuating prices on a portion of its production as follows:

|                             | Commodity   | Volume | Measure | Beginning | Term   | Fixed US\$ |
|-----------------------------|-------------|--------|---------|-----------|--------|------------|
| <b>Fixed contract swaps</b> |             |        |         |           |        |            |
| WTI <sup>(i)</sup>          | Oil         | 800    | bb/d    | Oct-15    | Dec-15 | 91.11/bbl  |
| LLS <sup>(i)</sup>          | Oil         | 1,200  | bb/d    | Oct-15    | Dec-15 | 92.12/bbl  |
| WTI <sup>(i)</sup>          | Oil         | 1,000  | bb/d    | Jan-16    | Dec-16 | 65.45/bbl  |
| NYMEX <sup>(ii)</sup>       | Natural gas | 6,000  | MMBTu/d | Oct-15    | Dec-15 | 4.12/MMBTU |
| NYMEX <sup>(ii)</sup>       | Natural gas | 4,000  | MMBTu/d | Jan-16    | Dec-16 | 4.06/MMBTU |

|   | Commodity | Volume | Measure | Beginning | Term   | Fixed US\$ |
|---|-----------|--------|---------|-----------|--------|------------|
| <b>Sold (wrote) call options <sup>(iii)</sup></b> |           |        |         |           |        |            |
| WTI Call  | Oil       | 600    | bb/d    | Jan-16    | Dec-16 | 91.40/bbl  |
| WTI Call  | Oil       | 200    | bb/d    | Jan-16    | Dec-16 | 90.25/bbl  |
| WTI Call  | Oil       | 200    | bb/d    | Jan-17    | Dec-17 | 67.00/bbl  |

(i) Represents fixed price financial swap transactions with a set forward sale oil reference prices that are based on West Texas intermediary ("WTI"), Brent or Louisiana Light Sweet ("LLS") oil.

(ii) Represents fixed price financial swap transactions based on the NYMEX natural gas forward sale reference price.

(iii) Represents the selling of call options, giving the counter party the right (but not obligation) on December 31 of the year preceding the contract term to enter into fixed price financial swap transactions with a set forward sales reference price.

The following table summarizes the Trust's net risk management position:

|                           | September 30, 2015 |        | December 31, 2014 |        |
|---------------------------|--------------------|--------|-------------------|--------|
| Current asset             | \$                 | 19,981 | \$                | 31,464 |
| Long term asset           |                    | 2,192  |                   | 1,005  |
| Long term liability       |                    | -      |                   | (408)  |
| Net risk management asset | \$                 | 22,173 | \$                | 32,061 |

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months periods ended September 30, 2015  
(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 6. Financial risk management (continued)

The total fair value of the Trust's unrealized risk management positions at September 30, 2015, was a net asset of \$22.2 million (December 31, 2014 - \$32.1 million) and has been calculated using both quoted prices in active markets and observable market-corroborated data. For the three and nine months ended September 30, 2014 and 2015, risk management gains and losses were comprised of the following:

|  | For the three month period ended |                       | For the nine month period ended |                       |
|--|----------------------------------|-----------------------|---------------------------------|-----------------------|
|  | September 30,<br>2015            | September 30,<br>2014 | September 30,<br>2015           | September 30,<br>2014 |
| Unrealized risk management (gain) loss | \$ (2,891)                       | \$ (15,053)           | \$ 13,415                       | \$ (4,469)            |
| Realized risk management (gain) loss   | (11,342)                         | 836                   | (29,197)                        | 5,491                 |
| Risk management (gain) loss            | \$ (14,233)                      | \$ (14,217)           | \$ (15,782)                     | \$ 1,022              |

A \$1 per bbl increase in the market price of oil would have resulted in a decrease of income (loss) of approximately \$0.8 million (2014 - \$1.3 million) due to a change in unrealized risk management loss (gain) as a result of a change in the fair value of the Trust's risk management position at September 30, 2015. At September 30, 2015, a \$0.25 per mcf increase in the market price of gas would have resulted in decrease of income (loss) of approximately \$0.6 million (2014 - \$1.4 million), respectively, due to a change in the unrealized risk management loss (gain).

#### Securities price risk

The Trust's convertible debentures are subject to securities price risk as they are traded on a public exchange.

As at September 30, 2015, had the securities price of the convertible debentures increased or decreased by 1%, the income (loss) would have decreased or increased by approximately \$0.4 million (2014 - \$1.3 million).

#### Foreign exchange risk:

A \$0.01 increase (decrease) in the value of CDN\$ versus US\$ on September 30, 2015 would have decreased (increased) income (loss) by approximately \$1.9 million (2014 - \$2.2 million) due to the unrealized foreign exchange loss (gain) from the Trust's inter-company loan to its US subsidiary of approximately US\$185 million (2014 - \$218 million). Under IFRS, this inter-company loan is not part of the net investment in the subsidiary and any period end foreign exchange translation adjustment is required to be recorded in income or loss. This analysis assumes that all other variables, in particular interest rates, remain constant.

The foreign exchange gain recorded for the three and nine months ended September 30, 2014 and 2015 was composed of the following:

|   | For the three month period ended |                       | For the nine month period ended |                       |
|---|----------------------------------|-----------------------|---------------------------------|-----------------------|
|   | September 30,<br>2015            | September 30,<br>2014 | September 30,<br>2015           | September 30,<br>2014 |
| Unrealized foreign exchange (gain) loss | \$ (17,365)                      | \$ (11,595)           | \$ (36,008)                     | \$ (12,568)           |
| Realized foreign exchange (gain) loss   | (50)                             | (463)                 | (684)                           | (343)                 |
| Foreign exchange (gain) loss            | \$ (17,415)                      | \$ (12,058)           | \$ (36,692)                     | \$ (12,911)           |

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months periods ended September 30, 2015  
(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 6. Financial risk management (continued)

The foreign currency translation gain of \$2.1 million (2014 – gain of \$13.8 million) and loss of \$1.4 million (2014 – gain of \$15.5 million) recorded in other comprehensive income for the three and nine months ended September 30, 2015 respectively is unrealized. Under IFRS, this foreign exchange gain is part of the net investment in the subsidiary and is required to be recorded in other comprehensive income.

### 7. Oil and gas properties

|   | September 30, 2015 | December 31, 2014 |
|---|--------------------|-------------------|
| Cost:   |                    |                   |
| Opening balance                                 | \$ 925,627         | \$ 786,961        |
| Changes to estimates on decommissioning assets  | 346                | 1,640             |
| Acquired in business combination <sup>(i)</sup> | -                  | 675               |
| Additions                                       | 16,793             | 66,682            |
| Transferred from exploration and evaluation     | -                  | 4,556             |
| Sale of oil and gas assets <sup>(ii)</sup>      | (208,764)          | (9,660)           |
| Foreign exchange adjustment                     | 122,144            | 74,766            |
| <b>Closing balance</b>                          | <b>\$ 856,146</b>  | <b>\$ 925,627</b> |
| Accumulated depletion and impairment:           |                    |                   |
| Opening balance                                 | \$ 537,820         | \$ 142,695        |
| Depletion                                       | 37,374             | 95,033            |
| Impairment                                      | 137,696            | 278,906           |
| Sale of oil and gas assets <sup>(ii)</sup>      | (150,951)          | (760)             |
| Foreign exchange adjustment                     | 71,583             | 21,946            |
| <b>Closing balance</b>                          | <b>\$ 633,522</b>  | <b>\$ 537,820</b> |
| Carrying amounts:                               |                    |                   |
| Opening balance                                 | \$ 387,807         | \$ 644,266        |
| <b>Closing balance</b>                          | <b>\$ 222,624</b>  | <b>\$ 387,807</b> |

(i) Relates to purchase price adjustments of acquisitions completed in prior year.

(ii) During December 31, 2014, the Trust disposed of certain oil and gas properties located in Kansas for gross proceeds of \$10.7 million leading to a gain on divestitures of \$2.4 million. During the nine-months ended September 30, 2015, the Trust divested of its Manvel and Mid-Continent oil & gas properties for total proceeds of \$48.6 million, leading to a loss on sale of \$0.5 million.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months periods ended September 30, 2015  
(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 7. Oil and gas properties (continued)

During the three months period ended March 31, 2015, the Trust recognized an impairment loss in the following Cash Generating Units ("CGUs"):

| Cash Generating Unit "CGU" | March 31, 2015 |
|----------------------------|----------------|
| Texas Conventional Oil     | \$ 5,966       |
| Oklahoma                   | 10,258         |
| Kansas/Colorado            | 9,373          |
| Total                      | \$ 25,597      |

These impairment losses represent adjustments made to the recoverable amount of these assets due to the Trust entering into a purchase and sale agreement for the Trust's Marvel Field assets within its Texas Conventional CGU, and a purchase and sale agreement for the Trust's Mid-Continent assets which consisted of the Oklahoma CGU and Kansas assets within its Kansas/Colorado CGU. The recoverable amount for each CGU was determined with reference to the sale value.

During the three months period ended September 30, 2015, the Trust recognized an impairment loss in the following CGUs:

| Cash Generating Unit "CGU" | September 30, 2015 |
|----------------------------|--------------------|
| South Texas Gas            | \$ -               |
| Texas Conventional Oil     | 45,774             |
| Texas Unconventional Oil   | 32,028             |
| Colorado                   | 2,269              |
| Wyoming                    | 32,028             |
| Total                      | \$ 112,099         |

The impairment recorded in the three months ended September 30, 2015 was a result of utilizing a lower future oil price deck in the reserve calculations due to the decline in oil price.

The impairment losses recognized were the difference between the carrying amount of each CGU and their fair value less costs of disposal. The fair value less costs of disposal was calculated using a discounted cash flow model based on the proved plus probable reserves using forecast oil prices and an after-tax discount rate of 10.0% for all CGUs. The cash flow model used is considered a level 3 fair value technique.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months periods ended September 30, 2015  
(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 7. Oil and gas properties (continued)

The following table summarizes the recoverable amounts and carrying values for each CGU after the impairment for the three months ended September 30, 2015:

| Cash Generating Unit "CGU" | Recoverable<br>Amounts | Carrying<br>Values |
|----------------------------|------------------------|--------------------|
| South Texas Gas            | \$ 52,423              | \$ 44,546          |
| Texas Conventional Oil     | 52,117                 | 52,117             |
| Texas Unconventional Oil   | 20,902                 | 20,902             |
| Colorado                   | 6,114                  | 6,114              |
| Wyoming                    | 98,945                 | 98,945             |
| <b>Total</b>               | <b>\$ 230,501</b>      | <b>\$ 222,624</b>  |

A change of 0.5% in the discount rates for these three CGUs would result in a corresponding change in impairment expense of approximately \$6.5 million.

The fair value less costs of disposal calculation assumes the following forecast realized WTI oil sales prices in US\$/bbl which was based on the average of the Oct 1, 2015 price decks prepared by three independent reserve evaluators.

|    | 2015  | 2016     | 2017     | 2018     | 2019     | 2020     | 2021 <sup>(1)</sup> |
|----|-------|----------|----------|----------|----------|----------|---------------------|
| \$ | 47.00 | \$ 53.33 | \$ 62.07 | \$ 66.67 | \$ 71.33 | \$ 74.77 | \$ 78.24            |

(i) + 2% per year thereafter

### 8. Credit facility

For the nine month period ended September 30, 2015

|                             |                  |
|-----------------------------|------------------|
| Opening balance             | \$ 118,648       |
| Drawdowns                   | 8,848            |
| Repayments                  | (56,709)         |
| Facility fees incurred      | (176)            |
| Accretion of facility fees  | 454              |
| Foreign exchange adjustment | 15,002           |
| <b>Closing balance</b>      | <b>\$ 86,067</b> |

As at September 30, 2015, the Trust had US\$65.0 million (CDN\$86.7 million) outstanding under its US\$80.0 million (CDN \$106.8 million) credit facility. The credit facility was renewed on June 30, 2015 and the Trust is required to obtain permission from the lender to draw on the credit facility in excess of US\$75.0 million (CDN\$100.1 million). The next borrowing base redetermination date is set for November 30, 2015. The revolving period of the credit facility ends on August 11, 2016. At this date, the facility is rolled into a new term loan that is due for repayment on August 12, 2017. The Trust can request an extension to the revolving period of the facility but the extension is at the discretion of the lender.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months periods ended September 30, 2015  
(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 8. Credit facility (continued)

The Trust may, at its option, borrow at a US base rate, Canadian prime rate, or at a Libor or bank acceptance rate plus applicable margin. The applicable margin and standby fees changes based on the Trust's consolidated debt to cash flow ratio excluding the convertible debentures. The weighted average interest rate at September 30, 2015 was 3.49% (December 31, 2014 – 3.52%).

### 9. Convertible debentures

The following table outlines the changes in the convertible debentures for the nine months ended September 30, 2015:

|   | Amount           |
|---|------------------|
| Balance at December 31, 2014                      | \$ 49,088        |
| Change in fair value due to change in market risk | 3,420            |
| Change in fair value due to change in credit risk | (7,883)          |
| <b>Balance at September 30, 2015</b>              | <b>\$ 44,625</b> |

The fair value of the convertible debentures on September 30, 2015, was \$44.6 million (December 31, 2014 - \$49.1 million) based on the September 30, 2015 closing price of the convertible debentures on the Toronto Stock Exchange. The face value of the convertible debentures at September 30, 2015 is \$148.8 million (2014 - \$148.8 million).

### 10. Trust capital

#### Trust units outstanding

|   | Number of units<br>(in thousands) | Amount            |
|---|-----------------------------------|-------------------|
| Balance December 31, 2014                     | 63,782                            | \$ 571,439        |
| Distribution reinvestment plan <sup>(i)</sup> | 568                               | 281               |
| <b>Balance at September 30, 2015</b>          | <b>64,350</b>                     | <b>\$ 571,720</b> |

- (i) During the nine months period ended September 30, 2015, the Trust issued 568,000 units under the Trust's distribution reinvestment plan (the "DRIP Plan") at a weighted average price of \$0.49 per unit for total gross proceeds of \$0.3 million. The DRIP Plan was suspended effective April 1, 2015.



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months periods ended September 30, 2015

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 11. Finance expense

|  | For the three month period ended |                       | For the nine month period ended |                       |
|--|----------------------------------|-----------------------|---------------------------------|-----------------------|
|  | September 30,<br>2015            | September 30,<br>2014 | September 30,<br>2015           | September 30,<br>2014 |
| Accretion on deferred land obligation        | \$ -                             | \$ -                  | \$ -                            | \$ 328                |
| Accretion on decommissioning obligations     | 130                              | 177                   | 425                             | 549                   |
| Accretion of facility fees on revolving loan | 174                              | 108                   | 454                             | 471                   |
| Total accretion                              | 304                              | 285                   | 879                             | 1,348                 |
| Interest on term credit facility             | 766                              | 1,146                 | 3,026                           | 2,729                 |
| Interest on convertible debentures           | 2,310                            | 2,323                 | 6,938                           | 6,958                 |
| <b>Total finance expense</b>                 | <b>\$ 3,380</b>                  | <b>\$ 3,754</b>       | <b>\$ 10,843</b>                | <b>\$ 11,035</b>      |

### 12. Loss per unit

Basic loss per unit is calculated as follows:

|   | For the three month period ended |                       | For the nine month period ended |                       |
|---|----------------------------------|-----------------------|---------------------------------|-----------------------|
|   | September 30,<br>2015            | September 30,<br>2014 | September 30,<br>2015           | September 30,<br>2014 |
| Loss for the period                           | \$ (95,102)                      | \$ (141,884)          | \$ (133,968)                    | \$ (169,512)          |
| Issued trust units at beginning of the period | 64,233                           | 63,337                | 63,782                          | 60,448                |
| Effect of exercise of convertible debentures  | -                                | 33                    | -                               | 11                    |
| Effect of unit issuances                      | -                                | 42                    | 423                             | 2,059                 |
| Weighted average number of units - Basic      | 64,233                           | 63,412                | 64,205                          | 62,518                |
| Basic loss per unit                           | \$ (1.48)                        | \$ (2.24)             | \$ (2.09)                       | \$ (2.71)             |

For the three and nine month periods ended September 30, 2015, the dilutive effect of convertible debentures, RTUs, and reinvested distributions were not included in the calculation of diluted loss per unit as their effect was anti-dilutive.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months periods ended September 30, 2015

(tabular amounts are in thousands of Canadian dollars except unit and per unit information)

### 13. Supplemental cash flow information

Changes in non-cash working capital from operating activities is comprised of:

|                               | For the three month period ended |                       | For the nine month period ended |                       |
|-------------------------------|----------------------------------|-----------------------|---------------------------------|-----------------------|
|                               | September 30,<br>2015            | September 30,<br>2014 | September 30,<br>2015           | September 30,<br>2014 |
| Source/(use) of cash:         |                                  |                       |                                 |                       |
| Trade and other receivables   | \$ 3,827                         | \$ 1,770              | \$ 7,516                        | \$ (500)              |
| Prepaid expenses and deposits | 296                              | (300)                 | 870                             | (131)                 |
| Unit based compensation paid  | (21)                             | (505)                 | (197)                           | (1,471)               |
| Decommission obligations      | (365)                            | (461)                 | (365)                           | (461)                 |
| Trade and other payables      | (2,665)                          | (3,279)               | (11,089)                        | 367                   |
|                               | \$ 1,072                         | \$ (2,775)            | \$ (3,265)                      | \$ (2,196)            |

Changes in non-cash working capital from investing activities is comprised of:

|                          | For the three month period ended |                       | For the nine month period ended |                       |
|--------------------------|----------------------------------|-----------------------|---------------------------------|-----------------------|
|                          | September 30,<br>2015            | September 30,<br>2014 | September 30,<br>2015           | September 30,<br>2014 |
| Source/(use) of cash:    |                                  |                       |                                 |                       |
| Trade and other payables | \$ (502)                         | \$ (12,409)           | \$ 4,881                        | \$ (5,483)            |
|                          | \$ (502)                         | \$ (12,409)           | \$ 4,881                        | \$ (5,483)            |

### 13. Supplemental cash flow information (continued)

Changes in non-cash working capital from financing activities is comprised of:

|                          | For the three month period ended |                       | For the nine month period ended |                       |
|--------------------------|----------------------------------|-----------------------|---------------------------------|-----------------------|
|                          | September 30,<br>2015            | September 30,<br>2014 | September 30,<br>2015           | September 30,<br>2014 |
| Source/(use) of cash:    |                                  |                       |                                 |                       |
| Trade and other payables | \$ -                             | \$ -                  | \$ (245)                        | \$ (1)                |

# EXHIBIT 9

U.S. \$43,000,000 EXTENDIBLE REVOLVING TERM CREDIT FACILITY  
U.S. \$2,000,000 OPERATING CREDIT FACILITY

AMENDED AND RESTATED CREDIT AGREEMENT

AMONG:

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

- and -

THE BANK OF NOVA SCOTIA, CANADIAN IMPERIAL BANK OF COMMERCE,  
ROYAL BANK OF CANADA  
and each such other financial institution which becomes a signatory hereto  
(as Lenders)

- and -

THE BANK OF NOVA SCOTIA  
(as Sole Lead Arranger, Sole Bookrunner, Syndication Agent  
and Administration Agent for the Lenders)

THIS IS EXHIBIT " 9 "  
referred to in the Affidavit of Declaration

Sean Bovinadon  
Sworn before me this 16<sup>th</sup>

Dated October 25, 2012

day of February A.D. 20 16

[Signature]  
A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor

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THIS CREDIT AGREEMENT is dated October 25, 2012.

AMONG:

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

AND:

THE BANK OF NOVA SCOTIA, CANADIAN IMPERIAL BANK  
OF COMMERCE, ROYAL BANK OF CANADA AND THE  
OTHER FINANCIAL INSTITUTIONS NAMED HEREIN OR IN  
LENDER TRANSFER AGREEMENTS, 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 and the Lenders have agreed to establish senior secured extendible revolving credit facilities on the terms and conditions set forth herein and Scotia has agreed to act as Agent for the Lenders under such credit facilities. This is an amendment and restatement of the Existing Credit Agreement;

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;

"Accommodations" means:

- (a) the advance of Loans and Libor Loans by the Syndicated Lenders and the acceptance and purchase of Bankers' Acceptances by the Syndicated Lenders (the "Syndicated Accommodations"); and
- (b) the advance of Loans and Libor Loans by the Operating Lender, the acceptance and purchase of Bankers' Acceptances by the Operating Lender and the issuing of Letters of Credit by the Operating Lender (the "Operating Accommodations");

"Accounts" means the accounts and records established by the Agent and the Operating Lender pursuant to Section 4.6 to record the Borrower's liability to each of the Lenders in respect of the Borrowings and other amounts outstanding by the Borrower to each of the Lenders and the Agent hereunder;

"Adjustment Time" means the time of occurrence of the last event necessary (being either the delivery of a Demand for Repayment or the occurrence of a Termination Event) to ensure that all Lender Outstandings are thereafter due and payable and such time shall conclusively be:

- (a) in the case where such last event is the delivery of a Demand for Repayment, the time of delivery of such Demand for Repayment 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 a Termination Event, the time of occurrence of such Termination Event determined pursuant to the provisions of the Credit Agreement giving rise to such Termination Event;

"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;

"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 administration agent hereunder and includes any successor agent appointed pursuant to Section 12.16;

"Agent's Account for Payments" means such Canadian Dollar and U.S. Dollar accounts maintained by the Agent in connection with the Syndicated 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;

"Agreeing Lender" has the meaning ascribed thereto in Section 3.3(g);

"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;

"Applicable Lenders" means, in the case of the Syndicated Facility and in respect of a Borrowing Notice, Conversion Notice or Rollover Notice given under the Syndicated Facility, all of the Syndicated Lenders and, in the case of the Operating Facility and in respect of a Borrowing Notice, Conversion Notice or Rollover Notice given under the Operating Facility, means only the Operating Lender and, to the extent the original Drawdown of a Borrowing subject to Conversion or Rollover was made from a Term Lender during its Revolving Period, such term shall also include such Term Lender;

"Applicable Margin" means a margin, expressed as a rate per annum, payable to, in the case of the Syndicated Facility, the Agent on behalf of all of the Syndicated Lenders, and in the case of the Operating Facility, the Operating Lender, with respect to Borrowings or standby fees, as set forth in the table below for the applicable Consolidated Debt to Cash Flow Ratio:

| Level | Consolidated Debt/<br>Cash Flow Ratio | Prime Loans and<br>U.S. Base Rate<br>Loans | Libor Loans, Bankers'<br>Acceptances and Financial<br>Letters of Credit | Standby<br>Fee |
|-------|---------------------------------------|--|---|----------------|
| I     | ≤ 1.00:1                              | 100 bps                                    | 200 bps   | 50.00 bps      |
| II    | > 1.00:1 and ≤ 1.50:1                 | 125 bps                                    | 225 bps   | 56.25 bps      |
| III   | > 1.50:1 and ≤ 2.00:1                 | 150 bps                                    | 250 bps   | 62.50 bps      |
| IV    | > 2.00:1 and ≤ 2.50:1                 | 200 bps                                    | 300 bps   | 75.00 bps      |
| V     | > 2.50:1                              | 250 bps                                    | 350 bps   | 87.50 bps      |

provided that:

- (a) changes in the Applicable Margin shall be effective and adjusted in accordance with Section 5.11;
- (b) the Applicable Margin for Letters of Credit that are not Financial Letters of Credit (as determined by the Agent or the Operating Lender in its discretion) will be sixty-six and two thirds percent (66⅔%) of the Applicable Margin for Financial Letters of Credit;
- (c) for the purposes of calculating the Applicable Margins for Prime Loans, U.S. Base Rate Loans and Bankers' Acceptances, the per annum rate is expressed on the basis of a 365 day year, as applicable, and the Applicable Margin for Libor Loans is calculated as a per annum rate expressed on the basis of a 360 day year;

- (d) during the Term Period for any Lender, each of the above Applicable Margins (other than the Applicable Margin for Standby Fees) will increase by 50 bps for such Lender;
- (e) upon the occurrence and during the continuance of any Borrowing Base Shortfall or Event of Default, each of the above Applicable Margins will increase by 200 bps; and
- (f) as at the Effective Date and until redetermined in connection with delivery of the Compliance Certificate for the Fiscal Quarter ending December 31, 2012, the Consolidated Debt/Cash Flow Ratio shall be set at Level I.

"Available Distributable Cash Flow" means, for any period and as determined in accordance with GAAP on a consolidated basis, the Cash Flow of the Trust, less, without duplication, any mandatory capital expenditure requirements as provided in the "proved developed producing reserves schedule" of the then current Engineering Report to be made in respect of the Oil and Gas Properties of the Loan Parties or which such Loan Parties have made or legally committed to make in the ordinary course of business prior to being notified by the Agent that a Borrowing Base Shortfall is outstanding;

"BA Acceptance Fee" means, with respect to Bankers' Acceptances, the fee, expressed as a rate per annum, payable to each Lender or retained by each Lender, in each case with respect to Bankers' Acceptances to be accepted and purchased by such Lender as set forth in the table in the definition of Applicable Margin for Bankers' Acceptances;

"BA Equivalent Advance" means an advance made in Canadian Dollars by a Non-Acceptance Lender as part of an Accommodation by way of Bankers' Acceptances;

"BA Purchasing Lender" means each Applicable Lender that purchases a Bankers' Acceptance accepted by such Applicable Lender;

"Bankers' Acceptances" means bankers' acceptances denominated in Cdn. Dollars which are issued by the Borrower pursuant to Sections 3.6, 3.14 or 3.15 and accepted and if applicable, purchased by the Applicable Lender pursuant to Section 3.9;

"BBS Cure Period" has the meaning ascribed thereto in Section 3.5(i);

"Borrower" means Argent Energy (US) Holdings Inc., a Delaware corporation;

"Borrowing Base" means the amount, determined and redetermined, as applicable, by the Lenders from time to time pursuant to Section 3.5 in the exercise of their sole discretion in accordance with their usual and customary practices for loans of a similar nature to the Facilities, and which represents such Lenders' estimate of the net present value of revenues (adjusted to take into account coverage ratios customarily applied by such Lenders) expected to be derived in the future from the Borrowing Base Assets to which the Lenders attribute value, after deducting therefrom such capital expenditures, operating and other expenses and charges, royalties, burdens or encumbrances on or in respect of any of the Borrowing Base Assets or deductible in arriving at revenues obtained therefrom, and such abandonment and reclamation costs in respect thereof, as the Lenders determine. In making any determination or redetermination of the Borrowing Base from time to time, the Lenders will utilize their estimates of economic factors, quantity and recoverability of reserves, demand for and deliverability of Petroleum Substances, pricing forecasts, burdens, foreign exchange rates, hedges, escalation or de-escalation of commodity

prices and expenses over the economic life of the relevant reserves and other assumptions and factors as the Lenders consider affect such determination or redetermination;

"Borrowing Base Assets" means all and only:

- (a) the P&NG Rights of each Loan Party to which any proved reserves are attributed in the Engineering Report most recently provided to the Agent; and
- (b) the Tangibles of each Loan Party which are directly or indirectly attributed any value in the Engineering Report most recently provided to the Agent and located and primarily used in connection with any reserves described in paragraph (a) of this definition;

in each case which the Lenders have included in the determination of the Borrowing Base;

"Borrowing Base Shortfall" has the meaning ascribed thereto in Section 3.5(i);

"Borrowing Base Subsidiary" means any wholly-owned direct or indirect Subsidiary of the Trust that either owns Borrowing Base Assets or has a direct or indirect ownership interest in a Borrowing Base Subsidiary that owns Borrowing Base Assets or is designated by the Borrower as a Borrowing Base Subsidiary in accordance with Section 6.5 which has provided Security in accordance with Article 6 but, in each case, only for so long as it remains, in the case of a corporation or a limited liability company, a direct or indirect wholly-owned Subsidiary of the Trust, in the case of a partnership, a partnership in which Loan Parties are the only partners and, in the case of a trust, a trust in which Loan Parties are the sole beneficiaries or trustees, unless otherwise agreed to in writing by the Majority Lenders;

"Borrowing Notice" means a notice to effect an Accommodation delivered under Section 3.6 and substantially in the form of Schedule "B" with all applicable blanks completed;

"Borrowings" means, at any time:

- (a) the principal amount outstanding by way of Loans and Libor Loans made by the Syndicated Lenders together with the face amount of Bankers' Acceptances outstanding, accepted and purchased by the Syndicated Lenders (collectively, the "Syndicated Borrowings"); and
- (b) the principal amount outstanding by way of Loans and Libor Loans made by the Operating Lender together with the face amount of Bankers' Acceptances outstanding, accepted and purchased by the Operating Lender and the undrawn amount of all outstanding Letters of Credit issued by the Operating Lender (collectively, the "Operating Borrowings")

"bps" means 1/100th of one percent;

"Branch of Account" means, with respect to each Lender, the branch or office of such Lender (being, in the case of the Operating Lender, the Operating Lender's Branch of Account) 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;

"**Budgeted Capital Expenditures**" means; the budgeted amount of capital expenditures shown in the annual consolidated budget for the Trust, provided such capital expenditures relate to additions to property, plant or equipment of the Loan Parties and do not relate to expenditures to be made with the proceeds of insurance or compensation for lost or damaged assets;

"**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 and also, if such term is considered in the context of a Libor Loan or determination of Libor, London, England;

"**Canadian Dollars**", "**Cdn. Dollars**" and the symbols "**Cdn. \$**" and "**\$**" each mean lawful money of Canada;

"**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;

"**Canadian Loan Party**" means a Loan Party which is incorporated under or otherwise created or governed by the laws of Canada or a province or territory thereof;

"**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 Collateral Account**" means an account with the Agent, or such other financial institution as designated by the Agent, from which the Borrower does not have any withdrawal rights or privileges until repayment of the Borrowings in full, termination of the Total Commitment and termination of this Agreement, except to apply the amount represented thereby to the Borrowings or a portion thereof, which account and all funds credited thereto and interest earned thereon (which interest shall be at the prevailing rate of the Agent or such other financial institution, as the case may be, for demand deposits of comparable amounts) shall be the subject of a Security Interest in favour of the Agent on behalf of the Lenders;

"**Cash Flow**" means in respect of any period and as determined in accordance with GAAP on a consolidated basis, the Cash Flow from operations of the Trust for such period, which, for clarity, shall be calculated as follows:

- (a) Net Income;

- (b) plus non-cash items deducted in determining such Net Income (including specifically, to the extent so deducted, future income taxes, depletion, depreciation, accretion and stock based compensation);
- (c) minus non-cash items added in determining such Net Income; and
- (d) minus abandonment expenditures (to the extent not deducted in determining Net Income), without giving effect to extraordinary items;

and provided that:

- (i) Net Income shall be calculated without taking into account the unrealized gains and losses on Swaps;
- (ii) for the purposes of this definition, if any Material Acquisition (other than the Denali Acquisition, but for certainty, including the EQ Acquisition) is made by a Loan Party (whether by amalgamation, asset or share acquisition or otherwise) at any time during the relevant period of calculation, such Material Acquisition shall be deemed to have been made on and as of the first day of such calculation period; and if any Material Disposition is made by a Loan Party (whether by asset or share disposition or otherwise) at any time during the relevant period of calculation, or the assets cease to be owned by a Loan Party, such Material Disposition shall be deemed to have been made on and as of the first day of such calculation period;
- (iii) for the purposes of determining the "Consolidated Debt to Cash Flow Ratio", (A) for the Fiscal Quarter ending September 30, 2012, Cash Flow will be calculated by multiplying the Cash Flow (pro-forma taking into account the Denali Acquisition) for only that Fiscal Quarter by four; (B) for the Fiscal Quarter ending December 31, 2012, Cash Flow will be calculated by multiplying the Cash Flow (pro-forma taking into account the EQ Acquisition) for only that Fiscal Quarter by four; (C) for each Fiscal Quarter ending prior to 2014, Cash Flow will be calculated by multiplying the Cash Flow for the immediately two preceding Fiscal Quarters by two; (D) for all other Fiscal Quarters ending thereafter, Cash Flow will be calculated by aggregating Cash Flow for the immediately four preceding Fiscal Quarters then ended;

"CDOR Rate" means on any day:

- (a) with respect to Bankers' Acceptances having a Standard Term which are required to be accepted and, if applicable, purchased on any day, the arithmetical average of the percentage discount rates for Canadian Dollar bankers' acceptances in comparable amounts having an identical issue and maturity date which are quoted on the "Reuters' Screen CDOR CAD-BA Page" (as defined in the International Swaps and Derivatives Association, Inc. definitions, as modified and amended from time to time) (or if such screen shall not be available any successor or similar service selected by the Agent) as at approximately 8:00 a.m. (Calgary time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Agent in good faith after 8:00 a.m. (Calgary time) or as soon thereafter as practicable to reflect any error in a posted rate of interest or in the posted average annual rate of interest); and



- (b) with respect to Bankers' Acceptances which do not have a Standard Term or if the rate referred to in paragraph (a) of this definition does not appear on such "Reuters Screen CDOR Page" (or a successor service as referred to in paragraph (a) of this definition), then the CDOR Rate, on any day, shall be the arithmetic average of the percentage discount rate quoted by the Agent (determined by the Agent as of 8:00 a.m. (Calgary time) on such day), which would be applicable in respect of an issue of bankers' acceptances in a comparable amount and with identical maturity dates to the Bankers' Acceptances proposed to be issued by the Borrower on such day or if such day is not a Business Day, then on the immediately preceding Business Day;

If any Lender does not furnish a timely quotation, the Agent shall determine the relevant discount rate on the basis of the quotation or quotations furnished by the remaining Lenders. Each determination of the CDOR Rate shall be conclusive and binding, absent manifest error, and be computed using any reasonable averaging and attribution method;

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

"Change of Control" means the occurrence of any of the following:

- (a) any circumstances arising after the date hereof in which a Person or combination of Persons acting jointly or in concert (within the meaning of the *Securities Act (Alberta)*) acquires Units of the Trust which, together with all other Units of the Trust held by such Persons, constitute in the aggregate more than fifty percent (50%) of all outstanding Units of the Trust;
- (b) the Unitholders approve the liquidation, winding-up or other dissolution of the Trust or, other than as a result of a Reorganization Transaction permitted under Section 9.2(g), the Borrower;
- (c) Argent Energy Ltd. (or any successor-in-interest) ceases to be the Administrator;
- (d) Aston Hill Financial Management Ltd. (or any successor-in-interest) is no longer party to the Services Agreement/Voting Agreement;
- (e) the Trust ceases (either directly or indirectly through another Loan Party) to be the registered and beneficial owner of all the issued and outstanding share, partnership and trust capital of each Loan Party (including each Borrowing Base Subsidiary), other than as a result of a Reorganization Transaction permitted under Section 9.2(g); or
- (f) any circumstances arising after the date hereof in which a Person or combination of Persons acting jointly or in concert (within the meaning of the *Securities Act (Alberta)*) acquires the right to elect a majority of the directors of the Administrator;

"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 each Lender's Syndicated Facility Commitment or Operating Facility Commitment, as the case may be 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 "B" executed by a senior officer of the Borrower;

"Consolidated Debt to Cash Flow Ratio" means, as at the end of a Fiscal Quarter, the ratio of Debt of the Trust as at the end of such Fiscal Quarter to the aggregate Cash Flow for the last four consecutive Fiscal Quarters ending at the end of such Fiscal Quarter, as determined by reference to the Trust's most recent consolidated financial statements, subject to paragraph (iii) of the definition of "Cash Flow";

"Conversion" means a conversion of a Borrowing (other than a Letter of Credit) or part thereof from one basis of Borrowing to another (other than a Letter of Credit) and, where applicable, such term shall include the issuance of new Bankers' Acceptances in respect of converted or unconverted portions of a Borrowing;

"Conversion Date" means each Business Day that the Borrower has notified the Agent or the Operating Lender, as applicable, as the date on which the conversion of a Borrowing or a portion thereof is to be made pursuant to a request from the Borrower under Section 3.14;

"Conversion Notice" means a notice to effect a Conversion delivered under Section 3.14 and substantially in the form of Schedule "D" with all applicable blanks completed;

"Credit Agreements" mean, collectively, this Agreement and all Swaps with a Swap Lender documented under the applicable ISDA Master Agreements and all Transactions documented thereunder, and "Credit Agreement" means any of them;

"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 latest Term Maturity Date then applicable to any of the Lenders (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 Accommodations 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 Accommodations;
- (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;

"Demand for Repayment" means delivery of an Acceleration Notice or a Swap Demand for Repayment;

"Denali" means collectively, Denali Oil & Gas Partners II, LP and Denali Oil & Gas Partners III, LLC;

"Denali Acquisition" means the acquisition by the Borrower of an interest in the Denali Assets, pursuant to the Denali Purchase and Sale Agreement;

"Denali Acquisition Document" means the Denali Purchase and Sale Agreement, and schedules, certificates and exhibits relating thereto and ancillary agreements executed by Denali, the Borrower or any other Loan Party in connection with the Denali Purchase and Sale Agreement and the Denali Acquisition;

"Denali Assets" means the "Property" as defined in the Denali Purchase and Sale Agreement;

"Denali Purchase and Sale Agreement" means the purchase and sale agreement entered into on May 23, 2012 with an effective date of January 1, 2012 between the Borrower and Denali, as amended by a first amending agreement dated June 11, 2012 and a second amending agreement dated July 12, 2012, pursuant to which the Borrower will acquire the Denali Assets;

"Discount Proceeds" means, in respect of any Bankers' Acceptance required to be purchased by a Lender hereunder, an amount (rounded to the nearest whole cent with one-half of one cent being rounded up) determined as of the applicable Drawdown Date, Conversion Date or Rollover Date which is equal to:

$$\text{Face Amount} \times \text{Price}$$

where "Face Amount" is the face amount of such Bankers' Acceptance and "Price" is equal to:

$$\frac{1}{1 + (\text{Rate} \times \frac{\text{Term}}{365})}$$

where the "Rate" is the applicable Discount Rate expressed as a decimal on the day of purchase; the "Term" is the term of such Bankers' Acceptance expressed as a number of days; and the Price as so determined is rounded up or down to the fifth decimal place with .000005 being rounded up;

"Discount Rate" means;

- (a) with respect to an issue of Bankers' Acceptances having the same maturity date accepted by a Lender that is a bank under Schedule I of the *Bank Act* (Canada), the CDOR Rate; and
- (b) with respect to an issue of Bankers' Acceptances having the same maturity date accepted by a Lender that is not a bank under Schedule I to the *Bank Act* (Canada), the CDOR Rate plus 20 bps;

"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 Borrowing Base Assets are paid or distributed to a holder of shares; partnership interests or trust units of such Person or an Affiliate of such holder;
- (g) whether any of the foregoing is made, paid or satisfied in or for cash, property or both (but excluding any in specie Distribution by way of Units made in lieu of cash);

"Drawdown" means the advance of a Borrowing other than as a result of a Conversion, Rollover or a drawing under a Letter of Credit;

"Drawdown Date" means each Business Day on which a Borrowing is to be made pursuant to a request from the Borrower under Section 3.6;

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

"Engineering Report" means a detailed report prepared by Sproule Associates Limited or another independent petroleum engineer or firm thereof satisfactory to the Majority Lenders, acting reasonably, which report shall, as of its date, set forth the reserves attributable to the P&NG Rights and which report shall be in form and substance satisfactory to the Majority Lenders, acting reasonably, and shall, at a minimum, set forth each Loan Party's royalty interests, proved developed producing, proved developed non-producing and proved undeveloped reserves and a projection of the rate of production and future net revenue therefrom;

"Environmental Certificate" means a certificate substantially in the form of Schedule "I" hereto;

"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;

"EQ" means EnergyQuest II, LLC;

"EQ Acquisition" means the acquisition by the Borrower of an interest in the EQ Assets, pursuant to the EQ Purchase and Sale Agreement;

"EQ Acquisition Document" mean the EQ Purchase and Sale Agreement, and schedules, certificates and exhibits relating thereto and ancillary agreements executed by EQ, the Borrower or and other Loan Party in connection with the EQ Purchase and Sale Agreement and the EQ Acquisition;

"EQ Assets" means the "Property" as defined in the EQ Purchase and Sale Agreement;

"EQ Purchase and Sale Agreement" means the purchase and sale agreement entered into on October 3, 2012 with an effective date of September 1, 2012 between the Borrower and EQ, pursuant to which the Borrower will acquire the EQ Assets;

"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;

"Escrow Agreement" has the meaning attributed to it in the Denali Purchase and Sale Agreement;

"Escrow Funds" has the meaning ascribed thereto in Section 10.4;

"Event of Default" means any of the events or circumstances specified in Section 10.1;

"Existing Credit Agreement" means the credit agreement dated August 10, 2012 between the Borrower, and the financial institutions party thereto as lenders and Scotia in its capacity as administration agent for such lenders;

"Facilities" means, collectively, the Syndicated Facility and the Operating Facility and "Facility" means either of them;

"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;

"Financial Letter of Credit" means any Letter of Credit which the Agent in accordance with its usual and customary practices, determines is a "financial letter of credit" for capital adequacy purposes;

"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;

"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.

"Interest Date" means the third Business Day of each month;

"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;

"ISDA Master Agreement" means:

- (a) the 1992 or 2002 International Swaps and Derivatives Association, Inc. Master Agreement (Multi Currency-Cross Border) as from time to time amended, restated or replaced by the International Swaps and Derivatives Association, Inc.; and
- (b) in respect of physically settled Commodity Swaps, such agreements as are usual and customary with respect thereto;

and, in each case, as used in this Agreement in relation to Lender Swaps, means the form of such agreement as entered into between a Loan Party and the applicable Swap Lender;

"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 Outstandings" means, collectively, the Borrowings and all Permitted Swap Indebtedness;

"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 Swap" means any Swap entered into by any Loan Party where the other party (other than such Loan Party), (i) at the time the Swap was entered into, is a Lender or an Affiliate of a Lender or (ii) became a Lender (or was an Affiliate of such Lender) on the Effective Date; in each case, whether or not such Lender remains a Lender thereafter;

"Lender Transfer Agreement" means an agreement substantially in the form attached hereto as Schedule "G";

"Lender's Proportion" means, at any time prior to the Adjustment Time with respect to each Lender and each Facility, the proportion that such Lender's Commitment in respect of such Facility bears to the amount of the total Commitments of all Lenders in respect of such Facility at such time and, if such total Commitment in respect of such Facility is cancelled or terminated, "Lender's Proportion" shall mean the Lender's Proportion of such Lender in effect immediately prior to such cancellation or termination; provided however, that when such term is used in reference to or in relation to:

- (a) the Operating Facility, the Lender's Proportion for the Operating Lender shall be one hundred percent (100%) and for all other Lenders shall be zero percent (0%); and
- (b) the Syndicated Lenders, the Lender's Proportion for a Syndicated Lender shall be the proportion that the Syndicated Facility Commitment of such Syndicated Lender bears to the Total Syndicated Facility Commitment at such time.

After the Adjustment Time the Lender's Proportion of each Lender shall be calculated based on its Commitment as a proportion of the Total Commitment and without any distinction as to which Facility may be relevant to such Lender, and when used in Section 12.11(b) in relation to both Lenders and Swap Lenders, the "Lender Outstandings" of Swap Lenders for the purposes of such calculation shall be their Permitted Swap Indebtedness as calculated after the Adjustment Time;

"Lender's Proportion of the Total Commitment" means in respect of each Lender, the proportion that such Lender's Commitment bears to the Total Commitment;

"Lenders" means each of the financial institutions named in Schedule "A" hereto as Lenders, including the lenders under the Syndicated Facility and Operating Facility and 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;

"Letter of Credit" means a standby or documentary letter of credit or letter of guarantee in Cdn. Dollars or U.S. Dollars issued by the Operating Lender at the request of the Borrower pursuant to this Agreement;

"Letter of Credit Fee" means a fee based on the applicable Consolidated Debt to Cash Flow Ratio from the definition of "Applicable Margin" and expressed as a rate per three hundred and sixty-five (365) day period with respect to Letters of Credit issued by the Operating Lender hereunder and for purposes of calculating the Letter of Credit Fee, plus, in the case of documentary Letters of Credit, the administrative costs and expenses of issuing such Letters of Credit;

"Libor" means, with respect to any Libor Interest Period applicable to a Libor Loan, the rate determined by the Agent based on a three hundred sixty (360) day year, rounded upwards, if necessary, to the nearest whole multiple of one-one-hundredth of one percent (1/100%), as the average of the offered quotations appearing on the display referred to as the "LIBOR 01 Page" (or any display substituted therefor) of Reuters Monitor Money Rates Service for a period equal to the number of days in the applicable Libor Interest Period, for deposits in U.S. Dollars of amounts comparable to the principal amount of such Libor Loan to be outstanding during such Libor Interest Period, at or about 11:00 a.m. (London, England time) two (2) Business Days prior to a Drawdown Date, Conversion Date or Rollover Date, as the case may be, for such Libor Interest Period. If such "LIBOR 01 Page" is not available, then "Libor" shall mean, with respect to any Libor Interest Period applicable to a Libor Loan, the rate determined by the Agent based on a three hundred sixty (360) day year, rounded upwards, if necessary, to the nearest whole multiple of one-one-hundredth of one percent (1/100%), at which the Agent, in accordance with its normal practice, would be prepared to offer to leading banks in the London interbank market for delivery by the Agent on the first day of the applicable Libor Interest Period for a period equal to the number of days in such Libor Interest Period, deposits in U.S. Dollars of amounts comparable to the principal amount of such Libor Loan to be outstanding during such Libor Interest Period, at or about 11:00 a.m. (London, England time) two (2) Business Days prior to a Drawdown Date, Conversion Date or Rollover Date, as the case may be, for such Libor Interest Period;

"Libor Interest Date" means the date falling on the last day of each Libor Interest Period; provided that if the Borrower selects a Libor Interest Period for a period longer than three (3) months, the Libor Interest Date shall be each date falling every three (3) months after the beginning of such Libor Interest Period and the date falling on the last day of such Libor Interest Period;

"Libor Interest Period" means, with respect to each Libor Loan, the period (subject to availability) of approximately one (1) month, two (2) months, three (3) months or six (6) months (as selected by the Borrower and notified to the Agent, or the Operating Lender, as applicable, pursuant to Section 3.6 or 3.7) commencing on and including the Drawdown Date, Conversion Date or Rollover Date, as the case may be, applicable to such Libor Loan and ending on and including the last day of such period; provided that no Libor Interest Period may be selected which, in the case of any Libor Loan made by a Lender, ends after such Lender's Term Maturity Date;

"**Libor Loans**" means the advances or any portion thereof, made available by the Syndicated Lenders or the Operating Lender, to the Borrower pursuant to Sections 3.6, 3.14 or 3.15 and outstanding from time to time, which are denominated in U.S. Dollars and on which the Borrower has agreed to pay interest in accordance with Section 5.3;

"**Loan Documents**" means this Agreement, the Security, each Bankers' Acceptance, each application and indemnity with respect to a Letter of Credit, 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, the Trust and each Borrowing Base Subsidiary and "**Loan Party**" means any of them;

"**Loan Party Guarantee**" means the loan party 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 Prime Loans and U.S. Base Rate Loans;

"**Majority Lenders**" means:

- (a) when there are less than three (3) Lenders, all of the Lenders;
- (b) during the continuance of a Default or an Event of Default when there are any Borrowings, and subject to Section 10.5(a), those Lenders to whom there is owing 66% or more of the aggregate Borrowings under the Syndicated Facility and Operating Facility; and
- (c) at any other time, those Lenders whose Commitments are, in the aggregate, at least 66% of the Total Commitment;

"**Mark-to-Market**" means, in respect of any Swap and for any day on which the Mark-to-Market is calculated, the amount, if any, that would be payable by any Loan Party to a counterparty (expressed as a positive number, a "**Positive Mark-to-Market**") or by such counterparty to such Loan Party (expressed as a negative number, a "**Negative Mark-to-Market**"), estimated by making at mid-market the calculations required by the ISDA Master Agreement between such counterparty, on the one hand, and such Loan Party, on the other hand, as if such ISDA Master Agreement were being terminated as a result of a Termination Event (as defined in the ISDA Master Agreement) with two Affected Parties (as defined in the ISDA Master Agreement) on that day of calculation;

"**Material Acquisition**" means an acquisition by a Loan Party of shares or other assets which increases the consolidated net assets (excluding current assets) of the Trust, as shown on the most current consolidated financial statements of the Trust, by more than ten percent (10%) of the Borrowing Base;

"**Material Adverse Effect**" 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 Material Contract to which it is a party;
- (b) the validity or enforceability of any of the Security 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 under or pursuant to the Security; 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 Effect except for the purposes of any redetermination of the Borrowing Base requested by the Lenders pursuant to Section 3.5(f);

"Material Contracts" means the agreements described in Schedule "M" hereto;

"Material Disposition" means a disposition by a Loan Party of shares or other assets which decreases the consolidated net assets (excluding current assets) of the Trust, as shown on the most current consolidated financial statements of the Trust, by more than ten percent (10%) of the Borrowing Base;

"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;

"Mortgages" means each of the mortgages or deeds of trust executed by the Borrower or any Borrowing Base Subsidiary in favour of the Agent;

"Negative Mark-to-Market" has the meaning ascribed thereto in the definition of "Mark-to-Market";

"Net Income" means, for any fiscal period, the net income of the Trust determined on a consolidated basis in accordance with GAAP, as set forth in the consolidated financial statements of the Trust for such period;

"New Lenders" means Canadian Imperial Bank of Commerce and Royal Bank of Canada;

"Non-Acceptance Lenders" means a Lender which does not accept bankers' acceptances in the ordinary course of its business;

"Non-Agreeing Lender" has the meaning ascribed thereto in Section 3.3(g);

"Offering" means the public distribution of Units of the Trust pursuant to the Prospectus;

"Oil and Gas Ownership Certificate" means a certificate substantially in the form of Schedule "J";

"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;

"One Month BA Rate" means, on any day, the CDOR Rate (determined as of 8:00 a.m. Calgary time on such day) which would be applicable in respect of an issuance of Bankers' Acceptances with a term to maturity of one month issued on such day, or if such day is not a Business Day, then on the immediately preceding Business Day;

"Operating Accommodations" has the meaning ascribed thereto in Section 1.1 in the definition of "Accommodations";

"Operating Borrowings" has the meaning ascribed thereto in Section 1.1 in the definition of "Borrowings";

"Operating Facility" has the meaning ascribed thereto in Section 3.1(a);

"Operating Facility Commitment" means, with respect to the Operating Lender, its obligation to make Loans and Libor Loans under the Operating Facility available to, accept and purchase Bankers' Acceptances from, and issue Letters of Credit at the request of, the Borrower, subject to the terms of this Agreement, in an aggregate amount not at any time in excess of the amount set

forth opposite such Lender's name in Schedule "A" hereto (or in any Lender Transfer Agreement executed hereafter) as such Lender's Operating Facility Commitment, as such amount may hereafter be cancelled, reduced, increased or terminated from time to time pursuant to the provisions of this Agreement;

"Operating Lender" means Scotia in its capacity as the provider of the Operating Facility and in no other capacity;

"Operating Lender's Account for Payments" means such Canadian Dollar and U.S. Dollar accounts maintained by the Operating Lender in connection with the Operating Facility and notified to the Borrower from time to time;

"Operating Lender's Branch of Account" means the office or branch of the Operating Lender located at the address set forth opposite the Operating Lender's name on the signature page to this Agreement or such other office or branch of the Operating Lender in Canada as the Operating Lender may advise the Borrower in writing;

"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, including Denali pursuant to the Transition Services Agreement;

"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;

"Over-allotment Option" shall have the meaning attributed to it in the Denali Purchase and Sale Agreement;

"Overdraft" means, in respect of the Operating Facility, an amount owing by the Borrower to the Operating Lender from time to time as a result of clearance of cheques or drafts drawn on, or transfers of funds from, accounts that the Borrower maintains with the Operating Lender at the Operating Lender Branch of Account in U.S. Dollars or Canadian Dollars for such purpose;

"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;

"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;
- (c) abandonments, surrenders or terminations of P&NG Rights or interests therein which 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;
- (d) exchanges, farmouts or other dispositions of P&NG Rights which do not comprise Borrowing Base Assets;
- (e) sales or dispositions of P&NG Rights, Tangibles or Miscellaneous Interests (excluding any sale or disposition included in any of items (a) through (d) above, but including any sale or disposition pursuant to the exercise of any ROFR), the fair market value of which, when taken in the aggregate in respect of all such sales and dispositions by all Loan Parties since the last determination or redetermination of the Borrowing Base are not in excess of ten percent (10%) of the amount of the Borrowing Base most recently determined or redetermined;
- (f) any sales or dispositions by a Loan Party to another Loan Party;

- (g) any sales or dispositions pursuant to the Denali Purchase and Sale Agreement and the EQ Purchase and Sale Agreement; and
- (h) any disposition constituting a Reorganization Transaction to the extent permitted by Section 9.2(g);

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;

"Participant Register" has the meaning ascribed thereto in Section 13.4(g);

"Permitted Encumbrances" means any of the following Security Interests or other encumbrances:

- (a) reservations, limitations, provisos and conditions expressed in any original grant from the Crown;
- (b) Security Interests for Taxes, assessments or governmental charges and any other statutory Security Interests which:
  - (i) are not due or delinquent; or
  - (ii) relate to claims being contested at the time in good faith by a Loan Party by appropriate proceedings;
- (c) undetermined or inchoate Security Interests arising in the ordinary course of business and incidental to construction or operations which relate to obligations:
  - (i) not due or delinquent and which have not at such time been filed pursuant to law and no other statutory proceedings have been taken to enforce the same; or
  - (ii) being contested at the time in good faith by a Loan Party by appropriate proceedings;
- (d) Security Interests incurred or created in the ordinary course of business as security in favour of any other Person which is conducting or participating in the exploration, development or operation of the property to which such Security Interests relate for any Loan Party's obligations in respect of the costs and expenses of such exploration, development or operation, which relate to obligations of any Loan Party not due or delinquent or to obligations of any Loan Party being contested at the time in good faith by such Loan Party by appropriate proceedings;
- (e) the Security Interest of any judgment rendered, or claim filed, against a Loan Party which such Loan Party shall be contesting in good faith if during such contestation there is no risk of forfeiture of any material assets or property of such Person either because (A) a stay of enforcement of such judgement or claim (if enforceable by seizure, sale or other remedy against any property), as the case may be, is in effect or (B) the value of the assets of any Loan Party affected thereby does not exceed \$5,000,000;

- (f) easements, rights-of-way, servitudes or other similar rights in and (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons and other minor defects, encumbrances and restrictions which either alone or in the aggregate do not materially detract from the value of such land or materially impair its use in the operation of the Oil and Gas Properties;
- (g) Security Interests given by a Loan Party to a public utility or any municipality or governmental or other public authority when required by such public utility or municipality or other governmental authority in the ordinary course of the business of such Loan Party in connection with the Oil and Gas Properties provided such security does not either alone or in the aggregate materially detract from the value of the assets or properties affected thereby or materially impair its use in the operation of the Oil and Gas Properties;
- (h) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease by any statutory provision to terminate any lease or to require payment of royalties as a condition of the continuance thereof;
- (i) to the extent that a Security Interest is constituted or created thereby, a pooling or unitization of P&NG Rights in the ordinary course of business which is necessary or advisable to facilitate the orderly exploration, development or operation of such P&NG Rights, provided that the value to any Loan Party of its interests in the P&NG Rights which are subject to the pooling or unitization immediately after the pooling or unitization (taking into account obligations associated therewith) is not less than the value of its interest in such P&NG Rights immediately before the pooling or unitization;
- (j) Security Interests on Petroleum Substances or the proceeds of sale of Petroleum Substances arising or granted or assumed by any Loan Party in the ordinary course of its business pursuant to a processing or transmission arrangement entered into or assumed by it in the ordinary course of business, securing the payment of its obligations in respect of the fees attributable to the processing or transmission (as the case may be) of any such Petroleum Substances under any such processing or transmission arrangement, but only insofar as such Security Interests relate to its obligations which are at such time not due or delinquent;
- (k) the Security Interests of the Security and any Security Interests created in favour of the Agent pursuant to any of the Loan Documents;
- ~~(l) inchoate liens or any rights of distress reserved in or exercisable under any real property lease or sublease to which any Loan Party is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such rent is not then overdue and such Loan Party is then in compliance in all material respects with such terms;~~
- (m) lessor royalties (including crown or freehold lessor royalties) granted in the ordinary course of business;

- (n) any lien, charge or encumbrance the satisfaction of which has been provided for by deposit of cash or a surety bond or other security in connection with tenders, government contracts, bids and other obligations of the like nature incurred in the ordinary course of business;
- (o) Purchase Money Security Interests provided that such Security Interests are granted at the time of acquisition of the property subject thereto and are limited to the property so acquired;
- (p) Security Interests constituted by Capital Leases and Sale/Leasebacks up to the limit set out in the definition of "Permitted Indebtedness";
- (q) Security Interests granted by a Loan Party to another Loan Party if the same have been subordinated to the Security Interests of the Agent;
- (r) Security Interests granted in connection with the Denali Purchase and Sale Agreement and the Escrow Agreement;
- (s) all such other claims and encumbrances as are specifically disclosed by notice in writing from the Borrower to the Agent to the extent that the Majority Lenders, by specific notice in writing to the Borrower, consent to such claims and encumbrances as Permitted Encumbrances;

provided that the amounts so secured are not, in the aggregate for all Loan Parties, in excess of \$2,500,000 at any one time in respect of paragraphs (o) and (p) above (in aggregate);

**"Permitted Financial Assistance"** means:

- (a) any Financial Assistance, other than Financial Assistance permitted by subsections (b) and (c) of this definition, which a Loan Party has provided or agreed to provide, in the ordinary course of its business, provided that the maximum aggregate amount for all Loan Parties of the obligations (actual or contingent) under all such Financial Assistance does not at any time exceed \$2,500,000;
- (b) any Guarantees by one Loan Party of the Permitted Indebtedness of another Loan Party;
- (c) any Financial Assistance by a Loan Party to, or for the benefit of, another Loan Party;

**"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 arising from a Capital Lease, Purchase Money Security Interest or a Sale/Leaseback, provided such Debt does not in the aggregate exceed \$2,500,000 at any one time for all Loan Parties at the time such Debt was incurred;
- (c) all unsecured Debt of a Loan Party to another Loan Party provided any such unsecured Debt is subordinated to all Lender Outstandings and Swap Indebtedness under all Lender Swaps;

(d) all Debt secured by a Permitted Encumbrance provided that such Debt is within any applicable amount limitations provided for in the definition of Permitted Encumbrances; and

(e) such other Debt of a Loan Party which the Majority Lenders have consented to in writing;

"Permitted Swap Indebtedness" means, subject to Section 3.18(c), Swap Indebtedness of any Loan Party to a Swap Lender under a Permitted Swap and for which the only security is the Security;

"Permitted Swaps" means any Swap permitted by the provisions of Section 9.2(1);

"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 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;

"Positive Mark-to-Market" has the meaning ascribed thereto in the definition of "Mark-to-Market";

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

"Prime Loan" means the advances or any portion thereof made available by the Lenders to the Borrower pursuant to either Section 3.6, 3.11, 3.14 or 3.15 and outstanding from time to time, which are denominated in Canadian Dollars and on which the Borrower has agreed to pay interest in accordance with Section 5.1;

"Prime Rate" means, with respect to Prime Loans on any day, the greater of:

- (a) the annual rate of interest announced from time to time by the Agent or the Operating Lender, as applicable, as being its reference rate then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by the Agent or the Operating Lender, as applicable, in Canada; and
- (b) the One Month BA Rate in effect on such day plus 100 bps;

"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";

"Prospectus" means the prospectus dated as of October 9, 2012 (together with all supplements thereto) describing the terms of which the Offering is being conducted;

"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;

"Purchasing Lender" has the meaning ascribed thereto in Section 3.3(g);

"Put Option" shall have the meaning attributed to it in the Denali Purchase and Sale Agreement;

"Rateable" and "Rateably" means, subject to adjustment pursuant to Section 10.8, the proportion that the Lender Outstandings of any Lender or Swap Lender (if not then a Lender) bears to the aggregate of the Lender Outstandings of all Lenders and Swap Lenders, as determined at the Adjustment Time;

"RCRA" means the Resource Conservation and Recovery Act of 1976;

"Receiver" means any 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, leaching 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;

"Repayment Notice" means a notice to effect a repayment of Borrowings delivered under Section 3.12 and substantially in the form of Schedule "B" with all applicable blanks completed;

"Replacement Lender" has the meaning ascribed thereto in Section 3.3(h);

"Request for Extension" means a request of the Borrower substantially in the form attached as Schedule "F";

"Revolving Lender" has the meaning ascribed thereto in Section 3.3(a);

"Revolving Period" means, in respect of each Lender, the period from the Effective Date until its Term Out Date;

"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;

"Rollover" means, in respect of a maturing Bankers' Acceptance or Libor Loan, the provision by a Lender of a further Borrowing by way of a Bankers' Acceptance or Libor Loan, as applicable, in the same currency, the proceeds of which are to be applied in whole or part to the repayment of the maturing Borrowing;

"Rollover Date" means that date that a Rollover is to be made pursuant to a Rollover Notice;

"Rollover Notice" means a notice to effect a Rollover delivered under Section 3.15 and substantially in the form of Schedule "C" with all applicable blanks completed;

"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 any assignment, mortgage, charge, pledge, lien, hypothec, encumbrance securing or in effect securing an obligation or any indebtedness of any Person, conditional sale, title retention agreement or security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or not, and includes the rights of a lessor pursuant to a Capital Lease or Sale/Leaseback, but not under an

operating lease, and the proprietary rights, if any, of a lender or buyer in respect of a Production Payment or a transaction giving rise to a Prepaid Obligation, but does not include a right of set-off or a set-off;

"Secured Obligations" has the meaning ascribed thereto in Section 6.1;

"Services Agreement" means the services agreement made as of August 10, 2012 between the Trust, the Administrator and the shareholder of the Administrator;

"Standard Term" means the term to maturity of a Bankers' Acceptance for which a quote is available in respect of such Bankers' Acceptance pursuant to paragraph (a) of the definition of CDOR Rate provided that in all events such term shall not exceed three hundred sixty-four (364) days;

"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;

"Swap Demand for Repayment" means a demand made by a Swap Lender pursuant to an agreement evidencing a Lender Swap demanding repayment of all indebtedness relating thereto and shall include, without limitation, any notice under any agreement evidencing a Lender Swap which, when delivered, would require an early termination thereof and may require a payment by any Loan Party in settlement of obligations thereunder as a result of such early termination;

"Swap Indebtedness" means:

- (a) at any time prior to the Adjustment Time, an amount determined by the Agent (or by the Borrower for the purposes of Section 9.1 of the Compliance Certificate) by,



- (i) calculating, for each Swap Lender, the difference, if positive, between the Positive Mark-to-Market and Negative Mark-to-Market for all of its Lender Swaps, and
  - (ii) when such term is used in reference to all Lenders or Swap Lenders, adding together the aggregate net amounts calculated in (a)(i) under this definition for all Swap Lenders; and
- (b) after the Adjustment Time, an amount determined by each Swap Lender by,
- (i) calculating for each of its Lender Swaps, the Termination Amount, and determining the difference, if positive, of the aggregate net amounts payable by any Loan Party to such Swap Lender, and
  - (ii) when such term is used in reference to all Lenders or Swap Lenders, adding together the amounts calculated in (b)(i) under this definition for all Swap Lenders;

"Swap Lender" means a Person which, at the time that it entered into any Swap with any Loan Party, was a Lender or an Affiliate of a Lender;

"Syndicated Accommodations" has the meaning ascribed thereto in Section 1.1 in the definition of "Accommodations";

"Syndicated Borrowings" has the meaning ascribed thereto in Section 1.1 in the definition of "Borrowings";

"Syndicated Facility" has the meaning ascribed thereto in Section 3.1(a);

"Syndicated Facility Commitment" means, with respect to each Syndicated Lender, such Lender's obligation to make Loans, Bankers' Acceptances and Libor Loans under the Syndicated Facility available to the Borrower, subject to the terms of this Agreement, in an aggregate amount not at any time in excess of the amount set forth opposite such Lender's name in Schedule "A" hereto (or in any Lender Transfer Agreement executed hereafter) as such Lender's Syndicated Facility Commitment, as such amount may hereafter be cancelled, reduced, increased or terminated from time to time pursuant to the provisions of this Agreement;

"Syndicated Lender" means a Lender in its capacity as a provider of the Syndicated Facility and in no other capacity;

"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, (i) taxes imposed on its net income or franchise taxes (a) 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 (b) that are Other Connection Taxes, (ii) any branch profits or similar taxes imposed by any jurisdiction in which the Borrower is located or by any jurisdiction described in (i) above, (iii) 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 (a) such Lender acquires such interest in the Loan or Commitment or (b) 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, (iv) taxes attributable to such Lender's failure or inability to comply with Section 7.3(b), and (v) any U.S. tax imposed pursuant to FATCA;

"Term Lender" means a Lender which is not a Revolving Lender;

"Term Maturity Date" means, in respect of each Lender, the date which is three hundred and sixty six (366) days after the Term Out Date of such Lender (as such Term Out Date may be extended hereunder);

"Term Out Date" means, in respect of each Lender:

- (a) August 10, 2013; and
- (b) if the Term Out Date is thereafter further extended pursuant to Section 3.3, that date which is three hundred sixty-four (364) days after its then current Term Out Date;

"Term Period" means, for each Lender, the period commencing on its Term Out Date and ending on its Term Maturity Date;

"Termination Amount" means, in respect of a Lender Swap on any day, the amount (whether positive or negative) determined by the Swap Lender thereunder in accordance with its customary practices and acting reasonably as of the close of business as though such day were an "Early Termination Date" and the Swap was a "Terminated Transaction" in accordance with the payment measures provided for in the ISDA Master Agreement between any Loan Party and such Swap Lender, with any such termination amount being expressed in U.S. Dollars and all defined terms used in this definition and not otherwise defined in this Agreement having the meaning ascribed thereto in such ISDA Master Agreement;

"Termination Event" means:

- (a) an automatic acceleration of the repayment of indebtedness outstanding hereunder without any notice being required thereunder from the Agent or any Lender; or
- (b) an automatic early termination of obligations relating to a Lender Swap, without any notice being required from the Swap Lender;

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

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

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

"**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 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;

"**Total Commitment**" means the aggregate of the Operating Facility Commitment and the Total Syndicated Facility Commitment;

"**Total Syndicated Facility Commitment**" means, at any time, the amount equal to the aggregate of the Syndicated Facility Commitment of each Syndicated Lender at such time;

"**Transaction**" has the meaning ascribed thereto in the applicable ISDA Master Agreement between any Loan Party and a Swap Lender;

"**Transition Services Agreement**" means the services agreement entered into on August 8, 2012 between the Borrower and Denali;

"**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 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;

"U.S. Base Rate" means, with respect to U.S. Base Rate Loans on any day, the greater of:

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

"U.S. Base Rate Loan" means the advances or any portion thereof made available by the Lenders to the Borrower pursuant to either Section 3.6, 3.14 or 3.15 and outstanding from time to time, which are denominated in U.S. Dollars and on which the Borrower has agreed to pay interest in accordance with Section 5.2;

"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. Tax Compliance Certificate" has the meaning ascribed thereto in Section 7.3(b);

"Voting Agreement" means the voting agreement dated May 5, 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;

"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 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;

## 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 Monetary References

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

1.11 Amendment and Restatement

- (a) This Agreement is an amendment and restatement of the Existing Credit Agreement and not a novation of the Existing Credit Agreement. For greater certainty, all Borrowings under the Existing Credit Agreement that remain outstanding on the Effective Date shall constitute Borrowings hereunder, as provided in Section 1.11(b), governed by the terms hereof and, shall continue to be secured by the security granted under the Existing Credit Agreement for the benefit of the Agent and the Lenders. Such Borrowings shall be continuing in all respects, and this Agreement shall not be deemed to evidence or result in a novation of such Borrowings. This Agreement reflects amendments to the Existing Credit Agreement and has been restated solely for the purposes of reflecting amendments to the Existing Credit Agreement which the Lenders, the Agent and the Borrower have agreed upon. All references to the "Credit Agreement" or similar references contained in the documents delivered prior to the effectiveness of this Agreement in connection or under the Existing Credit Agreement shall be references to this Agreement without further amendment to those documents. The Borrower confirms that each of the foregoing documents, including without limitation any delivered under the Existing Credit Agreement, remains in full force and effect.
- (b) Notwithstanding the foregoing or any other term hereof, all of the covenants, representations and warranties on the part of the Borrower under the Existing Credit Agreement and all of the claims and causes of action arising against the Borrower thereunder in connection therewith, in respect of all matters, events, circumstances and obligations arising or existing prior to the Effective Date shall continue, survive and shall not be merged in the execution of this Agreement or any other Loan Documents or any advance or provision of any Accommodation hereunder and further, such covenants, representations and warranties under the Existing Credit Agreement shall be deemed for all purposes to be the representations, warranties and covenants of the Borrower hereunder with respect to any time prior to the Effective Date and any such claims or causes of action prior to the Effective Date shall be deemed for all purposes to be claims and causes of action against the Borrower hereunder.
- (c) Outstanding Bankers' Acceptances. The parties hereby acknowledge that, on the date hereof, Bankers' Acceptances having terms to maturity ending after the date hereof are outstanding (the "Outstanding BAs"). Notwithstanding any provision of this Agreement to the contrary, the New Lenders and the Lenders who are increasing their respective Commitments shall not (but in the case of the Lenders increasing their respective Commitments only with respect to the increased amount of their respective Commitments) have any right, title, benefit or interest in or to any Outstanding BAs nor

any obligation or liability to the other Lenders in respect thereof, it being acknowledged and agreed by the parties hereto that any obligation of the Borrower to pay or reimburse the Lenders in respect of the Outstanding BAs is solely a risk and for the account of the Lenders based upon the Lender's Proportion of Bankers' Acceptances as in effect prior to and without regard to the provisions of this Agreement.

## ARTICLE 2 REPRESENTATIONS AND WARRANTIES

### 2.1 Representations and Warranties

The Borrower represents and warrants to each of the Lenders and the Agent (all of which representations and warranties the Borrower 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 have a Material Adverse Effect;
- (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, Denali Acquisition Document, EQ Acquisition 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, Denali Acquisition Documents, the EQ Acquisition 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;



- (e) **Execution:** each Loan Document, Denali Acquisition Document, EQ Acquisition 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, Denali Acquisition Document, EQ Acquisition 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, as applicable, enforceable against such Loan Party or other party thereto, 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, Denali Acquisition Document, EQ Acquisition 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 (i) are necessary with respect to the registration and perfection of the Security and the Security Interests constituted thereby; or (ii) have been obtained or made and are in full force and effect; 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 (including, for certainty, the assets acquired pursuant to the Denali Acquisition and the EQ Acquisition) 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 have a Material Adverse Effect 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 have a Material Adverse Effect 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 have a Material Adverse Effect;

- (j) **Financial Condition:** all financial statements of the Loan Parties provided to the Agent by or on behalf of any Loan Party (other than the pro forma financial statements giving effect to (i) the Denali Acquisition and (ii) the EQ Acquisition delivered pursuant to Section 8.1(a)) 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) **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);
- (l) **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;
- (m) **Indebtedness:** no Loan Party has any Debt other than Permitted Indebtedness;
- (n) **Compliance with Laws and Contracts:** each Loan Party is:
  - (i) in compliance 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 for any non-compliance, breach or default, as applicable, which would not reasonably be expected to have a Material Adverse Effect;

(o) **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 have a Material Adverse Effect;
  - (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 have a Material Adverse Effect;
  - (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 have a Material Adverse Effect, 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 have a Material Adverse Effect;
  - (iv) except as would not reasonably be expected to have a Material Adverse Effect, 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 have a Material Adverse Effect;
  - (vi) except as would not reasonably be expected to have a Material Adverse Effect, 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;
- (p) **Subsidiaries and Organizational Chart:** The chart contained in Schedule "K", as amended or updated from time to time, lists each Subsidiary of the Trust, the Borrower is the only Subsidiary holding Borrowing Base Assets and the organizational chart contained in Schedule "K", as amended or updated from time to time, describes the complete organizational structure of the Trust and its Subsidiaries;
- (q) **Administrator:** Argent Energy Ltd. is the Administrator;

- (r) **Borrowing Base Assets:** all of the Borrowing Base Assets are located in Texas and Oklahoma and are held by the Borrower;
- (s) **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 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) **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 a Material Adverse Effect;
  - (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 creating a Material Adverse Effect;

- (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 Plan;
- (x) **Material Adverse Effect:** no material adverse change in the financial condition of any Loan Party or any matter that has had, or would reasonably be expected to have a Material Adverse Effect has occurred since the date of the Prospectus or the most recent audited financial statements of the Trust, whichever is more current.
- (y) **Foreign Assets Control Regulations, Etc.:** the Borrower's use of the proceeds of the Facilities 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; and
- (z) **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.

## 2.2 Deemed Representations and Warranties

Each request by the Borrower for Accommodations 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 and each request by the Borrower for a Conversion or Rollover shall be deemed to be a representation and warranty by the Borrower to the Agent and each Lender that as of the date of such request and as of the applicable Conversion Date or Rollover Date, there exists no Default or Event of Default.

## ARTICLE 3 THE CREDIT FACILITIES

### 3.1 Establishment of the Facilities

- (a) **Availment Options:** 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:
  - (i) each Syndicated Lender agrees to make Syndicated Accommodations available to the Borrower up to the amount of its Syndicated Facility Commitment by way of an extendible revolving term credit facility for the purposes set forth in Section 3.4, commencing on the Effective Date and ending on each such Syndicated Lender's Term Maturity Date (collectively, the "Syndicated Facility");
  - (ii) the Operating Lender agrees to make Operating Accommodations available to the Borrower up to the amount of the Operating Facility Commitment by way of an extendible revolving operating term credit facility for the purposes set forth in

Section 3.4, commencing on the Effective Date and ending on the Operating Lender's Term Maturity Date (the "Operating Facility")

- (b) **Maximum Amount:** At no time shall:
- (i) the Equivalent Amount in U.S. Dollars of the Syndicated Borrowings exceed the Total Syndicated Facility Commitment;
  - (ii) the Equivalent Amount in U.S. Dollars of the Operating Borrowings exceed the Operating Facility Commitment.

### 3.2 Revolving Feature

During the Revolving Period of each Syndicated Lender, the Syndicated Borrowings of each such Syndicated Lender may, within the limits herein provided, increase and decrease and the Borrower may borrow, repay and reborrow Cdn. Dollars and/or U.S. Dollars and obtain Syndicated Accommodations until the end of the Revolving Period of such Syndicated Lender. On the Term Out Date of each Syndicated Lender, the Syndicated Facility Commitment of such Syndicated Lender shall be reduced to the Equivalent Amount in U.S. Dollars of all Syndicated Borrowings then outstanding to such Syndicated Lender. Thereafter, the Borrower may only effect Conversions and Rollovers in respect of its Syndicated Borrowings. During the Term Period of a Syndicated Lender, any Loans, Libor Loans or Bankers' Acceptances repaid or prepaid under the Syndicated Facility (except upon a Conversion or Rollover) shall effect a permanent reduction of its Syndicated Facility Commitment. During the Revolving Period of the Operating Lender, the Operating Borrowings may, within the limits herein provided, increase and decrease and the Borrower may borrow, repay and reborrow Cdn. Dollars and/or U.S. Dollars and obtain Operating Accommodations until the end of the Revolving Period of the Operating Lender. On the Term Out Date of the Operating Lender, the Operating Facility Commitment shall be reduced to the Equivalent Amount in U.S. Dollars of the Operating Borrowings then outstanding. Thereafter, the Borrower may only effect Conversions and Rollovers in respect of its Operating Borrowings. During the Term Period of the Operating Lender, any Loans, Libor Loans or Bankers' Acceptances repaid or prepaid under the Operating Facility (except upon a Conversion or Rollover) shall effect a permanent reduction of the Operating Facility Commitment.

### 3.3 Extension of Term Out Date and Revolving Period

- (a) **Request for an Extension:** The Borrower may, from time to time and provided there is no Default which is continuing, request an extension of the Term Out Date of each Lender that is not then a Non-Agreeing Lender (a "Revolving Lender") by sending to the Agent and, if applicable, the Operating Lender, a Request for Extension in duplicate not less than sixty (60) days and not more than ninety (90) days prior to the then current Term Out Date and the Agent shall forthwith notify such Revolving Lenders of such request and each such Revolving Lender shall acknowledge receipt of such notification. Each such Revolving Lender shall advise the Agent as to whether it agrees with such request within thirty (30) days of the later of:
- (i) being notified of the Borrower's Request for Extension; and
  - (ii) having received the Engineering Report required pursuant to Section 3.5;

provided that in the event such Lender does not so advise the Agent within such thirty (30) day period, such Revolving Lender shall be deemed to have advised the Agent that it is not prepared to make an offer to the Borrower to extend its Term Out Date. Within two (2) Business Days of the Agent receiving from each such Revolving Lender its decision with respect to making an offer to the Borrower to extend its Term Out Date, the Agent shall, subject to Section 3.3(b), provide the Borrower with an offer to extend the applicable Term Out Date in accordance with Section 3.3(c) or 3.3(d), as the case may be, and the Borrower, subject to Section 3.3(f), shall be entitled to accept any such offer at any time up to and including the last Business Day preceding the then current Term Out Date by written notice to the Agent of such acceptance.

- (b) **Non-Extension:** If Revolving Lenders holding more than 33 $\frac{1}{3}$ % of the aggregate Commitments of all such Revolving Lenders do not agree or are deemed not to agree to make an offer to the Borrower to extend the Term Out Date pursuant to the Request for Extension, the Agent shall not provide the Borrower with an offer to extend the Term Out Date of any of the Revolving Lenders in accordance with Section 3.3(a).

In any such case:

- (i) the Term Out Date of all Revolving Lenders shall not be extended; and
- (ii) the Term Period shall commence for all Revolving Lenders on such Term Out Date and all such Lenders shall be deemed to be Non-Agreeing Lenders for the purposes hereof.
- (c) **Extension for All Lenders:** If all Revolving Lenders agree to make an offer to the Borrower to extend the Term Out Date pursuant to a Request for Extension and the Borrower accepts such offer in accordance with Section 3.3(a), then the Term Out Date for each such Revolving Lender shall be extended for a period of three hundred sixty-four (364) days from the then current Term Out Date.
- (d) **Partial Extension:** If, with respect to a Request for Extension, the provisions of Section 3.3(b) or 3.3(c) are not applicable and there are Non-Agreeing Lenders under Section 3.3(g) (a "Partial Extension"), the remaining Syndicated Facility Commitments and Operating Facility Commitment of the Non-Agreeing Lenders shall continue for the Term Period applicable to such Lenders but any undrawn portion of such Commitments shall be cancelled on the Term Out Date applicable to such Lenders in accordance with Section 3.2. Thereafter, any Drawdowns under the Syndicated Facility may only be obtained from the Agreeing Lenders in proportion to their respective Syndicated Facility Commitments and all applicable provisions of this Agreement shall be construed accordingly. Without limiting the foregoing, in the event of any Partial Extension:
- (i) the Revolving Period (and the corresponding Term Out Date and Term Maturity Date) under the Syndicated Facility and the Operating Facility will only be extended in respect of the Agreeing Lenders and the Term Out Date and Term Maturity Date for the Non-Agreeing Lenders will remain unchanged;
- (ii) the provisions herein relating to the Term Period under the Syndicated Facility and the Operating Facility shall apply separately to the Non-Agreeing Lenders as

a group and to each other group of Lenders having a common Term Period (each, a "Non-Agreeing Lender Group"); and

- (iii) for so long as the Revolving Period under the Syndicated Facility exists concurrently with one or more Term Periods under the Syndicated Facility:
  - (A) any subsequent Syndicated Accommodations (other than Conversions and Rollovers) pursuant to Section 3.6 shall be allocated *pro rata* among the Agreeing Lenders in accordance with their respective Syndicated Facility Commitments;
  - (B) any reduction in the Total Syndicated Facility Commitment pursuant to Section 3.5 or 4.4 shall be allocated *pro rata* among the Agreeing Lenders and the Non-Agreeing Lenders in accordance with their respective Syndicated Facility Commitments; and
  - (C) if the Borrower makes an optional prepayment under the Syndicated Facility during the Revolving Period other than pursuant to Section 4.4, such prepayment shall be deemed to have been made to the Agreeing Lenders only and shall not be applied in repayment of Borrowings owed to Non-Agreeing Lenders unless the Agent is expressly directed in writing by the Borrower at the time of payment to allocate such payment *pro rata* among the Agreeing Lenders and the Non-Agreeing Lenders in accordance with their respective Syndicated Facility Commitments.
- (e) **Independent Decision:** The Borrower understands that consideration of any Request for Extension constitutes an independent credit decision which each Revolving Lender retains the absolute and unfettered discretion to make, and that no commitment in this regard is given by any such Lender and that any extension of the Term Out Date may be on such terms and conditions in addition to those set out herein as the Revolving Lenders may stipulate and the Borrower may agree to.
- (f) **Default or Event of Default:** Notwithstanding the foregoing, the Borrower shall not be entitled to accept any offer made by the Agent on behalf of the Agreeing Lenders to extend the Term Out Date if a Default or Event of Default has occurred and is continuing unless such Default or Event of Default is waived by all of the Agreeing Lenders; provided any such waiver shall be effective only for the purposes of this Section 3.3 and shall not be applicable to any such Lenders which are not Agreeing Lenders.
- (g) **Request Refused:** Subject to Section 3.3(b), if a Revolving Lender does not agree to make an offer to extend its Term Out Date (each such Lender being a "Non-Agreeing Lender" and any Revolving Lender agreeing to make an offer to extend its Term Out Date being an "Agreeing Lender"), each of the Agreeing Lenders shall have the right (but not the obligation) to purchase the Commitment of the Non-Agreeing Lender for a purchase price in an amount equal to the aggregate principal amount owing to such Non-Agreeing Lender, together with accrued and unpaid interest and fees thereof to the date of payment of such amount. Each of the Agreeing Lenders wishing to exercise its rights to purchase the Commitment of a Non-Agreeing Lender (a "Purchasing Lender") shall forthwith so notify the Borrower, the Agent, the Non-Agreeing Lender and each of the



other Lenders, if any, and not less than three (3) Business Days prior to the then current Term Out Date the Non-Agreeing Lender shall be obligated to sell its Commitment and such Purchasing Lenders shall thereupon be obligated to purchase that portion of the Commitment of such Non-Agreeing Lender that is the ratio that such Purchasing Lender's Syndicated Facility Commitment bears to the aggregate of the Syndicated Facility Commitments of all Purchasing Lenders or as otherwise agreed to by the Borrower and the Purchasing Lenders, provided that only one Lender may purchase the Operating Facility Commitment if the Operating Lender is a Non-Agreeing Lender and any such decision shall be made by the Borrower. Notwithstanding the foregoing and unless otherwise agreed at that time, the Non-Agreeing Lender shall not be obligated to sell to any Purchasing Lender unless:

- (i) provision satisfactory to the Non-Agreeing Lender (acting reasonably) has been made for payment of any costs, losses, premiums or expenses incurred by the Non-Agreeing Lender by reason of any liquidation or re-deployment of deposits or other funds in respect of Libor Loans outstanding;
- (ii) provision satisfactory to the Non-Agreeing Lender (acting reasonably) has been made for payment at maturity of outstanding Bankers' Acceptances accepted by it; and
- (iii) if the Non-Agreeing Lender is the Operating Lender, such purchase shall be subject to the replacement or collateralization satisfactory to the Operating Lender, acting reasonably, of all outstanding Letters of Credit issued by the Operating Lender under the Operating Facility, not less than three (3) Business Days prior to the applicable Term Out Date.

The Non-Agreeing Lenders, the Purchasing Lenders, the Agent, the Borrower and each of the other Lenders, if any, shall forthwith duly execute and deliver any necessary documentation to give effect to any purchase under this Section 3.3(g). Notwithstanding any such purchase, the Non-Agreeing Lender (or its Affiliate as a Swap Lender, if applicable) shall be entitled to continue to share in the Security in accordance with Section 3.7 for any Lender Swap then outstanding with it.

- (h) **Replacement or Repayment:** If a Non-Agreeing Lender's Commitment is not purchased pursuant to Section 3.3(g), the Borrower may:
  - (i) arrange for a replacement lender (a "Replacement Lender") (which may be one of the Agreeing Lenders) to purchase the Non-Agreeing Lender's Commitment on the same basis and subject to the same requirements and indemnities as specified in Section 3.3(g). Any such Replacement Lender which is not an Agreeing Lender shall require the approval of the Agent, such approval not to be unreasonably withheld, and no later than three (3) Business Days prior to the Term Out Date such Replacement Lender shall have purchased the Non-Agreeing Lender's Commitment by execution of all necessary documentation including, without limitation, execution and delivery of a Lender Transfer Agreement; or

- (ii) as long as there exists no Event of Default, repay all Borrowings and other amounts owing under the Loan Documents to, and terminate the Commitment of, the Non-Agreeing Lender on or prior to such Non-Agreeing Lender's Term Out Date and, upon such payment, each such Non-Agreeing Lender shall cease to be a Syndicated Lender hereunder and, if applicable, the Operating Lender, and such Non-Agreeing Lender's Syndicated Facility Commitment and, if applicable, its Operating Facility Commitment shall be terminated and the Total Commitment reduced accordingly.
- (i) **Adjustment of Fees:** If, on the Term Out Date of any Lender, any Borrowings are outstanding to such Lender by way of Letters of Credit or Bankers' Acceptances, then such Lender shall be entitled to receive Letter of Credit Fees and BA Acceptance Fees in respect of such outstanding Letters of Credit and Bankers' Acceptances calculated based upon Letter of Credit Fees and BA Acceptance Fees for the period from the Term Out Date to the expiry date of the Letter of Credit or the maturity date of the Bankers' Acceptance, as the case may be, at the rate set out in the last sentence of the definition of Applicable Margin. After the Term Out Date, the Agent shall calculate the adjusted fees payable by the Borrower to such Lender in respect of such Borrowings and such fees shall be payable not later than ten (10) days after receipt by the Borrower of written notice from the Agent as to such amounts. The notice of the Agent setting forth the additional amounts payable shall be conclusive evidence thereof, absent manifest error.

#### 3.4 Purpose

- (a) **Syndicated Facility:** Subject to Section 3.17, Borrowings under the Syndicated Facility shall only be used by the Borrower for (i) completion of the EQ Acquisition, and (ii) general corporate purposes of the Borrower, including the acquisition, exploration, development and, production of Oil and Gas Properties located in the United States; and
- (b) **Operating Facility:** Borrowings under the Operating Facility shall only be used by the Borrower for general corporate purposes of the Borrower.

For certainty, and notwithstanding any other provision hereof to the contrary, the Borrower shall not and shall not be entitled to use the Facilities to repay, redeem or purchase for cancellation any Units.

#### 3.5 Borrowing Base

- (a) **Borrowing Base:** The Borrowing Base has been determined as at the Effective Date to be US\$45,000,000.
- (b) **Engineering Report:** The Borrower shall furnish to the Agent (for distribution to the Lenders) an Engineering Report:
  - (i) not later than March 31 (or such other date as may be agreed to by the Majority Lenders) of each year and which Engineering Report shall be dated effective as of a date not earlier than December 31 of the immediately preceding year; and

- (ii) if the Lenders have provided notice pursuant to Section 3.5(f) requiring an Engineering Report, within sixty (60) days of such request and effective not earlier than ninety (90) days prior to the date of such Lenders' request for same.
- (c) **Oil and Gas Property Information:** At the time of delivery of any Engineering Report, the Borrower shall deliver to the Agent an Oil and Gas Ownership Certificate with respect to the Borrowing Base Assets evaluated in any such Engineering Report;
- (d) **Annual Redetermination of Borrowing Base:** Upon receipt of an Engineering Report pursuant to Section 3.5(b)(i) and provided the financial statements required to be delivered pursuant to Section 9.1(d) are delivered on a timely basis, all of the Lenders shall, by May 31 of each year and in their sole discretion, make a redetermination of the Borrowing Base.
- (e) **Semi-Annual Redetermination of Borrowing Base:** Not later than September 30 of each year, the Borrower shall provide the Agent (with sufficient copies for each of the Lenders) with engineering data, information and updates, with an effective date of June 30 of such year, prepared by the internal engineering personnel of the Borrower or at the option of the Borrower from an independent petroleum engineer or firm acceptable to the Agent, in sufficient detail as reasonably required by the Lenders to allow the Lenders to redetermine the Borrowing Base and covering at least 80% of the Borrowing Base Assets, and all of the Lenders shall make a redetermination of the Borrowing Base in their sole discretion not later than October 31 of such year.
- (f) **Other Redeterminations:** The Lenders may redetermine the Borrowing Base at a time other than or in addition to the redeterminations pursuant to Sections 3.5(d) and 3.5(e) not more than once in any 12 month period if such Lenders, acting reasonably, determine that an event or circumstance has occurred in respect of the Loan Parties that would reasonably be expected to have a Material Adverse Effect, and the Borrower shall provide an updated Engineering Report for the purposes of any such redetermination of the Borrowing Base if, in their sole discretion, such Lenders, acting reasonably, deem such receipt of an updated Engineering Report warranted.
- (g) **Redetermination of Borrowing Base by Lenders:** The Lenders shall make each redetermination of the Borrowing Base under this Article 3 in consultation with each other and any such redetermination will require the unanimous consent of all Lenders if the Borrowing Base is being increased, decreased or confirmed at the same amount. At such time each year as the Lenders make any redetermination of the Borrowing Base, the Agent shall promptly advise the Borrower of the redetermined Borrowing Base and the Borrowing Base so redetermined shall be effective immediately upon notice thereof to the Borrower and, subject to Section 3.5(i), any resulting adjustment of the Commitment shall occur automatically.
- (h) **Sale of Properties or Title Defects:** If:
  - (i) any Loan Party wishes to effect a sale, disposition (including, without limitation, the grant of a royalty, net profits interest or similar interest) or reconveyance of any Oil and Gas Properties (including without limitation pursuant to a ROFR), excluding any Permitted Disposition, the Borrower shall provide the Agent with

not less than fifteen (15) days prior notice in writing indicating the Oil and Gas Properties being sold or disposed of and seeking the Lenders' consent thereto; or

- (ii) the Agent is notified of a Title Defect or the Agent or any Lender otherwise becomes aware of a Title Defect (in each case other than a Minor Title Defect);

the Lenders may thereupon redetermine the Borrowing Base in accordance with this Section 3.5 at the sole cost and expense of the Borrower with all such Oil and Gas Properties to be sold or disposed of, or which are subject to such a Title Defect, excluded from the Borrowing Base Assets or an appropriate amount, as determined by the Lenders, deducted from the Borrowing Base in the redetermination. If the Lenders are satisfied, in their sole discretion, that the Borrowing Base as so redetermined will not result in any Borrowing Base Shortfall and that there is then no Default or Event of Default outstanding, the Lenders shall provide their consent to such sale of Oil and Gas Properties or, in the case of such a Title Defect, shall exclude such Oil and Gas Properties from the Borrowing Base Assets or deduct an appropriate amount, as determined by the Lenders, from the Borrowing Base until such Title Defect is cured to the satisfaction of the Lenders, acting reasonably. The Borrowing Base as so redetermined shall be in effect from the date of notification by the Agent to the Borrower of such redetermination until any subsequent redetermination of the Borrowing Base pursuant to this Agreement.

If any Loan Party is in receipt of any proceeds of a disposition of any Oil and Gas Properties pursuant to the exercise of a ROFR which does not constitute a Permitted Disposition, prior to the Lenders having redetermined the Borrowing Base as a result thereof, the Borrower shall cause the funds received to be paid to the Agent for deposit to a Cash Collateral Account in accordance with Section 10.4, for release to the Borrower at such time as the Lenders have completed such redetermination to the extent there will be no Borrowing Base Shortfall after such release, and otherwise to be applied on account of the indebtedness hereunder to the extent necessary to eliminate any such Borrowing Base Shortfall.

- (i) **Reduction of Borrowings:** If at any time the Borrowing Base, upon any redetermination hereunder, is less than the aggregate of the Borrowings (determined in U.S. Dollars with all Borrowings denominated in Cdn. Dollars being converted to the Equivalent Amount of U.S. Dollars as provided in Section 3.5(1), with such deficiency amount being referred to herein as the "Borrowing Base Shortfall", then any undrawn credit hereunder shall cease to be available to the Borrower and the Total Commitment (and the Total Syndicated Facility Commitment and the Operating Facility Commitment on a *pro rata* basis unless otherwise agreed to by the Operating Lender) shall be reduced to an amount equal to the Borrowing Base. In addition, the Borrower shall, within sixty (60) days from its receipt of notice of such Borrowing Base Shortfall in writing from the Agent (the "BBS Cure Period"), eliminate the Borrowing Base Shortfall by:
  - (i) providing the Agent, or causing another Loan Party to provide the Agent, with other security or third party guarantees for the Borrowings in form, substance, amount and in respect of assets satisfactory to all of the Lenders in their sole discretion (provided that any additional oil and gas assets offered as security will be evaluated by all of the Lenders in accordance with their normal oil and gas evaluation parameters); and/or
  - (ii) by effecting a permanent repayment of Borrowings in excess of the new redetermined Borrowing Base.

During the BBS Cure Period, the Lenders shall not be obligated to make any further Borrowings available under this Agreement (other than Conversions or Rollovers which do not increase the Borrowings and with maturities not exceeding thirty (30) days). If the Borrowing Base Shortfall is not eliminated as required above within the BBS Cure Period, such failure shall be an Event of Default for the purposes of this Agreement. If the Borrowing Base Shortfall is eliminated as required above within the BBS Cure Period, then the undrawn credit hereunder shall again become available on the terms and conditions hereof to the extent of the Total Commitment reduced by any permanent repayments effected in accordance with the provisions of this Section 3.5(i) as aforesaid. All amounts paid to the Lenders pursuant to this Section shall be applied in the manner provided for in Section 7.2.

- (j) **No Increase:** No increase in the Borrowing Base shall, unless otherwise agreed to by all of the Lenders in their sole discretion, result in any increase of the Operating Commitment.
- (k) **Determination Conclusive:** Any redetermination of the Borrowing Base by the Lenders (in accordance with the requirements of the definition of "Borrowing Base" and this Section 3.5) shall be final, binding and conclusive. Without in any manner limiting the discretion of the Lenders in making any redetermination of the Borrowing Base, the Lenders specifically reserve the right to exclude:
  - (i) properties, assets, undertakings and contractual rights in respect of which, in the reasonable opinion of the Lenders, the Agent does not then hold (and subject only to Permitted Encumbrances) a lawful, valid, binding and enforceable Security Interest as and to the extent provided for herein; and
  - (ii) properties or assets which, in the reasonable opinion of the Lenders, are subject to a Title Defect (other than a Minor Title Defect) unless and to the extent that the circumstances or events giving rise to such Title Defect are reversed or eliminated to the reasonable satisfaction of the Lenders.
- (l) **Currency Conversion:** For the purposes of determining whether there is a Borrowing Base Shortfall under Section 3.5(i), the Agent will convert all Borrowings to an Equivalent Amount of U.S. Dollars using the Bank of Canada noon spot rate for converting Cdn. Dollars to U.S. Dollars on the applicable date of redetermination of the Borrowing Base.

### 3.6 Borrowings – Syndicated Facility and Operating Facility

- (a) **Syndicated Facility:** Subject to the provisions of this Agreement, the Borrower may borrow, repay and reborrow by way of Syndicated Accommodations from each Syndicated Lender pursuant to the Syndicated Facility up to the amount of such Lender's Syndicated Facility Commitment by:
  - (i) **Prime Loans:** borrowing Prime Loans from the Syndicated Lenders in minimum aggregate amounts of Cdn. \$2,000,000 and in integral multiples of Cdn. \$100,000 thereafter, upon at least one (1) Business Day prior written notice;

- (ii) **Bankers' Acceptances:** issuing Bankers' Acceptances to be accepted by the Syndicated Lenders in minimum aggregate amounts of Cdn. \$2,000,000 and in integral multiples of Cdn. \$100,000 thereafter, upon at least two (2) Business Days prior written notice;
- (iii) **U.S. Base Rate Loans:** borrowing U.S. Base Rate Loans from the Syndicated Lenders in minimum aggregate amounts of U.S. \$2,000,000 and in integral multiples of U.S. \$100,000 thereafter, upon at least one (1) Business Day prior written notice; and
- (iv) **Libor Loans:** borrowing Libor Loans from the Syndicated Lenders in minimum aggregate amounts of U.S. \$2,000,000 and in integral multiples of U.S. \$100,000 thereafter, upon at least three (3) Business Days prior written notice.

each such notice to be given to the Agent at or prior to 10:00 a.m. (Calgary time) on the last day on which such notice can be given pursuant to this Section 3.6 and to be substantially in the form of Schedule "B". Any such notice may be given by telephone and in such case shall be followed by delivery on the day of such telephone notice of written notice by no later than 2:00 p.m. (Calgary time) on such day substantially in the form of Schedule "B".

- (b) **Operating Facility:** Subject to the provisions of this Agreement, the Borrower may borrow, repay and reborrow by way of Operating Accommodations from the Operating Lender pursuant to the Operating Facility up to the Operating Facility Commitment by:
  - (i) **Prime Loans:** borrowing Prime Loans from the Operating Lender in minimum aggregate amounts of Cdn. \$100,000 and in integral multiples of Cdn. \$50,000 thereafter, upon at least one (1) Business Day prior written notice;
  - (ii) **Bankers' Acceptances:** issuing Bankers' Acceptances to be accepted by the Operating Lender in minimum aggregate amounts of Cdn. \$100,000 and in integral multiples of Cdn. \$50,000 thereafter, upon at least two (2) Business Days prior written notice;
  - (iii) **U.S. Base Rate Loans:** borrowing U.S. Base Rate Loans from the Operating Lender in minimum aggregate amounts of U.S. \$100,000 and in integral multiples of U.S. \$50,000 thereafter, upon at least one (1) Business Day prior written notice;
  - (iv) **Libor Loans:** borrowing Libor Loans from the Operating Lender in minimum aggregate amounts of U.S. \$100,000 and in integral multiples of U.S. \$50,000 thereafter, upon at least three (3) Business Days prior written notice; and
  - (v) **Letters of Credit:** by way of the issuance of Letters of Credit in Canadian Dollars or U.S. Dollars upon at least three (3) Business Days prior written notice.

The Borrower may also obtain Prime Loans and U.S. Base Rate Loans from the Operating Lender by way of Overdraft in any amount and without notice.

Each Operating Accommodation (other than by way of Overdraft) shall require delivery of a Borrowing Notice to the Operating Lender at or prior to 10:00 a.m. (Calgary time) on the last day on which such notice can be given pursuant to this Section 3.6 substantially in the form of Schedule "B". Any such notice may be given by telephone and in such case shall be followed by delivery on the day of such telephone notice of written notice by no later than 2:00 p.m. (Calgary time) on such day substantially in the form of Schedule "B".

### 3.7 Overdrafts

Each advance by the Operating Lender under the Operating Facility by way of Overdraft in Canadian Dollars shall automatically result in a Prime Loan, and each advance by the Operating Lender under the Operating Facility by way of Overdraft in U.S. Dollars shall automatically result in a U.S. Base Rate Loan. The Borrower agrees not to effect any Overdraft hereunder which would cause the Operating Borrowings to exceed the Operating Facility Commitment, from time to time, and acknowledges that the Operating Lender reserves the right to refuse to honour any Overdraft hereunder which, in the opinion of the Operating Lender, would have the effect of causing the Operating Facility Commitment to be so exceeded.

### 3.8 Selection of Libor Interest Periods

If the Borrower elects to borrow by way of a Libor Loan pursuant to Section 3.6, elects to convert a Borrowing into a Libor Loan pursuant to Section 3.14 or elects to Rollover a Libor Loan pursuant to Section 3.15, the Borrower shall, prior to the beginning of the Libor Interest Period applicable to such Libor Loan, in accordance with the same period of notice required for the initial drawdown of a Libor Loan as set forth in Section 3.6, notify the Agent or the Operating Lender, as applicable, by delivery of a Borrowing Notice, Conversion Notice or Rollover Notice, as the case may be, of the Libor Interest Period (which shall begin and end on a Business Day) applicable to such Libor Loan. If the Borrower fails to give to the Agent a notice as aforesaid prior to the date of maturity of a Libor Loan in accordance with the same period of notice required for the original Borrowing, then the amount of such Libor Loan shall be converted on its maturity to a U.S. Base Rate Loan from the Applicable Lender pursuant to Section 3.14.

### 3.9 Conditions Applicable to Bankers' Acceptances

- (a) **Acceptance of Bankers' Acceptances:** Subject to the terms and conditions of this Agreement, each Applicable Lender hereby agrees to accept its Lender's Proportion of Bankers' Acceptances as requested by the Borrower pursuant to a Borrowing Notice, Conversion Notice or Rollover Notice delivered under Sections 3.6, 3.14 or 3.15. Each such Lender shall purchase such Bankers' Acceptances at the applicable Discount Rate and shall deliver the Discount Proceeds thereof (less any BA Acceptance Fees payable to such Lender in respect thereof) for the account of the Borrower through the Agent's Account for Payment or the Operating Lender's Account for Payments, as applicable. Notwithstanding the foregoing, no Applicable Lender shall be obligated to purchase a Bankers' Acceptance which is not for a Standard Term, unless each Applicable Lender has consented thereto.
- (b) **Payment to Borrower:** On the Drawdown Date, Conversion Date or Rollover Date relating to any issue of Bankers' Acceptances:

- (i) on any Drawdown Date, each Applicable Lender shall deliver the Discount Proceeds thereof (less any BA Acceptance Fees payable to such Lender in respect thereof) for the account of the Borrower through the Agent at the Agent's Account for Payments or the Operating Lender at the Operating Lender's Account for Payments, as applicable;
- (ii) on any Rollover Date relating to any Rollover of Bankers' Acceptances, the Borrower shall be liable to the Applicable Lenders for the principal amount of maturing Bankers' Acceptances. In order to satisfy the continuing liability of the Borrower to the Applicable Lenders for the principal amount of the maturing Bankers' Acceptances, each Applicable Lender shall receive and retain for its own account the Discount Proceeds from the purchase by such Applicable Lender of such new Bankers' Acceptances and the Borrower shall on the maturity date of the maturing Bankers' Acceptances pay to the Agent or the Operating Lender, as applicable, for the benefit of such Applicable Lender an amount equal to the difference between the principal amount of the maturing Bankers' Acceptances and the Discount Proceeds from the purchase by such Applicable Lender of such new Bankers' Acceptances together with the BA Acceptance Fees to which such Applicable Lender is entitled pursuant to Section 5.4; and
- (iii) on any Conversion Date relating to Bankers' Acceptances:
  - (A) in the case of a Conversion from a Prime Loan, in order to satisfy the continuing liability of the Borrower to the Applicable Lenders for the amount of the converted Borrowing, each Applicable Lender shall receive for its own account the Discount Proceeds from the purchase by such Applicable Lender of such Bankers' Acceptances and the Borrower shall on the Conversion Date pay to the Agent for the benefit of such Applicable Lender the difference between the principal amount of the converted Borrowing and the Discount Proceeds from such Bankers' Acceptances together with the BA Acceptance Fees to which such Applicable Lender is entitled pursuant to Section 5.4;
  - (B) in the case of a Conversion from a Bankers' Acceptance, in order to satisfy the continuing liability of the Borrower to the Applicable Lenders for an amount equal to the principal amount of such Bankers' Acceptance, the Agent or the Operating Lender, as applicable, shall record the obligation of the Borrower to each Applicable Lender as a Borrowing of the type into which the maturing Bankers' Acceptance has been converted; and
  - (C) in the case of a Conversion from a Libor Loan or U.S. Base Rate Loan into a Bankers' Acceptance, the Borrower shall be responsible for the payment to each Applicable Lender of (x) the Libor Loan or U.S. Base Rate Loan being converted (and may use the Discount Proceeds from the purchase by such Applicable Lender of such Bankers' Acceptances for the purpose of effecting such payment) and (y) the BA Acceptance Fees to which such Applicable Lender is entitled pursuant to Section 5.4.



- (c) **Waiver of Presentment and Other Conditions:** The Borrower waives presentment for payment and, except to the extent of the negligence or wilful misconduct of a Lender referred to in Section 3.9(g), any other defence to payment of any amounts due to a Lender in respect of a Bankers' Acceptance accepted and, if applicable, purchased by it pursuant to this Agreement which might exist solely by reason of such Bankers' Acceptance being held, at the maturity thereof, by such Lender in its own right and the Borrower agrees not to claim any days of grace if such Lender as holder sues the Borrower on the Bankers' Acceptance for payment of the amount payable by the Borrower thereunder. On the specified maturity date of a Bankers' Acceptance, or such earlier date as may be required or permitted pursuant to the provisions of this Agreement, the Borrower shall, subject to Section 3.9(f), pay the Applicable Lender the full face amount of such Bankers' Acceptance either through payment to the Applicable Lender or conversion of such Bankers' Acceptance into a Prime Loan pursuant to Section 3.14.
- (d) **Terms of Each Bankers' Acceptance:** Each Bankers' Acceptance shall:
- (i) have a maturity date which shall be on a Business Day;
  - (ii) have a Standard Term (excluding days of grace) or, subject to availability and with the consent of each Applicable Lender, have a term which is not a Standard Term but which does not exceed six (6) months (excluding days of grace);
  - (iii) be denominated in whole multiples of \$100,000;
  - (iv) have a term which does not extend beyond the Term Maturity Date of the Applicable Lender; and
  - (v) be in the standard form of each Applicable Lender.

It is the intention of the parties that, pursuant to the *Depository Bills and Notes Act* ("DBNA"), all Bankers' Acceptances accepted by the BA Purchasing Lenders under this Agreement shall be issued in the form of a "depository bill" (as defined in the DBNA), deposited with, and made payable to a "clearing house" (as defined in the DBNA) including, without limitation, The Canadian Depository for Securities Limited or its nominee, CDS & Co. ("CDS"). The Operating Lender and the Agent and the BA Purchasing Lenders, as applicable, shall, *inter alia*, effect the following and, subject to the approval of the Borrower, establish and notify the Borrower and the Applicable Lenders of any additional procedures, consistent with the terms of this Agreement and the quarterly requirements of the DBNA, as are reasonably necessary to accomplish such intention including:

- (A) the instruments or drafts held by the Agent or the Operating Lender for the purposes of effecting Bankers' Acceptances will include a notation to the effect that they are issued pursuant to the DBNA;
- (B) any reference to authentication of the Bankers' Acceptance will be removed; and
- (C) any reference to "bearer" will be removed.

- (e) **Power of Attorney - Bankers' Acceptances:** As a condition precedent to each BA Purchasing Lender's obligation to accept and purchase Bankers' Acceptances hereunder and, subject to the DBNA compliance requirements set forth in Section 3.9(d), the Borrower agrees to the Power of Attorney Terms - Bankers' Acceptances set out in Schedule "H" and hereby grants to each BA Purchasing Lender a power of attorney on the terms set out in Schedule "H", provided that if the Borrower revokes such power of attorney, a BA Purchasing Lender shall not be obliged to accept and purchase Bankers' Acceptances unless the Borrower, the Agent and all of the BA Purchasing Lenders have agreed on amendments to this Agreement which the BA Purchasing Lenders may require to again accept and purchase Bankers' Acceptances.
- (f) **Failure to Give Notice of Repayment:** If the Borrower fails to give notice to the Applicable Lender of the method of repayment of a Bankers' Acceptance prior to the date of maturity of such Bankers' Acceptance in accordance with the same period of notice required for the original acceptance of such Bankers' Acceptance as set forth in Section 3.6, the face amount of such Bankers' Acceptance shall be converted on its maturity to a Prime Loan from such Lender pursuant to Section 3.14.
- (g) **Unlawful Issue or Use:** The Borrower shall pay on demand to the Applicable Lender the face amount of any bankers' acceptance form presented to such BA Purchasing Lender for payment and paid by such Lender that has been unlawfully issued or used or put into circulation fraudulently or without authority, and shall indemnify such BA Purchasing Lender against any loss, cost, damage, expense or claim regardless of by whomsoever made that such BA Purchasing Lender may suffer or incur by reason of any fraudulent, unauthorized or unlawful issue or use of any such bankers' acceptance form, other than as is caused by the negligence or wilful act or omission of such BA Purchasing Lender or any of its officers, employees, agents or representatives failing to use the same standard of care in the custody of such bankers' acceptance forms as it uses in the custody of its own property of a similar nature.
- (h) **BA Equivalent Advances:** Notwithstanding Section 3.6(b)(ii), the foregoing provisions of this Section 3.9, and any other provision hereof to the contrary, a Non-Acceptance Lender shall, in lieu of accepting Bankers' Acceptances, make a BA Equivalent Advance. The amount of each BA Equivalent Advance shall be equal to the Discount Proceeds which would be realized from a hypothetical sale of those Bankers' Acceptances which, but for this Section 3.9(h), such Lender would otherwise be required to accept and purchase as part of such a Borrowing by way of Bankers' Acceptances. To determine the amount of such Discount Proceeds, the hypothetical sale shall be deemed to take place at the Non-Acceptance Discount Rate. Any BA Equivalent Advance shall be made on the relevant Drawdown Date, Conversion Date or Rollover Date, as the case may be, and shall remain outstanding for the term of the Bankers' Acceptances issued concurrently therewith. Concurrently with the making of a BA Equivalent Advance, a Non-Acceptance Lender shall be entitled to deduct therefrom an amount equal to the BA Acceptance Fee which, but for this Section 3.9(h), such Lender would otherwise be entitled to receive as part of such issue of Bankers' Acceptances. The BA Equivalent Advance shall accrue interest at a rate per annum equal to the Non-Acceptance Discount Rate for such Bankers' Acceptance for the term of such BA Equivalent Advance. Upon the maturity date for such Bankers' Acceptances, the Borrower shall pay to each Non-Acceptance Lender, in satisfaction of the BA Equivalent Advance and interest accrued

thereon, an amount equal to the face amount of the Bankers' Acceptance which, but for this Section 3.9(h), such Lender would otherwise have been required to accept as part of such Borrowing by way of Bankers' Acceptance, failing which such amount shall be converted to a Prime Loan.

All BA Equivalent Advances made by a Non-Acceptance Lender shall, if requested by such Lender, be evidenced by promissory notes of the Borrower in form and substance satisfactory to such Lender, acting reasonably.

All references herein to "Bankers' Acceptances" shall, unless otherwise expressly provided herein or unless the context otherwise requires, be deemed to include BA Equivalent Advances made by a Non-Acceptance Lender as part of a Borrowing by way of Bankers' Acceptances.

As a condition precedent to each Non-Acceptance Lender's obligation to make a BA Equivalent Advance hereunder, the Borrower agrees to the Power of Attorney Terms – BA Equivalent Advances set out in Schedule "J" and hereby grants to each Non-Acceptance Lender a power of attorney on the terms set out in Schedule "J"; provided that if the Borrower revokes such power of attorney, it shall not be entitled to obtain BA Equivalent Advances (or issue Bankers' Acceptances) unless the Borrower, the Agent and all of the Non-Acceptance Lenders have agreed on amendments to this Agreement which would again allow the Borrower to obtain BA Equivalent Advances.

### 3.10 Agent's Duties re Bankers' Acceptances

- (a) **Advice to the Lenders:** The Agent, promptly following receipt of a Borrowing Notice for an Accommodation by way of Bankers' Acceptances, of a Conversion Notice for Conversion of a Borrowing to a Bankers' Acceptance or of a Rollover Notice for a Rollover of a Bankers' Acceptance, shall:
- (i) advise the Borrower of the allocation of Bankers' Acceptances to each Applicable Lender such that the aggregate amount of Bankers' Acceptances required to be accepted by such Applicable Lender hereunder is in a whole multiple of Cdn. \$100,000; or
  - (ii) advise each BA Purchasing Lender of the face amount of each Bankers' Acceptance to be purchased by it and the term thereof, which term shall be identical for all BA Purchasing Lenders. Promptly on each Drawdown Date, Conversion Date or Rollover Date on which BA Purchasing Lenders are required to purchase Bankers' Acceptances hereunder, the Agent shall determine the applicable CDOR Rate in respect of such Bankers' Acceptances.
- (b) **Bankers' Acceptances Being Purchased:** Promptly on the Drawdown Date, Rollover Date or Conversion Date relating to all Bankers' Acceptances to be purchased by the BA Purchasing Lenders on such date, the Agent shall provide either written or telephone advice to the Borrower and each BA Purchasing Lender confirming the particulars with respect to such Bankers' Acceptances. Such advice shall be confirmed in writing by the Agent on or prior to 2:30 p.m. (Calgary time) on such Drawdown Date, Rollover Date or Conversion Date. Upon receipt of any such notice, each BA Purchasing Lender is thereupon authorized to complete and sign Bankers' Acceptances on behalf of the

Borrower in accordance with the Power of Attorney Terms - Bankers' Acceptances and the particulars advised by the Agent.

### 3.11 Letters of Credit

- (a) **Aggregate Amount:** The aggregate face amount of Letters of Credit issued and outstanding under the Operating Facility at any one time shall not exceed U.S. \$500,000 (or the Equivalent Amount in Cdn. Dollars).
- (b) **Issuance:** The Borrower may give the Operating Lender a Borrowing Notice requesting that a Letter of Credit be issued by the Operating Lender in accordance with Section 3.6.
- (c) **Documentation:** The Operating Lender shall not have any obligation to issue a Letter of Credit until the Borrower has executed and delivered to such Lender a duly completed letter of credit application in such Lender's standard form and such ancillary documents, including applications and indemnities, as such Lender generally requires for like transactions and which are consistent with the provisions hereof.
- (d) **Expiry:** Each Letter of Credit shall expire not later than one (1) year from the date of its issuance, subject to customary automatic renewal provisions, and in any event not later than the Term Maturity Date of the Operating Lender as at the date of such issuance, and shall be in a form satisfactory to the Operating Lender.
- (e) **Payment:** All payments made by the Operating Lender to any Person pursuant to any Letter of Credit shall, unless the Borrower reimburses the Operating Lender for such payment on or before the date it is made, be deemed as and from the date of such payment to be an advance to the Borrower of a Prime Loan (for any such payments made in Cdn. Dollars) under the Operating Facility or a U.S. Base Rate Loan (for any such payments made in U.S. Dollars) under the Operating Facility, with the proceeds of such advance being applied against the Borrower's obligations to reimburse such Lender for payment made under the Letters of Credit, and the provisions hereof relating to such Prime Loans or U.S. Base Rate Loans, as applicable (including interest to be calculated thereon) shall apply thereto. The Operating Lender shall forthwith advise the Borrower of any demand by the beneficiary of a Letter of Credit for payment by the Operating Lender under such Letter of Credit and of any payment made by it on such Letter of Credit to the beneficiary thereof. In determining whether to pay under a Letter of Credit, the Operating Lender shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit.
- (f) **Renewal:** At or before 10:00 a.m. (Calgary time) at least twenty (20) Business Days prior to the date of expiry of any Letter of Credit, the Borrower may elect to renew such Letter of Credit by selecting a new expiry date for the Letter of Credit or part thereof being renewed, which shall commence on the expiry date of the Letter of Credit being renewed. Renewal of any such Letter of Credit may only be effected by the Operating Lender extending the expiry date of the existing Letter of Credit and shall be done either by the issuance of a new Letter of Credit containing the new expiry date or by an amendment to the existing one, and, in either case, with or without a reduction in the face amount thereof. Renewal of any Letter of Credit shall not be effected to the extent that

such renewal would prevent or interfere with any required payment of principal hereunder. Any issuance to a new beneficiary, any increase in the face amount of the Letter of Credit or any other change in the terms thereof shall be considered to be a new Borrowing and may only be effected by the Borrower by delivering a Borrowing Notice to the Operating Lender, as applicable. Letter of Credit Fees in respect of any renewed or extended Letter of Credit shall be payable pursuant to Section 5.5 and shall be computed for the period of renewal or extension.

### 3.12 Notice of Repayment

The Borrower shall give the Agent or the Operating Lender, as applicable, prior written notice substantially in the form of Schedule "B" of each repayment of Borrowings in accordance with the same period of notice required pursuant to Section 3.6 for the initial drawdown of the basis of Borrowing being repaid. Notwithstanding the foregoing, a Bankers' Acceptance shall only be repaid on its maturity date and a Libor Loan may only be repaid prior to the last day of the Libor Interest Period applicable to such Libor Loan upon payment by the Borrower of amounts payable in respect thereof pursuant to Section 11.5.

### 3.13 Pro-Rata Treatment of Borrowings

- (a) Subject to Section 3.13(b), each Borrowing under a Facility and each basis of Borrowing shall be made available by each Applicable Lender under such Facility and all repayments and reductions in respect thereof shall be made and applied in a manner so that the Borrowings and each basis of Borrowing outstanding hereunder to each Applicable 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 Syndicated Lender to determine, in its sole and unfettered discretion, the amount of Syndicated Borrowings and each basis of Syndicated Borrowing to be made available by each Syndicated Lender and the application of repayments and reductions of Syndicated Borrowings to give effect to the provisions of this Section 3.13(a) and Section 7.2; provided that no Syndicated Lender shall, as a result of any such determination, have Syndicated Borrowings outstanding in an amount which is in excess of the amount of its Syndicated Facility Commitment.
- (b) **Agent's Discretion on Allocation:** If it is not practicable to allocate Bankers' Acceptances to each Syndicated Lender such that the aggregate amount of Bankers' Acceptances required to be purchased by such Syndicated Lender hereunder is in a whole multiple of Cdn. \$100,000, the Agent is authorized by the Borrower and each Syndicated Lender to make such allocation as the Agent determines in its sole and unfettered discretion may be equitable in the circumstances. In no event shall the outstanding Syndicated Borrowings of a Syndicated Lender exceed its Lender's Proportion by more than Cdn. \$100,000 as a result of such exercise of discretion by the Agent. In the event it is not practicable to allocate each basis of Syndicated Borrowing in accordance with Section 3.14(a) by reason of the occurrence of circumstances described in Sections 11.2, 11.3 or 11.4, the Agent is authorized by the Borrower and each Lender to make such allocation as the Agent determines in its sole and unfettered discretion may be equitable in the circumstances, but no Syndicated Lender shall, as a result of any such allocation, have any Syndicated Borrowings outstanding in an amount which is in excess of the amount of its Syndicated Facility Commitment. In addition to the foregoing, if, during the Term Period of any Syndicated Lender, it is not practicable to allocate Bankers'

Acceptances in a whole multiple of Cdn. \$100,000, the Agent, in its sole and unfettered discretion, may convert a portion of a Bankers' Acceptance accepted by such Syndicated Lender to a Prime Loan pursuant to Section 3.15.

- (c) **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 3.13.

### 3.14 Conversion Option

The Borrower may, during the term of this Agreement, convert any basis of Borrowing (other than a Letter of Credit) to another basis of Borrowing (other than a Letter of Credit) upon giving the Agent or the Operating Lender, as applicable, a Conversion Notice in accordance with the period of notice and other requirements set out in Section 3.6 applicable to the basis of Borrowing to which any Borrowing is being converted (other than delivery of a Borrowing Notice), provided that:

- (a) **Bankers' Acceptances:** a Bankers' Acceptance may only be converted on its maturity date; and
- (b) **Libor Loans:** a Libor Loan may be converted on the last day of the Libor Interest Period applicable to such Libor Loan or on any other day if the Borrower pays all amounts payable in respect thereof pursuant to Section 11.5.

On each Conversion Date, the Borrower shall be required to repay to the Agent or the Operating Lender, as applicable, for the account of the Applicable Lenders the basis of Borrowing which is being converted and, subject to the provisions of this Agreement, the Lenders shall be required to make available to the Borrower the Borrowings into which such basis of Borrowing is being converted; provided that the Borrower shall be entitled to direct the Agent to use the proceeds of all or any part of a new Syndicated Borrowing to repay the Syndicated Borrowing being converted.

### 3.15 Rollovers

The Borrower may effect a Rollover of all or, subject to the minimum aggregate amount specified in Section 3.6, a part of a Borrowing outstanding by way of a Libor Loan or Bankers' Acceptance upon giving the Agent or the Operating Lender, as applicable, Rollover Notice in accordance with the period of notice and other requirements set out in Section 3.6 applicable to a Borrowing of the same type unless immediately prior to the commencement of any subsequent Libor Interest Period or the term of any subsequent Bankers' Acceptance, a Default (in respect of which the Agent or the Operating Lender, as applicable, has advised the Borrower that no Rollovers will be permitted) or Event of Default shall have occurred and be continuing, in which event the Borrower shall be deemed to have converted, in the case of a Libor Loan, to a U.S. Base Rate Loan pursuant to Section 3.14 or, in the case of a Bankers' Acceptance, to a Prime Loan pursuant to Section 3.14 and the Borrower shall not be entitled to continue such Libor Loan subsequent to the existing Libor Interest Period or, in the case of a Bankers' Acceptance, subsequent to its maturity date. In the event notice of a Rollover of an existing Libor Loan is not given pursuant to this Section 3.15 or notice of a conversion of such existing Libor Loan is not given pursuant to Section 3.14, such Libor Loan shall be converted to a U.S. Base Rate Loan on the last day of the Libor Interest Period applicable to such existing Libor Loan.

### 3.16 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.

### 3.17 Takeover Notification

If the Borrower wishes to utilize Borrowings to offer to, or to provide funds to the Trust or any Subsidiary of the Trust to, acquire or offer to acquire directly or indirectly (which shall include an offer to purchase securities, solicitation of an offer to sell securities, an acceptance of an offer to sell securities, whether or not the offer to sell was solicited, or any combination of the foregoing) outstanding securities of any Person (other than: (i) a private company as defined under the *Securities Act* (Alberta); (ii) a corporation whose shares are directly or indirectly held by one Person; or (iii) a Person in respect of which the Borrower has provided, prior to the utilization of any Borrowings, evidence satisfactory to the Majority Lenders of the agreement of the board of directors or like body of such Person approving the acquisition by the Borrower, the Trust or such Subsidiary (which shall be wholly-owned, directly or indirectly by the Trust)) where, as of the date of the offer to acquire, the securities that are subject to the offer to acquire, together with the securities of such Person that are beneficially owned, or over which control or direction is exercised, by the Borrower, the Trust or its Subsidiaries and any Person acting jointly or in concert with any thereof on the date that the offer to acquire is made, constitute in the aggregate five percent (5%) or more of all of the outstanding securities of that class of securities of the Person or are likely to result in a change in the voting control of such Person, if it is a publicly traded corporation, then the Borrower shall require the consent of each Lender, such consent not to be unreasonably withheld or delayed.

### 3.18 Lender Swaps

- (a) **Swaps:** Subject to the terms and conditions hereof (and specifically Section 9.2(1)), each of the Lenders (or an Affiliate of such Lender) may from time to time enter into Swaps with any Loan Party during the term of this Agreement. Prior to engaging in any Lender Swaps, the applicable Loan Party shall enter into an ISDA Master Agreement or long-form confirmation with the applicable Swap Lender; provided that the applicable Loan Party may enter into Swaps with the applicable Swap Lender pursuant to a short-form ISDA Master Agreement or long-form confirmation for a period of 90 days following the entering into of the short-form ISDA Master Agreement or long-form confirmation pending completion of the ISDA Master Agreement or long-form confirmation as applicable.
- (b) **Secured Obligations:** The parties agree that all Swap Indebtedness shall be secured by the Security and all Permitted Swap Indebtedness shall, as to the Security, rank *pari passu* with the Syndicated Borrowings and the Operating Borrowings. All Swap Indebtedness other than Permitted Swap Indebtedness shall, as to the Security, rank junior and be subordinate in every respect to the Syndicated Borrowings, the Operating Borrowings and the Permitted Swap Indebtedness.
- (c) **Determination of Permitted Swaps:** The Lender Swaps which constitute Permitted Swaps at any time shall be determined starting with the earliest Lender Swap entered into

which is still outstanding on the date such determination is made, and so on chronologically with each subsequent Lender Swap, until the applicable limitations under Section 9.2(l) are exceeded, provided that, notwithstanding the foregoing, a Lender Swap shall be deemed to be a Permitted Swap (and the indebtedness thereunder Permitted Swap Indebtedness) if it is entered into by a Swap Lender without actual notice or knowledge that such Lender Swap is not a Permitted Swap.

- (d) **Swap Guarantee:** Notwithstanding the foregoing, no lender swap may be entered into with any Loan Party other than the Borrower, unless the Borrower has first provided a guarantee of any such Swap Indebtedness to the Agent, on behalf of the Swap Lenders, substantially in the form, *mutatis mutandis*, of a Loan Party Guarantee.

#### ARTICLE 4 REPAYMENT AND PREPAYMENT

##### 4.1 Reduction of Commitment

On the Term Maturity Date of each Lender, the Borrower shall repay all Borrowings and all accrued and unpaid interest and fees then outstanding to such Lender and the Commitment of such Lender shall be reduced to zero. The Borrower shall ensure that Libor Loans, Bankers' Acceptances and Letters of Credit made by or accepted by such Lender mature on or prior to its Term Maturity Date.

##### 4.2 Repayment of Borrowings In Excess of Commitments

If, due to exchange rate fluctuations, Borrowings (determined in U.S. Dollars with all Borrowings denominated in Cdn. Dollars being converted to the Equivalent Amount of U.S. Dollars) to any Lender are in excess of its Lenders' Proportion of the Total Syndicated Facility Commitment, in the case of a Syndicated Lender, or the Operating Facility Commitment, in the case of the Operating Lender:

- (a) by more than three percent (3%) on a day other than a Drawdown Date, Conversion Date or Rollover Date, the Borrower shall within five (5) Business Days (except for the circumstances provided in Section 3.5(i) which shall be governed by the time periods provided therein) repay, provide cash cover to be held by the Agent on behalf of the applicable Lenders in the same manner provided for in Section 10.4 or otherwise reduce a portion of such Borrowings to the extent of the amount of such excess; or
- (b) by any amount on a Drawdown Date, Conversion Date or Rollover Date, the Borrower shall, as part of such Drawdown, Conversion or Rollover reduce or eliminate such excess on such date.

##### 4.3 Breakage Costs

If, on any day on which prepayments are required to be made under Section 4.2, the Borrowings then outstanding include Libor Loans or Bankers' Acceptances in an amount such that the prepayment would require the Borrower to be liable under the funding indemnity contained in Section 11.5 or to pay a Bankers' Acceptance prior to its maturity date, that portion of the prepayment which would otherwise be applied against any such Libor Loan or Bankers' Acceptance may, at the option of the Borrower, be paid to the Agent for deposit into a Cash



Collateral Account in accordance with Section 10.4 and be applied against such Libor Loan on the expiration of the Libor Interest Period applicable thereto or to such Bankers' Acceptance on its maturity date. Interest earned on such amounts while on deposit in a Cash Collateral Account shall be paid to the Borrower if no Default or Event of Default has occurred and is continuing after the payment of the amounts required pursuant to Section 4.2.

#### 4.4 Cancellation of Commitment and Prepayment

The Borrower may, without penalty or premium, at any time during the term of this Agreement, upon at least two (2) Business Days' prior written notice to the Agent and the Operating Lender, as applicable, cancel all of the Total Commitment or any portion thereof in minimum amounts of U.S. \$2,000,000 and whole multiples of U.S. \$1,000,000 thereafter; provided that on or prior to the last day of such notice period the Borrower has:

- (a) **Application to Facility:** identified in writing, the amount of reduction to be applicable to the Syndicated Facility Commitment and the Operating Facility Commitment;
- (b) **Prepaid Borrowings:** 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 of the Total Syndicated Facility Commitment or the Operating Facility Commitment, as applicable, 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 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.

#### 4.5 Early Repayment of Libor Loans, Letters of Credit and Bankers' Acceptances

The Borrower shall not cancel all or any portion of the Commitment of any Lender pursuant to Section 4.4 if the Borrowings required to be repaid to such Lender as a result thereof include Letters of Credit with an expiry date falling subsequent to the date of such cancellation, Libor Loans with a Libor Interest Period falling subsequent to the date of such cancellation or Bankers' Acceptances accepted by such Lender with a maturity date falling subsequent to the date of such cancellation unless, on the date of such cancellation, the Borrower has paid to the Agent at the Agent's Account for Payments or to the Operating Lender at the Operating Lender's Account for Payments, as applicable, for the account of such Lender: (i) in respect of Libor Loans, the amount required to be paid pursuant to Section 11.5, (ii) in respect of Letters of Credit, the undrawn amount thereof, and (iii) in respect of Bankers' Acceptances, such Lender's rateable share of the face amount thereof, in each case to be held in a Cash Collateral Account.

#### 4.6 Evidence of Indebtedness

Each of the Agent and the Operating Lender, as applicable, shall open and maintain accounts and records on the books of the Agent at the Agent's Branch of Account and on the books of the Operating Lender at the Operating Lender's Branch of Account evidencing the Syndicated Borrowings and Operating Borrowings, respectively, and other amounts owing by the Borrower to the Lenders under this Agreement. The Agent and the Operating Lender, as applicable, shall

debit therefrom the amount of such Syndicated Borrowings and Operating Borrowings, respectively, 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 the Bankers' Acceptances purchased by the Lenders and the Letters of Credit issued by the Operating Lender and all other amounts becoming due to the Agent and each Lender under this Agreement. The accounts and records of the Agent and the Operating Lender, as applicable, so kept shall constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the Agent, the Operating Lender and each other 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 Prime Loans

The Borrower shall pay interest in Canadian Dollars on each Prime Loan made by each Lender at the Agent's Account for Payments, in case of the Syndicated Facility, and at the Operating Lender's Account for Payments, in the case of the Operating Facility, in each case at a rate per three hundred and sixty-five (365) days equal to the Prime Rate plus the Applicable Margin applicable to such Prime Loan. A change in the Prime Rate or the Applicable Margin will simultaneously cause a corresponding change in the interest payable on each Prime Loan. Such interest shall accrue daily based on the Prime Rate and Applicable Margin 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. The annual rates of interest to which the rates determined in accordance with the foregoing provisions of this Section 5.1 are equivalent are the rates so determined multiplied by the actual number of days in the relevant calendar year and divided by three hundred sixty-five (365).

### 5.2 Interest on U.S. Base Rate Loans

The Borrower shall pay interest in U.S. Dollars on each U.S. Base Rate Loan made by each Lender at the Agent's Account for Payments, in the case of the Syndicated Facility, and at the Operating Lender's Account for Payments, in the case of the Operating Facility, in each case at a rate per three hundred sixty-five (365) day period equal to the U.S. Base Rate plus the Applicable Margin applicable to such U.S. Base Rate Loan. A change in the U.S. Base Rate or the Applicable Margin will simultaneously cause a corresponding change in the interest payable on each U.S. Base Rate Loan. Such interest shall accrue daily based on the U.S. Base Rate and Applicable Margin 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. Notwithstanding the foregoing, if on any day during which such U.S. Base Rate Loan is outstanding, the sum of the U.S. Base Rate plus the Applicable Margin applicable to U.S. Base Rate Loans is on such day less than the sum of Libor plus the Applicable Margin applicable to Libor Loans on such day (with Libor being determined, for greater certainty, as of such day and not as of two (2) Business Days prior thereto), then interest for such day on such U.S. Base Rate

Loan shall instead be paid at a rate per three hundred sixty-five (365) pay period equal to Libor for a Libor Interest Period of one month plus the Applicable Margin applicable to Libor Loans. The annual rates of interest to which the rates determined in accordance with the foregoing provisions of this Section 5.2 are equivalent are the rates so determined multiplied by the actual number of days in the relevant calendar year and divided by three hundred sixty-five (365).

### 5.3 Interest on Libor Loans

The Borrower shall pay interest in U.S. Dollars on each Libor Loan made by each Operating Lender at the Agent's Account for Payments, in the case of the Syndicated Facility, and at the Operating Lender's Account for Payments, in the case of the Operating Facility, for the period commencing on and including the first day of the Libor Interest Period applicable to such Libor Loan up to but not including the last day of such Libor Interest Period at a rate equal to the sum of Libor plus the Applicable Margin applicable to such Libor Loan and which is in effect on the first day of the Libor Interest Period applicable to such Libor Loan. A change in the Applicable Margin will simultaneously cause a corresponding change in the interest payable on each Libor Loan. Such interest shall accrue daily based on Libor and the Applicable Margin in effect on each day and is payable on each Libor Interest Date applicable to such Libor Interest Period and shall be calculated on a daily basis and on the basis of the actual number of days elapsed in the period for which such interest is payable (including the first day of such period but excluding the date on which such interest is payable) divided by three hundred sixty (360). The annual rates of interest to which the rates determined in accordance with the foregoing provisions of this Section 5.3 are equivalent are the rates so determined multiplied by the actual number of days in the relevant calendar year and divided by three hundred sixty (360).

### 5.4 Bankers' Acceptance Fees

The Borrower shall pay acceptance fees in Canadian Dollars with respect to each Bankers' Acceptance accepted by each Syndicated Lender at the Agent's Account for Payments, in the case of the Syndicated Facility, and at the Operating Lender's Account for Payments, in the case of the Operating Facility, for Payments forthwith upon the acceptance by the Applicable Lender of each Bankers' Acceptance issued by the Borrower at a rate per three hundred sixty-five (365) day period equal to the BA Acceptance Fee applicable to and in effect on the date of acceptance of such Bankers' Acceptance calculated on the face amount of such Bankers' Acceptance and on the basis of the number of days in the term of such Bankers' Acceptance divided by three hundred sixty-five (365). Acceptance fees payable to the Operating Lender pursuant to this Section 5.4 shall be paid in the manner specified in Section 3.9. All fees payable pursuant to this Section 5.4 on any date in respect of any issuance of Bankers' Acceptances shall be calculated by the Agent or the Operating Lender, as applicable, and payable by the Borrower based on the BA Acceptance Fee in effect on such date (and taking into account such issuance), provided that if during the term of any such Bankers' Acceptance a change in the BA Acceptance Fee occurs, the fees paid by the Borrower in respect of such Bankers' Acceptance shall be adjusted, effective upon the change in the BA Acceptance Fee occurring, to reflect the BA Acceptance Fee for the remaining term (if any) of the Bankers' Acceptance, and the Borrower, in the case of an increase in the BA Acceptance Fee, shall no later than three (3) Business Days after receipt of a notice from the Agent, make such payments to the Agent's Account for Payments, in the case of the Syndicated Facility, and to the Operating Lender's Account for Payments, in the case of the Operating Facility, as are necessary to reflect such change, and the Agent or the Operating Lender, as applicable, in the case of a decrease in the BA Acceptance Fee, shall credit any amount which would otherwise be refundable to the Borrower against amounts in respect of interest or fees

accruing hereunder in relation to the Borrower. The annual rates of fees to which the rates determined in accordance with the foregoing provisions of this Section 5.4 are equivalent, are the rates so determined multiplied by the actual number of days in a period of one year commencing on the first day of the period for which such interest is payable and divided by three hundred and sixty-five (365).

#### 5.5 Letter of Credit Fees

In consideration of the Operating Lender's commitment to issue Letters of Credit under the Operating Facility, the Borrower shall pay to the Operating Lender, a fee equal to the Letter of Credit Fee then in effect on the date of payment of such fee, subject to adjustment pursuant to Section 3.3(i). Such Letter of Credit Fees shall be payable quarterly in arrears on the first Business Day of each calendar quarter commencing in the calendar quarter in which the applicable Letter of Credit was issued and shall be calculated based on the number of days during which any such Letter of Credit was outstanding during any such calendar quarter (the "LC Payment Period") divided by three hundred sixty-five (365) and shall be paid in the currency in which such Letter of Credit is denominated. Letter of Credit Fees shall be calculated on the basis of the daily maximum undrawn amount of such Letter of Credit outstanding during each LC Payment Period.

If and to the extent that a Letter of Credit is drawn upon prior to the date of expiry thereof, or is terminated and returned to the Operating Lender prior to such date of expiry, or the face amount thereof is reduced prior to such date of expiry (other than through a drawing on such Letter of Credit) or any combination thereof, the Operating Lender shall forthwith after such event credit the Borrower with such fees as it has paid in respect of any such Letter of Credit for the time remaining in the period for which such fees were originally paid and applicable to the amount of the Letter of Credit on its termination or the amount of the reduction, as the case may be.

#### 5.6 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 Applicable 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:

- (a) if such amount is payable in Canadian Dollars, the interest rate applicable to Prime Loans outstanding from time to time hereunder whether or not any Prime Loans are then outstanding plus the Applicable Margin plus two percent (2%) per annum; and
- (b) if such amount is payable in U.S. Dollars, the interest applicable to U.S. Base Rate Loans outstanding from time to time hereunder whether or not any U.S. Base Rate Loans are then outstanding plus the Applicable Margin plus two percent (2%) 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.

#### 5.7 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 as agreed from time to time between the Agent and the Borrower, 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.

#### 5.8 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.

#### 5.9 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.

#### 5.10 Standby Fees

During the Revolving Period of each Lender, the Borrower shall pay standby fees to the Agent on behalf of each Syndicated Lender which is a Revolving Lender and to the Operating Lender for so long as it is a Revolving Lender payable monthly in arrears on the third Business Day following each such month commencing on the third Business Day following the month in which the Effective Date occurs and on the Term Out Date of each such Lender. Each payment of standby fees shall be calculated for the period commencing on and including the Effective Date or the last date on which such standby fees were payable hereunder, as the case may be, up to and including the last day of the month for which such standby fees are to be paid or the Term Out Date applicable to such Lender (whichever is earlier) and shall be in an amount equal to the Applicable Margin in effect on each day during such period of calculation multiplied by the difference, if positive, obtained by subtracting the Syndicated Borrowings or the Operating Borrowings, as applicable, outstanding from such Lender for each day in the period of the calculation, from the amount of such Lender's Commitment in effect on each such day. Such standby fees shall be calculated on a daily basis and on the basis of a 365 day year. For purposes of calculating standby fees payable pursuant to this Section 5.10, the amount of Borrowings outstanding from time to time in Cdn. Dollars on each day during the period for which such standby fees are payable shall for the purposes of determining an Equivalent Amount on such day be notionally converted to the Equivalent Amount in U.S. Dollars using the Bank of Canada noon spot rate for converting Cdn. Dollars to U.S. Dollars on each such day.

## 5.11 Interest and Fee Adjustment

In the event of a change in the Applicable Margin as a result of a change in the Consolidated Debt to Cash Flow Ratio, such change shall become effective on the first day of the month following the day on which the Borrower delivers a Compliance Certificate in accordance with the requirements hereof evidencing such change in the Consolidated Debt to Cash Flow Ratio, or, if the Borrower has not delivered a Compliance Certificate as required by the terms hereof within the time permitted by Section 9.1(f), then such change in the Applicable Margin shall become effective on the latest date permitted hereunder for delivery of such Compliance Certificate and the Applicable Margin shall be based on the highest rate in the tables in the definitions of Applicable Margin for the period from the latest date permitted hereunder for delivery of such Compliance Certificate until the date of delivery thereof.

## ARTICLE 6 SECURITY

### 6.1 Security

- (a) To secure the payment and performance of all amounts from time to time owing by the Loan Parties to the Agent, the Lenders and the Swap Lenders (the "Secured Obligations"), the Borrower shall execute and deliver or cause to be executed and delivered to the Agent, the following documents (collectively, the "Security"):
- (i) a Loan Party Guarantee from each Loan Party (other than the Borrower);
  - (ii) a demand debenture governed by the laws of Alberta initially in the amount of Cdn. \$75,000,000 from each Canadian Loan Party granting a first priority security interest over all present and after-acquired personal property and a first floating charge over all other present and after-acquired property of such Canadian Loan Party registered in Alberta and all other jurisdictions in which each such Canadian Loan Party carries on business;
  - (iii) a security agreement governed by the laws of Texas from each U.S. Loan Party granting a first priority security interest over all present and after-acquired personal property of such U.S. Loan Party, including a pledge of all Voting Shares held by such U.S. Loan Party and a Uniform Commercial Code Financing Statement describing such personal property as Collateral and listing such U.S. Loan Party, as debtor, and the Agent, as secured party, registered in each such U.S. Loan Party's jurisdiction of organization;
  - (iv) a Mortgage from the Borrower and each other Loan Party owning Oil and Gas Properties in the United States, granting a first priority deed of trust lien over the Oil and Gas Properties of such Loan Party located in the United States;
  - (v) when requested by the Agent, such documents and instruments providing a fixed Security Interest in accordance with Section 6.4; and
  - (vi) such other security as is reasonably required by the Agent to be delivered by the Borrower hereunder.

## 6.2 Form of Security

Without limiting the foregoing, the Security will be in such form or forms as will be required by the Agent, acting reasonably, and will be registered in such offices in such jurisdictions in Canada or the United States or any other jurisdiction as the Agent may from time to time reasonably require to protect the Security Interests created thereby, provided that the Agent will not register, except pursuant to Section 6.4, against title to the Oil and Gas Properties located in Canada. Should the Agent determine at any time and from time to time that the form and nature of the then existing Security is deficient in any way or does not fully provide the Agent and the Lenders with the Security Interests and priority to which each is entitled hereunder, the Borrower will forthwith execute and deliver or cause to be executed and delivered to the Agent, at the Borrower's expense, such amendments to the Security or provide such new security as the Agent may reasonably request, in a form satisfactory to the Agent, acting reasonably.

## 6.3 After-Acquired Property

All property acquired by or on behalf of the Borrower or any other Loan Party who has provided a debenture, security agreement or Mortgage to the Agent pursuant to Section 6.1 or otherwise after the date of execution of the Security which forms part of the property of the Borrower or any such Loan Party (hereafter collectively referred to as "After-Acquired Property"), will be subject to the Security without any further conveyance, mortgage, pledge, charge, assignment or other act on the part of the Loan Parties. Without limiting the effect of the preceding sentence, the Borrower will, or will cause the applicable Loan Party to, from time to time execute and deliver and the Agent will register, all at the Borrower's expense, such instruments supplemental to the Security, in form and substance satisfactory to the Agent, acting reasonably, as may be necessary or desirable to ensure that the Security as amended and supplemented constitutes in favour of the Agent, the Lenders and the Swap Lenders an effective Security Interest to the extent created by the Security over such After-Acquired Property as required hereunder, subject only to Permitted Encumbrances which under Applicable Law rank in priority thereto.

## 6.4 Undertaking to Grant Fixed Charge Security

With respect to Security Interests or assets located in Canada, if the Lenders, acting reasonably, determine in their sole discretion that there has been a Material Adverse Effect (which for purposes of this Section 6.4 may include the occurrence of a Borrowing Base Shortfall that is continuing) and the Lenders consider it necessary for their adequate protection, the Borrower, at the request of the Agent, will forthwith grant or cause to be granted to the Agent for the benefit of the Agent, the Lenders and the Swap Lenders, to the extent not previously provided, a fixed Security Interest (subject only to Permitted Encumbrances) in such of the applicable Loan Party's property as the Agent, in its sole discretion, determines as security for all then present and future Lender Outstandings of the Borrower and the other Loan Parties to the Agent, the Lenders and the Swap Lenders. In this connection, the Borrower will:

- (a) provide the Agent with such information as is reasonably required by the Agent to identify the property to be charged pursuant to this Section 6.4;
- (b) do all such things as are reasonably required to grant, or cause such Loan Party to grant, in favour of the Agent, the Lenders and the Swap Lenders, a fixed Security Interest (subject only to Permitted Encumbrances) in respect of such property to be so charged pursuant to this Section 6.4;

- (c) provide the Agent with all corporate or partnership resolutions and other action, as reasonably required, for any Loan Party to grant the fixed Security Interest (subject only to Permitted Encumbrances) in the property identified by the Agent to be so charged;
- (d) provide the Agent with such security instruments and other documents which the Agent, acting reasonably, deems are necessary to give full force and effect to the provisions of this Section 6.4;
- (e) assist the Agent in the registration or recording of such agreements and instruments in such public registry offices in Canada or any province or territory thereof as the Agent, acting reasonably, deems necessary to give full force and effect to the provisions of this Section 6.4; and
- (f) pay all costs and expenses incurred by the Agent in connection with the preparation, execution and registration of all agreements, documents and instruments, including any amendments to the Security, made in connection with this Section 6.4.

#### 6.5 Borrowing Base Subsidiary Designation

Save and except for those Borrowing Base Subsidiaries in existence on the Effective Date, no Person shall be a Borrowing Base Subsidiary unless it acquires Borrowing Base Assets or has a direct or indirect ownership interest in a Borrowing Base Subsidiary that owns Borrowing Base Assets or is designated by the Borrower as a Borrowing Base Subsidiary. The Borrower may from time to time by notice in writing to the Agent be entitled to designate that:

- (a) a Borrowing Base Subsidiary will no longer be a Borrowing Base Subsidiary; or
- (b) a wholly-owned (directly or indirectly) Subsidiary of the Trust which is not currently a Borrowing Base Subsidiary be designated as a Borrowing Base Subsidiary;

provided that the Borrower shall not be entitled to make any such designation if immediately after giving effect to any such designation:

- (c) a Default or Event of Default would occur or be continuing;
- (d) a Borrowing Base Shortfall would result; or
- (e) such Person proposed to become a Borrowing Base Subsidiary has not provided the Security required to be provided pursuant to Section 6.1, together with the other documents required pursuant to Section 6.6, all in form and substance satisfactory to the Agent, acting reasonably.

If the Borrower requests that a Borrowing Base Subsidiary holding any Borrowing Base Assets no longer be designated as a Borrowing Base Subsidiary and the conditions in Sections 6.5(c) and 6.5(d) have been or will be satisfied, all of the Lenders shall, as soon as reasonably practicable, redetermine the Borrowing Base to exclude the Borrowing Base Assets of such Borrowing Base Subsidiary and, provided that such redetermination confirms no Borrowing Base Shortfall and the Agent determines that no Default or Event of Default would result therefrom, the Agent shall



confirm in writing the redesignation of such Borrowing Base Subsidiary as a Subsidiary and shall cancel and release the Security of such Subsidiary.

#### 6.6 Loan Guarantees and Subsidiary Security

Upon a Subsidiary becoming a Borrowing Base Subsidiary, by reason of it owning Borrowing Base Assets, by designation pursuant to Section 6.5, or by reason of its direct or indirect ownership interest in a Borrowing Base Subsidiary that owns Borrowing Base Assets, and to secure due repayment and satisfaction of all of the Borrower's present and future liabilities and obligations in respect of the Facilities and to secure due performance by the Borrower of all of its other present and future obligations hereunder and under the Loan Documents, the Borrower shall cause any such Subsidiary to execute and deliver (to the extent not already provided):

- (a) a Loan Party Guarantee;
- (b) a floating charge debenture, if such Borrowing Base Subsidiary is a Canadian Loan Party, or a security agreement (or a joinder to a security agreement), if such Borrowing Base Subsidiary is a U.S. Loan Party; and
- (c) a Mortgage over all Oil and Gas Properties of such Loan Party located in the United States;

each substantially in the form as previously provided by other Borrowing Base Subsidiaries, together with certified copies of constating documents and resolutions, a certificate of incumbency, a legal opinion of outside counsel with respect to the Borrowing Base Subsidiary and the Security provided by it and such other documents as the Agent may reasonably require, all in a form substantially similar to those provided by the Borrower and the other Borrowing Base Subsidiaries on the Effective Date, with such changes as may be approved by the Agent, acting reasonably.

#### 6.7 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.

#### 6.8 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.

## 6.9 No Merger

The taking of any Security as provided under this Agreement or any 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 or Swap Lender whether for indebtedness hereunder or under any Security. For greater certainty, no judgment recovered by the Agent, any Lender or Swap 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.

## 6.10 Further Assurances – Security

Subject to Section 6.4, the Borrower shall, forthwith and from time to time on the reasonable request of the Agent, grant and shall cause each other Loan Party to grant to the Agent on behalf of the Lenders and Swap Lenders all such further rights and Security Interests necessary or of advantage to the Agent to permit it to operate the Oil and Gas Properties or to sell the Oil and Gas Properties in a liquidation of assets or as a going concern following the occurrence of an Event of Default. In addition, the Borrower shall, and shall cause each other Loan Party to forthwith and from time to time on the reasonable request of the Agent, execute and do or cause to be executed and done all assurances and things which in the opinion of the Agent may be necessary or of advantage to give the Agent and the Lenders the Security Interests and the priority intended to be created by the Security.

## 6.11 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 the Security at the Borrower's sole cost and expense forthwith after all of the Lender Outstandings have been unconditionally and irrevocably paid or performed in full and the Facilities and all Lender Swaps have been terminated or collateralized to the satisfaction of the Agent and the applicable Swap Lenders.

## 6.12 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 Loan Documents 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 Loan Documents shall at all times, to the maximum extent permitted by Applicable Law, 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.

### 6.13 Fixed Charge Reports and Supplements

From time to time upon the request of the Agent, following a request made by the Agent pursuant to Section 6.4, the Borrower shall provide an updated asset report, in form satisfactory to the Agent (including in digital copy form in read-only format, date-stamped and locked), detailing all Borrowing Base Assets (which shall include, where applicable, legal descriptions, crown lease numbers and issue dates, zone restrictions, names of freehold lessors, each Loan Party's before and after payout working interests and all royalties and burdens), and shall execute and cause any Loan Parties to execute and deliver such additional or supplemental Security Interests as the Agent may require in order to ensure that, subject to Section 6.4, all Borrowing Base Assets held by the Loan Parties are subject to first fixed charge Security Interests in favour of the Agent on behalf of the Lenders subject only to Permitted Encumbrances, and to the extent that schedules are provided for the purposes of such supplemental security interests in digital form the same shall be in read-only format, date-stamped and locked.

## 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 in respect of the Syndicated Facility shall be made at the Agent's Account for Payments and all payments made in respect of the Operating Facility shall be made at the Operating Lender'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 5.7;
- (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) **Standby Fees:** thirdly, in payment of any amounts due and payable as and by way of the standby fees referred to in Section 5.10;
- (d) **Interest and Fees:** fourthly, in payment of any amounts due and payable as and by way of interest pursuant to Sections 5.1, 5.2 and 5.3, fees pursuant to Sections 5.4 and 5.5, and interest on overdue amounts pursuant to Section 5.6; and
- (e) **Other Amounts (other than Borrowings):** fifthly, 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:
- (I) 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;

- (II) executed originals of IRS Form W-8ECI;
  - (III) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) 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
  - (IV) 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 Section 7.3, the term "Applicable Law" includes FATCA.

#### 7.4 Account Debit Authorization

The Borrower authorizes and directs the Agent and the Operating Lender, as applicable, 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 and Operating Lender 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) **Due Diligence:** the Lenders shall have completed and be satisfied with their legal, business, tax and environmental due diligence relating to the Loan Parties, the Offering and the EQ Acquisition, including without limitation the organizational structure of the Trust and the other Loan Parties, the Engineering Report provided by Sproule Associates Limited with respect to the EQ Assets, title due diligence and related reports and/or opinions covering not less than 85% of the aggregate value of the EQ Assets, the pro forma consolidated financial statements and financial forecasts of the Trust giving effect to the EQ Acquisition and all tax memos relating to the Loan Parties and their organizational structure;
- (b) **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;
- (c) **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;

- (d) **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 originals of the Security as required pursuant to Section 6.1 (which has not already been provided in connection with the Existing Credit Agreement);
  - (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 of each Loan Party attaching thereto its constating documents and bylaws and other governing documents, any authorizing resolutions, and an incumbency certificate;
  - (v) certified copy of the EQ Purchase and Sale Agreement;
  - (vi) a certificate of the Borrower certifying:
    - (A) that the Offering has been completed without any waiver or amendment of any material conditions set forth in the Underwriting Agreement (as defined in the Prospectus) which have not been consented to by the Majority Lenders and all necessary corporate, governmental and third party approvals or waivers required to complete the Offering were obtained and are in full force and effect;
    - (B) that the Trust has received aggregate gross proceeds from the Offering in a minimum amount of Cdn. \$110,000,000;
    - (C) that the EQ Acquisition will, concurrently with the initial Drawdown made hereunder, be completed pursuant to the EQ Purchase and Sale Agreement, without any waiver or amendment of any material conditions thereof which have not been consented to by the Majority Lenders, all necessary corporate, governmental and third party approvals or waivers required to complete the EQ Acquisition were obtained and are in full force and effect and no material ROFRs have been exercised with respect to the EQ Assets;
    - (D) as to the matters set forth in Sections 8.1(b) and 8.1(c);
  - (vii) a copy of all approvals of Governmental Authorities required in connection with the Offering and the EQ Acquisition including, without limitation, the conditional approval to the listing of the Units issuable pursuant to the Offering on the Toronto Stock Exchange;
  - (viii) a duly executed Environmental Certificate and Oil and Gas Ownership Certificate;



- (ix) a duly executed Compliance Certificate showing pro forma compliance following completion of the EQ Acquisition and initial Borrowings hereunder;
  - (x) a release from all secured parties in connection with all Security Interests, other than Permitted Encumbrances, over the EQ Assets;
  - (xi) a certificate of insurance in respect of the Borrower;
  - (xii) evidence of the registration of the Security as required hereunder (other than the Mortgages delivered pursuant to Section 6.1(a)(iv), which are to be registered post-closing);
  - (xiii) not less than one (1) Business Day prior to the Effective Date, an executed Borrowing Notice and direction to pay for an amount, which together with the net proceeds of the Offering, is sufficient to complete the EQ Acquisition in accordance with the funds flow memorandum referenced therein;
  - (xiv) an opinion of Bennett Jones LLP, Canadian counsel to the Loan Parties, addressed to the Agent and each Lender and Lenders' counsel, in form and substance satisfactory to the Agent;
  - (xv) an opinion of Vinson & Elkins, U.S. counsel to the Loan Parties, addressed to the Agent and each Lender, in form and substance satisfactory to the Agent;
  - (xvi) an opinion of Blake, Cassels & Graydon LLP, counsel to the Lenders, addressed to the Agent and each Lender, in form and substance satisfactory to the Agent;
  - (xvii) any applicable "know your client" or anti-money laundering information which a Lender may require; and
  - (xviii) such other documents as are required under this Agreement or which the Agent may reasonably request;
- (e) **Material Adverse Effect:** nothing shall have occurred, and the Lenders shall not have become aware of any facts not previously known, which the Lenders determine is reasonably likely to have a Material Adverse Effect on the business, property, assets, liabilities, operations or conditions (financial or otherwise) of the Loan Parties taken as a whole from that set forth in the financial statements and for the Trust set forth in the Prospectus, and the Lenders shall have received a certificate of the Borrower certifying the same; and
- (f) **Offering:** concurrent closing of the Offering raising gross proceeds to the Trust of not less than Cdn. \$110,000,000;
- (g) **Acquisition:** concurrent closing of the EQ Acquisition; and
- (h) **Fees:** the Borrower has paid all fees and expenses then due to the Agent and/or the Lenders in respect of this Agreement and the Facilities.

## 8.2 Conditions Precedent to each Utilization

The obligation of the Applicable Lenders to provide any Accommodation to the Borrower, to accept and purchase any Bankers' Acceptances, or to issue any Letter of Credit, or to allow any Conversion or Rollover, is subject to and conditional upon satisfaction of each of the following conditions precedent:

- (a) on each Drawdown Date, Conversion Date or Rollover Date, as applicable, there exists no Default, Event of Default or Borrower Base Shortfall;
- (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; and
- (c) on each Drawdown Date, all required Borrowing Notices; Conversion Notices or Rollover Notices have been delivered.

## 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 respect of an Advance under the Syndicated Facility, or the Operating Lender in respect of an Advance under the Operating Facility, 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 Borrower covenants and agrees 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 14.9 or, in the case of provisions stated to survive termination of this Agreement as described in Section 14.9, 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:** the Borrower shall and shall cause each other Loan Party to 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(g), the Borrower shall and shall cause each other Loan Party to 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 have a Material Adverse Effect;

- (c) **Maintenance of and Access to Books and Records:** the Borrower shall and shall cause each other Loan Party to 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 or its representatives 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 or its representatives 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 Tangibles and operation of the Oil and Gas Properties and in particular to review documents, books, studies, reports and records relating to the Oil and Gas Properties, the Tangibles and the business of any Loan Party in relation thereto; provided that any representative of the Agent shall agree to be bound by the provisions of Section 13.4 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) **Quarterly Financial Statements:** the Borrower shall furnish to the Agent as soon as available and in any event within sixty (60) days after the end of each of the first three (3) Fiscal Quarters of the Trust an unaudited consolidated balance sheet of the Trust as at the end of such Fiscal Quarter and unaudited consolidated statements of income and changes in financial position of the Trust prepared in accordance with GAAP consistently applied, 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);
- (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 9.1(e), and effective as of the last day of the Fiscal Year or Fiscal Quarter, as applicable, a duly executed and completed Compliance Certificate for such Fiscal Year or Fiscal Quarter, as applicable;

- (g) **Production and Operating Reports:** the Borrower shall furnish to the Agent prior to March 31 of each calendar year (unless requested by the Agent to be furnished monthly, in which case within sixty (60) days after the end of each month), production and operating reports (the same to include information as to volumes produced and sold and the amount received by the Borrower or any Borrowing Base Subsidiary) in respect of the Borrowing Base Assets for the immediately preceding calendar year (or month, if applicable);
- (h) **Annual Budget:** the Borrower shall furnish to the Agent as soon as available and in any event no later than April 30 of each calendar year, a budget for such Fiscal Year detailing therein, *inter alia*, budgeted Cash Flow projections, budgeted Trust Distributions and the Budgeted Capital Expenditures;
- (i) **Updated Organizational Information and Chart:** the Borrower shall, within ninety (90) days of the end of each Fiscal Year, deliver to the Agent an updated Schedule "K";
- (j) **Engineering Reports:** the Borrower shall furnish to the Agent the Engineering Reports required pursuant to Section 3.5 in accordance with the provisions thereof;
- (k) **Notices, Filings and other Information:** The Borrower shall, on a timely basis, furnish to the Agent (in sufficient copies for each of the Lenders) 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). In addition to the foregoing, 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 may reasonably request;
- (l) **Taxes:** 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 have a Material Adverse Effect;
- (m) **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.

- (n) **Compliance With Laws and Regulations; Maintenance of Permits:** the Borrower shall and shall cause each other Loan Party to:
- (i) comply with and manage and operate the applicable Loan Party's 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 any applicable Loan Party's 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 the applicable Loan Party's business or operations; and
  - (iv) store, treat, transport or otherwise handle and dispose of all Hazardous Materials and waste owned, managed or controlled by the applicable Loan Party 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 have a Material Adverse Effect;

- (o) **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 have a Material Adverse Effect;
- (p) **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 Borrowing Base Assets 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 validly 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.

- (q) 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;
  - (ii) any actions, suits, litigation or other proceedings 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 have a Material Adverse Effect;
  - (iii) any claim that has been made by any Person against any Loan Party, or any Operator or any Borrowing Base Asset which, if determined adversely, would reasonably be expected to have a Material Adverse Effect;
  - (iv) the discovery of any title defect in respect of any Borrowing Base Asset, other than a Minor Title Defect or Permitted Encumbrance;
  - (v) any breach or non-performance of, or any default under, any Material Contract or any Denali Acquisition Document or EQ Acquisition Document which would reasonably be expected to have a Material Adverse Effect;
  - (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) the unwinding or termination of any Commodity Swap which has been reflected or taken into account in the determination or redetermination of the Borrowing Base;
  - (viii) any default by a Loan Party under any term or provision of any agreement between itself and any Person which, in respect of any such other agreement, provides for recourse against it of an amount in excess of \$1,000,000 and if as a result of such default (and assuming any requirement for notice or lapse of time or other condition precedent has been satisfied) such Person has the right to accelerate any indebtedness in excess of \$1,000,000 or if such Person demands payment of any indebtedness in excess of \$1,000,000 it owes to such Person as a result thereof;
  - (ix) any other matter, circumstance or event that has had or would reasonably be expected to have a Material Adverse Effect;
  - (x) the creation of any Subsidiary that owns any material assets and the ownership thereof;
  - (xi) a holding of any Borrowing Base Assets by a Loan Party; and
  - (xii) any change of the Fiscal Year end of any Loan Party no later than 30 days after any such change; and
  - (xiii) any pending or potential Change of Control;

- (r) **Operational Covenants:** the Borrower shall and shall cause each applicable Loan Party to, and shall use commercially reasonable efforts to cause each Operator to, 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;
- (s) **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 have a Material Adverse Effect; or
  - (ii) relating to non-compliance with any Environmental Law which would reasonably be expected to have a Material Adverse Effect.
  - (iii) 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 have a Material Adverse Effect;
- (t) **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 have a Material Adverse Effect 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 13.4 hereof.
- (u) **Environmental Indemnity:**
- (i) the Borrower shall and shall cause each other Loan Party to forthwith on demand fully indemnify, defend and save each Lender, each Swap Lender and the Agent and each of their respective directors, officers, employees and agents, and any of them, (in this Section 9.1(u) 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(u) 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(u) 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(u) 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;
- (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(u)(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(u), 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.
- (v) **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;
- (w) **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;
- (x) **Use of Facilities:** The Borrower shall use the Facilities solely for the purposes described in Section 3.4 and no proceeds of any Accommodation will be used for any purpose which violates, or would be inconsistent with, Regulation T, Regulation U or Regulation X; and
- (y) **Control Agreements.** Not later than 60 days after the Effective Date, the Borrower shall execute and deliver or cause to be executed and delivered to the Agent a control agreement with Wells Fargo Bank, National Association and with The Bank of Nova Scotia in respect of any accounts held by them in the name of the Borrower.

## 9.2 Negative Covenants

During the term of this Agreement, the Borrower covenants and agrees 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, and for certainty and notwithstanding anything herein, any amount owing pursuant to Section 1.4 and Article 2 of the Denali Purchase and Sale Agreement is permitted hereunder;

- (c) **Financial Assistance:** provide any form of Financial Assistance to any Person other than Permitted Financial Assistance;
- (d) **Prohibited Disposition:** 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, or as permitted pursuant to Section 3.5(h);
- (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;
- (f) **Change in Name or Location:** change its name, trade name or locations of business from those set forth in Schedule "K" without giving the Agent 15 days prior notice thereof;
- (g) **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 reconstruction 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 (herein called a "Successor"), or take any corporate, limited liability company, partnership or trust action in pursuance of any of the foregoing; provided that any Loan Party may do so if such Reorganization Transaction is conducted solely with another Loan Party or Loan Parties and:
  - (i) the Reorganization Transaction would not reasonably be expected to result in a Material Adverse Effect;
  - (ii) in the case of a Reorganization Transaction by a Borrowing Base Subsidiary, the Successor will satisfy the requirements of Section 6.1 and will be designated as a Borrowing Base Subsidiary;
  - (iii) such Reorganization Transaction shall be on such terms and shall be carried out in such manner as to preserve and not to impair any of the rights and powers of the Agent or any Lender hereunder and under any other Loan Documents and not to affect adversely the potential liability of the Agent or any Lender for any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of any Governmental Authority or any authority or agency therein or thereof having power to impose or levy taxes, duties, assessments or charges; and
  - (iv) no Event of Default or Default shall have occurred and be continuing immediately prior to such Reorganization Transaction or will occur as a result of such Reorganization Transaction;

- (h) **Transactions with Affiliates:** 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 than it would obtain in comparable arms-length transaction; provided that such restriction will not apply to any transaction among the Loan Parties;
- (i) **Distributions:** make, give effect to or implement any steps or procedures to make any Distributions other than, when there is then no Default or Event of Default that is continuing or Borrowing Base Shortfall outstanding or would result therefrom:
- (i) Distributions between Loan Parties;
  - (ii) Distributions by the Trust to the Unitholders;
  - (iii) provided that in the case of (ii) above:
    - (A) for the period commencing on August 10, 2012 and ending on the first anniversary thereof, the aggregate amount of such Distributions thereunder does not exceed one hundred and fifteen percent (115%) of the Available Distributable Cash Flow of the Trust from August 10, 2012 to the date of such Distribution; provided that "Available Distributable Cash Flow" for (I) any month ending prior to December 31, 2012 will be based upon the budgeted Available Distributable Cash Flow from August 10, 2012 to the end of such month as set forth in the pro forma financial statements after giving effect to the Denali Acquisition and the EQ Acquisition; and (II) for any month ending on or after December 31, 2012 will be calculated based upon actual Available Distributable Cash Flow from August 10, 2012 to the applicable month-end;
    - (B) at any time after the first anniversary of August 10, 2012, the aggregate amount of such Distributions thereunder in the immediately preceding 12 month period does not exceed one hundred and fifteen percent (115%) of the Available Distributable Cash Flow for such preceding 12 month period;
    - (C) the aggregate principal amount outstanding under the Facilities is not more than 90% of the Total Commitment, both before and after giving effect to the foregoing; and
    - (D) notwithstanding (A) and (B) above, during a Borrowing Base Shortfall (x) the Loan Parties may make Distributions to other Loan Parties, and the Trust may make Distributions to the Unitholders, in each case, to the extent required to allow the Trust to pay, and the Trust may pay, one ordinary course distribution to Unitholders if the amount and date of

such distribution has been previously publicly announced by the Trust prior to the determination of the Borrowing Base Shortfall, and (y) the Loan Parties may pay Trust Distributions used to pay the ordinary course operating expenses of the Trust;

- (j) **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;
- (k) **Put Option:** complete (i) cumulative acquisitions in an aggregate amount greater than Cdn. \$125,000,000, or (ii) cumulative equity financings (other than the Over-allotment Option) in aggregate greater than Cdn. \$125,000,000 if, in either case, the Lenders are not satisfied in their sole discretion that the Borrower has cash and/or availability under the Facilities to satisfy its obligations under the Put Option.
- (l) **Swaps:** enter into any Swap outside the ordinary course of business or for speculative purposes; provided, without limiting the generality of the foregoing, the following Swaps shall not be permitted:
  - (i) any Interest Swap if either the term of the Interest Swap exceeds two (2) years or the aggregate amounts hedged under all Interest Swaps at the time the Interest Swap is entered into and after giving effect thereto exceeds seventy percent (70%) of the average Syndicated Borrowings outstanding during the immediately preceding Fiscal Quarter of the Trust;
  - (ii) any Commodity Swap if either (i) the term of the Commodity Swap exceeds three (3) years, or (ii) the aggregate amounts hedged under all Commodity Swaps at the time any Commodity Swap is entered into and after giving effect thereto (a) exceeds seventy percent (70%) of the combined forecasted average daily oil and gas production (net of royalties) of the Borrower and the Borrowing Base Subsidiaries on a twelve (12) months forward basis, (b) exceeds sixty percent (60%) of the combined forecasted average daily oil and gas production (net of royalties) of the Borrower and the Borrowing Base Subsidiaries on a twenty-four (24) months forward basis, or (c) exceeds fifty percent (50%) of the combined forecasted average daily oil and gas production (net of royalties) of the Borrower and the Borrowing Base Subsidiaries on a thirty-six (36) months forward, in each case, as adjusted for acquisitions and divestitures during such Fiscal Quarter in a manner satisfactory to the Agent, acting reasonably;
  - (iii) any Currency Swap if either the term of the Currency Swap exceeds two (2) years or the aggregate amount hedged under all Currency Swaps at the time any such Currency Swap is entered into exceeds 70% of the budgeted Trust Distributions for the period of the Currency Swap to be entered into, as set forth in the annual budget delivered pursuant to Section 9.1(h); and
  - (iv) any Swap in respect of which a Security Interest is granted, except for Permitted Encumbrances,

and to the extent the Borrowing Base includes any value for any Swap, such Swap shall not be terminated by the applicable Loan Party without the prior written consent of the Majority Lenders except at its maturity and in accordance with its terms;

- (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;
- (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 in excess of ten percent (10%) of the Borrowing Base as most recently determined or redetermined, which are not used to repair or replace Tangibles which are the subject of such insurance claim until the Majority Lenders have determined that, as a result of the insured events, a Borrowing Base Shortfall has not resulted or would not result from an application of such proceeds of insurance other than on account of the Borrowings;
- (o) **Status under Certain Statutes:** the Borrower shall not, nor shall it permit any Loan Party to, 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;
- (p) **Foreign Assets Control Regulations:** knowingly use the proceeds of the Facilities 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; or
- (q) **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 creating a Material Adverse Effect, or (ii) any Plan.

## 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 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) **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 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 thirty (30) days after written notice thereof by the Agent to the Borrower;
- (d) **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 thirty (30) days after written notice thereof by the Agent to the Borrower, except for a representation and warranty made pursuant to Section 2.1(h) in relation to a Title Defect where the provisions of Section 3.5(h) are applicable thereto and have been complied with;
- (e) **Cross Default:** if any Loan Party or the Person primarily liable or jointly and/or severally liable in the case of any contingent or joint and/or several obligation of any Loan Party is in default under any term or provision of or any agreement evidencing or securing Debt between itself and any Person (other than this Agreement), and such breach or default is in respect of an amount which (taken together with any other such breaches or defaults in respect of Debt and taken together with any accelerated amounts in respect of Debt) is in the aggregate in excess of \$2,500,000; and such breach or default is not remedied within any applicable cure period (if any) in such agreement respecting Debt, as applicable;
- (f) **Distributions:** if there is a breach or failure of Section 9.2(i) and such event shall not be waived by all of the Lenders within a period of thirty (30) days from the date of such event. For clarity, the determination of the occurrence of such event shall be made not earlier than the date that financial statements are furnished by the Borrower to the Agent pursuant to Section 9.1(d) or 9.1(e), as applicable, and if such financial statements are not delivered as required thereby, then on the next following day, a breach or failure of Section 9.2(i) shall be deemed to have occurred; provided that if any such outstanding financial statements are thereafter delivered within the foregoing thirty (30) day remedy period and such financial statements demonstrate that no such event has occurred, then such breach or failure of Section 9.2(i) shall be deemed remedied;
- (g) **Cease to Carry on Business:** except as permitted by Section 9.2(g), if any Loan Party ceases or threatens to cease to carry on business;
- (h) **Voluntary Insolvency:** if any Loan Party shall:

- (i) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or a substantial part of its assets;
  - (ii) make or threaten to make a general assignment for the benefit of creditors; or be unable, or admit in writing its inability or failure, to pay its debts generally as they become due;
  - (iii) commence any case, proceeding or other action under any existing or future Applicable Law relating to bankruptcy, insolvency, reorganization, winding-up or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any insolvency law or proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding;
  - (iv) take corporate or partnership action for the purpose of effecting any of the foregoing; or
  - (v) commit or threaten to commit an act which, if committed by a corporation, would constitute bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or Title 11 of the United States Code entitled Bankruptcy, as applicable, or any statute passed in substitution therefor, as amended from time to time;
- (i) **Involuntary Insolvency:** if any case, proceeding or other action shall be instituted in any court of competent jurisdiction against any Loan Party seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding-up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or the like of such Loan Party or of all or any substantial part of its assets, or any other like relief in respect of such Loan Party under any bankruptcy or insolvency law and, if such case, proceeding or other action is being contested by such Loan Party in good faith, the same shall continue undismissed or unstayed and in effect for any period of thirty (30) consecutive days; provided that if an order, decree or judgment is granted (whether or not entered or subject to appeal) against a Loan Party thereunder or a trustee, receiver or liquidator is appointed in the interim and such order, decree, judgment or appointment is not stayed or discharged within ten (10) days of it being granted, such grace period shall cease to apply;
  - (j) **Disposition of Assets:** if any Loan Party shall pass an effective resolution or initiate steps or proceedings 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 permitted by Section 9.2(d) or 9.2(g));
  - (k) **Change in Ownership:** if, at any time a Change of Control occurs that is not consented to in writing by all of the Lenders;
  - (l) **Judgments:** if a final judgment or judgments for the payment of money shall be rendered against any Loan Party in an amount in excess of \$2,500,000 and the same shall

remain undischarged for a period of thirty (30) days during which such judgment or judgments shall not be on appeal or execution thereof shall not be effectively stayed;

- (m) **Writs:** if writs, executions, attachments or similar processes are issued or levied against any of the property of any Loan Party, in an aggregate amount which is in excess of \$2,500,000 and such writ, execution, attachment or similar process remains undischarged or unreleased for a period of thirty (30) days;
- (n) **Encumbrancers:** if encumbrancers or lienors lawfully take possession of any property of any Loan Party having a value in an aggregate amount which is in excess of \$2,500,000 and such possession continues for a period of thirty (30) days;
- (o) **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, and, in either case, the same is not cured to the satisfaction of the Majority Lenders, acting reasonably, within thirty (30) days after notice thereof by the Agent to the Borrower;
- (p) **Other Provision:** if an Event of Default has occurred pursuant to Section 3.5(i);
- (q) **Lender Swaps:** if any Loan Party breaches or is in default under any Lender Swap and as a result thereof the Swap Indebtedness of such Loan Party thereunder has been accelerated or deemed to have been accelerated and has not been paid within any applicable cure period;
- (r) **Swaps:** if any Loan Party breaches or is in default under any Swap which is not a Lender Swap and as a result thereof the indebtedness of such Loan Party thereunder has been accelerated or deemed to have been accelerated and has not been paid within any applicable cure period and the aggregate amount of all such accelerated amounts under all such Swaps, when taken together with the aggregate amount of any breaches or defaults provided for by Section 10.1(e), is in excess of \$2,500,000;
- (s) **Qualified Auditor Report:** if the audited financial statements of the Trust that are required to be delivered by the Borrower pursuant to Section 9.1(d) contain a qualification that is not acceptable to the Majority Lenders, and within a period of 30 days after the delivery of such financial statements by the Borrower hereunder either (i) such qualification is not rectified or otherwise dealt with to the satisfaction of the Majority Lenders, acting reasonably; or (ii) the Borrower has not delivered a plan to the Agent as to how the Trust plans to rectify or otherwise deal with such qualification (such plan to include the time frame within which the Trust proposes to rectify or otherwise deal with such qualification) and such plan is not satisfactory to the Majority Lenders, acting reasonably, and following delivery and acceptance of such plan, the Trust fails to diligently pursue the same and rectify or otherwise deal with the qualification in accordance with the plan and within the proposed time frame; or
- (t) **Adverse Proceedings:** the occurrence of any action, suit or proceeding against or affecting any Loan Party before any court or before any Governmental Authority which, if successful, would reasonably be expected to have a Material Adverse Effect, unless the



action, suit, or proceedings is contested diligently and in good faith and, in circumstances where a lower court or tribunal has rendered a decision adverse to it, any Loan Party is appealing such decision, and has provided a reserve in respect thereof in accordance with GAAP.

## 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, Conversion Notice or Rollover 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 Accommodations to be terminated; and
- (b) **Acceleration Notice:** by written notice to the Borrower (an "Acceleration Notice"), declare all Borrowings (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) 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(h) or 10.1(i) the Commitment shall automatically terminate and all Borrowings (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) 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(h) or 10.1(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 (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) 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 Demands for Repayment

- (a) **Lender Demands:** If the Agent, on behalf of the Majority Lenders, delivers an Acceleration Notice, each Swap Lender may, within three (3) Business Days, deliver (to the extent applicable to it) a Swap Demand for Repayment;
- (b) **Termination Event:** If a Termination Event has occurred and all the Lender Outstandings are not thereafter due and payable, each Lender and Swap Lender shall, within three (3) Business Days, deliver such Demands for Repayment as may be

necessary to ensure that all Lender Outstandings are thereafter due and payable under the Credit Agreements;

- (c) **Swap Demand:** If any Swap Lender proposes to deliver a Swap Demand for Repayment, such Lender shall notify the Agent of its determination, and the Agent, within a further five (5) Business Days after receipt of the aforesaid notice, shall notify all Swap Lenders whether the Agent, on behalf of the Majority Lenders, proposes to deliver an Acceleration Notice hereunder. If the Agent does not so advise the Swap Lenders within such five (5) Business Day period it shall be deemed to have advised that the Majority Lenders do not propose to deliver an Acceleration Notice. If the Agent does notify the Swap Lenders that the Majority Lenders propose to deliver an Acceleration Notice, all Demands for Repayment shall be delivered concurrently by the Agent and the Swap Lenders. If the Agent does notify the Swap Lenders that the Majority Lenders do not propose, or the Agent is deemed to have advised that the Majority Lenders do not propose, to deliver an Acceleration Notice, the Swap Lender which delivered the notice to the Agent may at any time within thirty (30) Business Days thereafter deliver the Swap Demand for Repayment. If the Swap Lender delivering any such Demand for Repayment does not receive the amount so demanded on or prior to the time stated in such Swap Demand for Repayment, such Swap Lender shall so notify the Agent and the Agent and each other Lender and Swap Lender shall forthwith concurrently deliver such Demands for Repayment as may be necessary to ensure that all Lender Outstandings are thereafter due and payable under the Credit Agreements;
- (d) **No Sharing:** Any amounts which are lawfully received by any Swap Lender under a Swap prior to the earlier of the delivery by the Agent of an Acceleration Notice or the occurrence of a Termination Event hereunder are not required to be shared pursuant to the provisions of Section 10.7;
- (e) **Lender Affiliates:** If a Lender Swap is entered into with an Affiliate of a Lender, that Lender shall cause such Affiliate to deliver all Swap Demands for Repayment as required by this Section 10.3 and such obligations shall survive such Lender (at any time after any such Lender Swap was entered into) ceasing to be a Lender hereunder.

#### 10.4 Cash Collateral Accounts

Upon the occurrence of:

- (a) a Termination Event or delivery of an Acceleration Notice; or
- (b) an event under Section 4.2 where the Borrower elects in accordance with Section 4.5 to make payment to a Cash Collateral Account of the required amount; or
- (c) an event under Section 3.5(h) requiring a payment of an amount to a Cash Collateral Account;

the Borrower shall forthwith pay to the Agent, for deposit into a Cash Collateral Account, an amount equal (in the case of (a) or (b) above) to the Lender's maximum potential liability under then outstanding Bankers' Acceptances, Letters of Credit and (unless the Borrower makes payment of the amount required pursuant to Section 11.5) Libor Loans or, in the case of (c) above, the amount required pursuant to Section 3.5(h) (collectively, the "Escrow Funds"). The

Escrow Funds shall, in the case of (a) above, be held by the Agent for set-off against future indebtedness owing by the Borrower to the Lenders in respect of such Bankers' Acceptances, Letters of Credit and (unless the Borrower makes payment of the amount required pursuant to Section 11.5) Libor Loans, or, in the case of (b) above, be applied as required by Section 4.3, or, in the case of (c) above, be applied as required by Section 3.5(h).

## 10.5 Remedies on Default

After an Event of Default:

- (a) **Majority Lenders Instructions:** if the Majority Lenders provide directions or instructions to the Agent, the Agent, on behalf of all Lenders and Swap 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. If, from time to time, there are no Lenders other than Swap Lenders, the Majority Lenders for the purposes of this Agreement shall be calculated by revising paragraph (b) of the definition of Majority Lenders to change the references to "Borrowings" to "Lender Outstandings" and deleting the words "under the Syndicated Facility and Operating Facility"; and
- (b) **General Remedies:** the rights and remedies of the Agent and each Lender and Swap 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 Swap 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; or
  - (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.

## 10.6 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 (other than Swap Indebtedness which is not Permitted Swap 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 (including the face amount of all Bankers' Acceptances) 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. Notwithstanding the provisions of any Swap, the Lenders and Swap Lenders shall not effect or purport to effect any set-off of Swap Indebtedness that is not Permitted Swap Indebtedness against or on account of any Lender Obligations owed to it.

#### 10.7 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 and, if applicable, Swap Lenders) for application in respect of the Lender Outstandings or any other Swap Indebtedness subsequent to the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Sections 10.1(h) or 10.1(i) and all monies received as a result of a realization upon the Security shall be applied and distributed to the Lenders (in their capacity as Lenders and, if applicable, Swap Lenders) in the 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 Syndicated Lenders and the Operating Lender 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 Syndicated Lenders and the Operating Lender in respect of amounts due and payable to such Lenders by way of interest pursuant to Sections 5.1, 5.2 and 5.3, acceptance fees pursuant to Section 5.4, Letter of Credit fees pursuant to Section 5.5, interest on overdue amounts pursuant to Section 5.6 and standby fees pursuant to Section 5.10;
- (d) fourthly, *pro rata* among the Syndicated Lenders and Operating Lender in respect of any other amount (other than Borrowings) not hereinbefore referred to in this Section 10.7 which are then due and payable to any of them by the Borrower hereunder or under any other Loan Document;
- (e) fifthly, *pro rata* among the Syndicated Lenders, the Operating Lender and the Swap Lenders in or towards repayment of the Lender Outstandings; and

- (f) sixthly, *pro rata* in or towards repayment to the Swap Lenders of all Swap Indebtedness in excess of the Permitted Swap Indebtedness.

To the extent that a Lender Swap is entered into by an Affiliate of a Lender, that Lender shall cause such Affiliate to comply with the provisions of this Section 10.7 and such obligation shall survive such Lender (at any time after any such Lender Swap was entered into) ceasing to be a Lender hereunder.

## 10.8 Adjustments

In the event that:

- (a) **Contingent Liabilities:** at the Adjustment Time, a portion of the Borrowings is outstanding as Letters of Credit and it is subsequently determined that the applicable Lenders are not required to make payment under any one or more such instruments; or
- (b) **Notice Periods:** 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:

- (c) **Sharing Adjustment:** the terms "Rateable" and "Rateably" shall, *ipso facto*, as at the Adjustment Time be redetermined by excluding from the determination of the amount of Lender Outstandings any payments not required to be made as a result of the occurrence of an event described in Section 10.8(a) and by including in the determination of the amount of Lender Outstandings any amount required to be made available pursuant to Section 10.8(b); and
- (d) **Lender Outstandings:** Lender Outstandings shall be redetermined by excluding from the determination of the amount of Lender Outstandings any payments not required to be made as a result of the occurrence of an event described in Section 10.8(a) and by including in the determination of Lender Outstandings any amount required to be made available pursuant to Section 10.8(b);

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 accordance with the provisions of Section 12.11.

## 10.9 Calculations as at the Adjustment Time

For the purposes of this Agreement, if:

- (a) **Swap Demand:** a Swap Demand for Repayment has been delivered; or
- (b) **Termination Event:** a Termination Event has occurred under any Credit Agreement evidencing a Swap;

then, for the purposes of calculations to be made at the Adjustment Time, any Termination Amount which is payable by any Loan Party under such Swap in settlement of obligations arising thereunder as a result of the early termination of the Swap shall be deemed to have become payable at the time of delivery of such Swap Demand for Repayment or the time of occurrence of such Termination Event as the case may be, notwithstanding that the amount payable by any Loan Party is to be subsequently calculated and notice thereof given to such Loan Party in accordance with such Swap. For the purposes of the foregoing, the Agent shall make all determinations of the applicable Termination Amounts in accordance with its usual practices, acting reasonably, and for such purposes each Lender shall provide details to the Agent of its own calculations of the applicable Termination Amounts.

#### 10.10 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 5.6 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.

#### 10.11 Waiver of Default

Any single or partial exercise by any Lender or Swap Lender, the Agent or by the Agent on behalf of any Lender or Swap 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 or Swap Lender may be lawfully entitled for the same default or breach, and any waiver by any Lender or Swap Lender, the Agent or by the Agent on behalf of any Lender or Swap 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 or Swap 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:

- (a) all reasonable out-of-pocket expenses incurred by the Agent or any Lender prior to and after the Effective Date with respect to the Facilities including, without limitation, engineering and other expert or professional costs and fees incurred in relation to the Facilities;
- (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 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.

All amounts required to be paid by the Borrower pursuant to this Section 11.1 shall be paid notwithstanding no Borrowings are advanced under the Facilities 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 (other than the Operating Lender) shall promptly notify the Agent. The Agent or the Operating Lender, as applicable, shall promptly notify the Borrower and the Borrower shall pay to the Agent or the Operating Lender, as applicable, 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 (except to the extent such increase in costs or reduction in income is reflected in or recovered by an increase in the Prime Rate) ("Additional Compensation") on the next Libor Interest Date in the case of a Libor Loan, on the date of issuance of any Bankers' Acceptances or Letters of Credit or on the next Interest Date in any other case (and each successive Libor Interest Date, date of issuance or 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 or the Operating Lender, as applicable, 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 or the Operating Lender, as applicable, 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 or to the Operating Lender, as applicable, and the Borrower shall have the right, upon written irrevocable prior notice of at least three (3) Business Days to the Agent or the Operating Lender, as applicable, to make payment in full to the Agent for the account of such Lender or to the Operating Lender, as applicable, 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 or to convert such Borrowing into another basis of Borrowing available under this Agreement. 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 either (i) 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, or (ii) convert by notice to the Agent or the Operating Lender, as applicable, such Borrowings forthwith into another basis of Borrowing available under this Agreement.

### 11.4 Substitute Basis of Borrowing

- (a) **Libor Loans:** Notwithstanding anything to the contrary herein contained, if at any time subsequent to the Borrower giving a Borrowing Notice, a Conversion Notice or a Rollover Notice to the Agent or the Operating Lender, as applicable, with regard to any requested Libor Loan:



- (i) the Agent, acting reasonably, determines that by reason of circumstances affecting the London Interbank Eurodollar Market, adequate and fair means do not exist for ascertaining the rate of interest with respect to, or deposits are not available in sufficient amounts in the ordinary course of business at the rate determined hereunder to fund, a requested Libor Loan during the ensuing Libor Interest Period selected;
- (ii) the Agent acting reasonably, determines that the making or continuing of the requested Libor Loan by the Applicable Lenders has been made impracticable by the occurrence of an event which materially adversely affects the London Interbank Eurodollar Market generally; or
- (iii) the Agent is advised by Lenders, acting reasonably, holding at least 25% of the Total Syndicated Facility Commitment by written notice (each, a "Lender Libor Suspension Notice"), such notice to be received by the Agent no later than 12:00 noon (Calgary time) on the third Business Day prior to the date of the requested Drawdown, Rollover or Conversion, as applicable, that such Lenders have determined, acting reasonably, that Libor will not or does not represent the effective cost to such Lenders of U.S. Dollar deposits in the London Interbank Eurodollar Market for the relevant Libor Interest Period,

then the Agent shall give notice thereof to the Lenders and to the Borrower, as soon as possible after such determination or receipt of such Lender Libor Suspension Notice, as applicable, and the Borrower shall, within one (1) Business Day after receipt of such notice and in replacement of the Borrowing Notice, Conversion Notice or Rollover Notice previously given by the Borrower, give the Agent a Borrowing Notice or a Conversion Notice, as applicable, which specifies the Drawdown of any other Accommodation or the Conversion of the relevant Libor Loan on the last day of the applicable Libor Interest Period into any other Accommodation which would not be affected by the notice from the Agent pursuant to this Section 11.4.

In the event the Borrower fails to give, if applicable, a valid replacement Conversion Notice with respect to the maturing Libor Loans which were the subject of a Conversion Notice or Rollover Notice; such maturing Libor Loans shall be converted on the last day of the applicable Libor Interest Period into U.S. Base Rate Loans from the Syndicated Lenders or Operating Lender, as applicable, as if a valid replacement Conversion Notice had been given by the Borrower pursuant to the provisions hereof. In the event the Borrower fails to give, if applicable, a valid replacement Borrowing Notice with respect to a Drawdown originally requested by way of a Libor Loan, then the Borrower shall be deemed to have requested a Drawdown by way of a U.S. Base Rate Loan under the Syndicated Facility or Operating Facility, as applicable in the amount specified in the original Borrowing Notice and, on the originally requested Drawdown Date, the Syndicated Lenders or the Operating Lender, as applicable, (subject to the other provisions hereof) shall make available the requested amount by way of a U.S. Base Rate Loan.

The Agent or the Operating Lender, as applicable, shall promptly notify the Borrower if the circumstances giving rise to the Lender Libor Suspension Notice no longer exist.

(b) Bankers' Acceptances: If:

- (i) the Agent, acting reasonably, makes a determination, which determination shall be conclusive and binding upon the Borrower, and notifies the Borrower, that

there no longer exists an active market for bankers' acceptances accepted by the Applicable Lenders; or

- (ii) the Agent is advised by Lenders holding at least 25% of the Total Syndicated Facility Commitment by written notice (a "Lender BA Suspension Notice") that such Lenders have determined, acting reasonably, that the Discount Rate will not or does not accurately reflect the cost of funds of such Lender or the discount rate which would be applicable to a sale of Bankers' Acceptances accepted by such Lender in the market;

then:

- (iii) the right of the Borrower to request Bankers' Acceptances or BA Equivalent Advances from any Lender shall be suspended until the Agent determines that the circumstances causing such suspension no longer exist, and so notifies the Borrower and Lenders;
- (iv) any outstanding Borrowing Notice requesting an Accommodation by way of Bankers' Acceptances shall be deemed to be a Borrowing Notice requesting a Prime Loan in the amount specified in the original Borrowing Notice;
- (v) any outstanding Conversion Notice requesting a Conversion of a U.S. Base Rate Loan or a Prime Loan into a Bankers' Acceptance or BA Equivalent Advance shall be deemed to be a Conversion Notice requesting a Conversion of such Loan into a Prime Loan; and
- (vi) any outstanding Rollover Notice requesting a Rollover of a Bankers' Acceptance or BA Equivalent Advance shall be deemed to be a Conversion Notice requesting a Conversion of such Bankers' Acceptances into a Prime Loan.

The Agent, shall promptly notify the Borrower and the Lenders of any suspension of the Borrower's right to request Bankers' Acceptances or BA Equivalent Advances and of any termination of any such suspension. A Lender BA Suspension Notice shall be effective upon receipt of the same by the Agent if received prior to 12:00 noon (Calgary time) on a Business Day and if not, then on the next following Business Day, except in connection with a Borrowing Notice, Conversion Notice or Rollover Notice previously received by the Agent, in which case the applicable Lender BA Suspension Notice shall only be effective with respect to such previously received Borrowing Notice, Conversion Notice or Rollover Notice if received by the Agent prior to 12:00 noon (Calgary time) two (2) Business Days prior to the proposed Drawdown Date, Conversion Date or Rollover Date (as applicable) applicable to such previously received Borrowing Notice, Conversion Notice or Rollover Notice, as applicable.

#### 11.5 Funding Indemnity

If, for any reason whatsoever and whether or not required or permitted pursuant to the provisions of this Agreement, the Borrower repays, prepays, converts or cancels a Libor Loan other than on the last day of a Libor Interest Period applicable to such Libor Loan, or fails for any reason to borrow, convert, rollover or otherwise act in accordance with a notice given hereunder pursuant to Schedule "B", Schedule "C" or Schedule "D", the Borrower shall indemnify the Applicable Lender for any loss or expense incurred by such Lender as a direct result thereof including,

without limitation, any loss of profit or expenses such Lender incurs by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to maintain the Libor Loan or other Borrowing or any increased interest or other charges payable to lenders of funds borrowed in order to maintain such Libor Loan or other Borrowing together with any other out-of-pocket charges, costs or expenses incurred by such Lender relative thereto. A certificate of such Lender (acting reasonably and prepared in good faith) submitted by such Lender setting out the basis for the determination of the amount necessary to indemnify such Lender shall be *prima facie* evidence thereof.

#### 11.6 General Indemnity

The Borrower hereby covenants with the Agent and each Lender that it shall at all times hereafter keep the Agent, each Lender, each Swap 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 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) except to the extent such losses result from the gross negligence or wilful misconduct of the Indemnified Party. If and for so long as no Default or Event of Default has occurred and is continuing, the Borrower, at its option, shall be entitled to conduct the defence of such suit, action or proceeding with the participation of and taking into account the best interests of the applicable Indemnified Party. If the applicable Indemnified Party shall determine in good faith that the defence of any such suit, action or proceeding is not being conducted in the best interests of such Indemnified Party, such Indemnified Party shall on notice to the Borrower be entitled to take over the sole conduct of the defence of such suit, action or proceeding and the Borrower shall not be obligated to indemnify such Indemnified Party in respect of any legal fees and disbursements thereafter incurred in respect of such suit, action or proceeding. This indemnity shall extend to the officers, directors, employees, agents, shareholders and assignees of each Indemnified Party.

#### 11.7 Replacement Lender

If:

- (a) a Lender exercises its rights under Section 11.2, Section 11.3 or Section 11.4;
- (b) the Borrower is required under Section 7.3 to deduct any withholding Taxes in respect of amounts owing to any Lender;
- (c) any Lender withholds its consent to any amendment, consent (including, for certainty, a consent under Section 3.17) or determination requested by the Borrower which requires the approval of the Lenders and as a consequence thereof such amendment, consent or determination cannot be obtained;
- (d) any Lender requires the Borrowing Base to be determined at a level which is lower than the level otherwise acceptable to all other Lenders; or
- (e) a Lender becomes a Defaulting Lender;

the Borrower may, treating each affected Lender rateably and in the same manner as other Lenders subject to similar circumstances (all such Lenders being the "Affected Lenders");

- (i) replace all Affected Lenders by reaching satisfactory arrangements with one or more existing Lenders or new Lenders that are acceptable to the Agent, acting reasonably, for the purchase of all of such Affected Lenders' Commitments as long as:
- (A) if the amendment, consent or determination required the consent of the Majority Lenders and the same was not obtained, the consent of all the Lenders which approved such amendment, consent or determination is obtained to the replacement of the Affected Lenders;
  - (B) ~~such purchasing Lender(s) unconditionally offers in writing (with copy to the Agent) to purchase all of the rights and obligations of the Affected Lender(s) including all outstanding Borrowings owed to such Affected Lender(s) for a purchase price equal to the aggregate Borrowings owed to the Affected Lender(s) (payable in immediately available funds);~~
  - (C) <sup>7/10/07</sup> the obligations of the Borrower owing pursuant to Section 7.3 and Section 11.1 to the Affected Lender(s) are paid in full to the Affected Lender(s) concurrently with such replacement; and
  - (D) all requirements set forth in Section 13.1 with respect to such assignment are complied with, including entering into of an Lender Transfer Agreement and the payment by the purchasing Lender to the Agent (for the Agent's own account) of the assignment fee contemplated in Section 13.1, unless waived by the Agent; or
- (ii) ~~so long as no Default or Event of Default has occurred and is continuing and without regard to Section 4.4, irrevocably cancel all but not part of the Affected Lenders' Commitments if the Borrower has prepaid or otherwise reduced all Borrowings outstanding to such Affected Lenders, and paid all accrued interest and other charges and fees in respect of such Borrowings.~~

## ARTICLE 12 THE AGENT AND THE LENDERS

### 12.1 Authorization of Agent

Each Lender and Swap 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 (including, if applicable, Swap 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 (including, if applicable, Swap 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 (including, if applicable, Swap 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 or Swap 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 and Swap 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 and Swap 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 or Swap 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 and Swap Lender

The rights and obligations of each Lender and Swap 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 or Swap Lender to perform its obligations under this Agreement shall neither:

- (a) **No Liability to Other Lenders or Swap Lenders:** result in any other Lender or Swap Lender incurring any liability whatsoever, provided however that a Lender shall remain liable at all times for the performance of the obligations of its Affiliate that is a Swap Lender; nor

- (b) **No Relief from Obligations:** relieve any Loan Party or any other Lender or Swap 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 or Swap Lenders a partnership, joint venture or any other similar entity.

Each of the Lenders and Swap Lenders hereby acknowledge that, to the extent permitted by Applicable Law, the remedies provided hereunder to the Lenders and Swap 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 or an Event of Default under Sections 10.1(h) or 10.1(i) has occurred. Notwithstanding any of the provisions contained herein each of the Lenders and Swap 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 10.5, 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 Swap 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 and Swap Lenders**

Unless otherwise specifically dealt with in this Agreement, in the event the Agent delivers a written notice to a Lender or a Swap Lender requesting advice from such Lender or Swap 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 or Swap 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 Majority 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 fifteen (15) Business Days of the delivery of such written notice by the Agent to such Lender or Swap Lender;

such Lender or Swap Lender shall be deemed not to have consented thereto.

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

All notices by the Lenders or Swap Lenders to the Agent shall be through the Agent's Branch of Account and all notices by the Agent to a Lender or Swap Lender shall be through such Lender's or Swap Lender's Branch of Account. All notices or communications between the Borrower and the Lenders or Swap 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 Syndicated Lender at its Branch of Account upon receipt by the Agent of any notice given pursuant to Article 3 or Section 4.4. The Agent shall advise each Syndicated Lender of the amount, date and details of each Syndicated Borrowing and of such Syndicated Lender's share in each Syndicated Borrowing. At or before 11:00 a.m. (Calgary time) on each Drawdown Date, Conversion Date or Rollover Date, each Syndicated Lender will make available to the Borrower its share of Syndicated Borrowings by way of Loans or Libor Loans, as applicable, by forwarding to the Agent the amount of Loans or Libor Loans, as applicable, required to be made available by such Lender.

- (a) **Loans:** each Syndicated Lender will make available to the Borrower its share of Syndicated Borrowings by way of Loans by forwarding to the Agent the amount of Loans required to be made available by such Lender; and
- (b) **Bankers' Acceptances:** each Syndicated Lender will make available to the Borrower its share of Syndicated Borrowings by way of Bankers' Acceptances by forwarding to the Agent the amount of the Discount Proceeds in respect of such Bankers' Acceptances (less the amount of applicable BA Acceptance Fees payable by the Borrower to such Lender pursuant to Section 5.4).

### 12.9 Arrangements for Repayment of Borrowings

- (a) **Prior to Demand or Acceleration:** Prior to the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 10.1(h) or 10.1(i), 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 Syndicated Lenders, the Agent shall pay over to each Syndicated 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 Syndicated 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 or the occurrence of an Event of Default specified in Section 10.1(h) or 10.1(i), the Lenders and

Swap Lenders shall share any payments subsequently received in accordance with Section 10.7.

#### **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 Syndicated 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 Syndicated 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 Syndicated Lender at least one (1) Business Day prior to a Drawdown Date, Conversion Date or Rollover 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, Conversion Date or Rollover 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, Conversion Date or Rollover Date an amount equal to the amount required to be made available by such Lender pursuant to this Agreement. If a Syndicated 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 Syndicated 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 Adjustments Among Lenders**

- (a) **Adjustments to Outstanding Borrowings:** Each Syndicated Lender agrees that, subsequent to the Adjustment Time, it will at any time and from time to time upon the request of the Agent as required by any other Syndicated Lender purchase portions of the Syndicated Borrowings and make any other adjustments which may be necessary or appropriate, in order that amounts which remain outstanding under this Agreement to each Syndicated Lender are thereafter outstanding, as adjusted pursuant to this



Section 12.11, will be in the same proportion as the Lender's Proportion of the Total Syndicated Facility Commitment. The Borrower agrees to do all things reasonably necessary or appropriate to give effect to any and all purchases and other adjustments by and between the Syndicated Lenders pursuant to this Section 12.11.

- (b) **Application of Payments:** The Lenders and Swap Lenders agree that, after the Adjustment Time, the amount of any repayment made by the Borrower under, and the amount of any proceeds from the exercise of any rights or remedies of the Agent, the Lenders and Swap Lenders under the Loan Documents or any Permitted Swaps will, subject to Section 10.7, be applied in a manner so that to the extent possible the amount of Lender Outstandings of each Lender and Swap Lender which remain outstanding after giving effect to such application will be in the same proportion as its Lender's Proportion of the aggregate Lender Outstandings of all Lenders and Swap Lenders and, after repayment of all Syndicated Borrowings and Permitted Swap Indebtedness, will be applied on account of any remaining Swap Indebtedness.
- (c) **Receipt of Payments other than Borrowings:** Notwithstanding anything contained in this Section 12.11, there shall not be taken into account for the purposes of computing any amount payable to a Lender or Swap Lender pursuant to this Section 12.11, any amount which such Lender or Swap Lender receives as a result of any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any monies owing by a Loan Party to such Lender or Swap Lender other than on account of Syndicated Borrowings, Operating Borrowings or Swap Indebtedness; provided that, if at any time a Lender or Swap Lender receives any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of monies owing or payable to it by a Loan Party in respect of liabilities of a Loan Party under Syndicated Borrowings, Operating Borrowings or Swap Indebtedness, such payments will be applied in accordance with Section 10.7; provided further that the provisions of this Section 12.11(c) shall not apply to:
- (i) a Swap Lender which sets off amounts owing by a Loan Party to such Swap Lender under a Permitted Swap against amounts owing by such Swap Lender (including, for clarity, its Affiliates) to a Loan Party under any Permitted Swap entered into between such parties; or
  - (ii) a Swap Lender which sets off amounts owing by a Loan Party to such Swap Lender under a Lender Swap (other than a Permitted Swap) against amounts owing by such Swap Lender (including, for clarity, its Affiliates) to a Loan Party under any Lender Swap (other than a Permitted Swap) entered into between such parties.

To the extent that a Lender Swap is entered into by an Affiliate of a Lender, that Lender shall cause such Affiliate to comply with the provisions of this Section 12.11, and such obligation shall survive such Lender (at any time after any such Lender Swap was entered into) ceasing to be a Lender hereunder.

- (d) **Further Assurances:** The Borrower agrees to be bound by and, at the request of the Agent, to do all things necessary or appropriate to give effect to any and all purchases and other adjustments made by and between the Lenders and Swap Lenders pursuant to

this Section 12.11 but shall incur no increased indebtedness, in aggregate, by reason thereof.

**12.12 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, standby fees, the Applicable Margin, 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) any change to or confirmation of the Borrowing Base;
  - (iv) a change in the definition of "Borrowing Base", "CDOR Rate", "Discount Rate", "Majority Lenders", "Term Maturity Date", "Term Out Date" or "Term Period";
  - (v) 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";
  - (vi) the provisions of this Section 12.12;
  - (vii) an Event of Default under Section 10.1(a), 10.1(b), 10.1(f), 10.1(h), 10.1(i), or 10.1(p);
  - (viii) any release or material modification of the Security, except as provided by Section 6.11 or the applicable provisions of the Loan Party Guarantee or the Security;

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

- (b) **Majority Consent:** Subject to Sections 12.12(a) and 12.12(d) 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 Syndicated Lenders, Swap Lenders and the Operating Lender 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.

- (d) **Operating Lender'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 Operating Lender shall only require the agreement of the Operating Lender thereto.

#### **12.13 Reimbursement of Agent's Expenses or Lender's Costs**

Each Lender agrees that it will indemnify the Agent for its Lender's Proportion of the Total Commitment 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.

Each Swap Lender that is not a Lender agrees that it will indemnify the Agent for any and all costs, expenses and disbursements which may be incurred or made by the Agent in good faith in connection with the enforcement of the Loan Documents or Security on behalf of such Swap Lender 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 properly 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 such Swap Lender under the Loan Documents or Security until it has been so reimbursed.

#### **12.14 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 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 or Swap Lender by reason of relying on any such document or acting on any such advice.

#### **12.15 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.

### 12.16 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, or Swap Lenders if there are then no 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 12.16 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, or Swap Lenders if there are then no 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, or Swap Lenders if there are then no Lenders, in respect of any actions taken or omitted to be taken by the retiring agent while it was acting as the Agent.

### 12.17 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 of the Total Commitment 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 the Total Commitment 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.

### 12.18 Sharing of Information

Subject to Section 13.4, the Borrower authorizes the Agent and each Lender and Swap 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 and Swap 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.

### 12.19 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 12.17, in the case of amounts owing to the Agent.
- (b) In addition to the indemnity and reimbursement obligations noted in Section 12.17, 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 12.17. 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 Accommodations 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 Accommodations 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 Accommodations;
  - (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 Lender Outstandings.

- (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**

The Borrower shall not assign its rights or obligations hereunder without the prior written consent of all of the Lenders. If an Event of Default has occurred and is continuing, a Syndicated Lender may, at its sole cost and expense, with the prior consent of the Agent (such consent not to be unreasonably withheld) and the Operating Lender may, in each case, 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, in the case of a sale, assignment or transfer by a Syndicated Lender, the Agent (such consent not to be unreasonably withheld) (a "Disposition") and, if assigned in part only, such assignee would acquire a Commitment of at least U.S. \$5,000,000 or, in the case of the Operating Facility Commitment, all of such Commitment; provided however that 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 (except due to any variance in Discount Rates) 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 Syndicated Lender of a processing and recording fee in the amount of Cdn. \$5,000 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, Libor Loans, the face amount of Bankers' Acceptances 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 or the Operating Lender, as applicable, 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 Swap Lender

If any Swap Lender (or its Affiliate, if such Swap Lender is not a Lender) for any reason ceases to be a Lender, such Swap Lender shall continue to be bound by and entitled to the benefit of the terms and conditions hereof in such capacity and entitled to the benefit of the Security until such time as it is no longer a party to the Swaps existing with any Loan Party at the time it (or such Affiliate, if applicable) ceased to be a Lender, with the exception of any indemnities of, or in favour of, such Swap Lender hereunder existing at that time and which shall survive such termination.

### 13.4 Exchange and Confidentiality of Information

Each of the Lenders, the Swap 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 13.4(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 13.4 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 13.4) 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) the standby fees payable pursuant to Section 5.10 shall cease to accrue on the unused portion of the Commitment of such Defaulting Lender;
  - (ii) a Defaulting Lender shall not be included in determining whether, and the Commitment and the Lender's Proportion of the Lender Outstandings 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 12.12, 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 12.12(a)(i), (ii) (in so far as it relates to the Commitment of a Defaulting Lender), (iv), (vi) and (viii), shall require the consent of such Defaulting Lender; and
  - (iii) 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 (i) a Borrowing Notice or (ii) a Conversion Notice that will result in a currency conversion, then each other Lender shall fund its Lender's Proportion of such affected Accommodation (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 Accommodations 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 (i) a Borrowing Notice or (ii) a Conversion Notice that will result in a currency conversion, 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 Accommodations.
- (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 Lender Outstandings equal in total to such Lender's Proportion thereof without regard to Section 14.2(b).

### 14.3 Failure to Act

No failure, omission or delay on the part of the Agent, any Lender or any Swap 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.

### 14.4 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.

### 14.5 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 12.12.

### 14.6 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 Agent, for Drawdowns, repayments, Rollovers and Conversions, 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  
2000, 700 - 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 2W1

Attention: Managing Director  
Facsimile: (403) 221-6497

Except as otherwise expressly provided herein, all notices, advices, requests and demands hereunder shall be in writing (including facsimile transmissions) or, if by telephone, immediately confirmed in writing, and shall be given to or made upon the respective parties hereto at the address set forth opposite their names on the signature pages hereto or at such other address as any party shall designate for itself (which for the Agent is set out above). All notices shall be effective upon actual receipt. In the event of any discrepancy between any telephone notice, advice, request or demand and the written confirmation thereof, the telephone version shall govern with respect to actions taken by the recipient thereof before such recipient has had a reasonable time to act after its receipt of the written confirmation. All notices to the Agent shall be given to the Agent at the Agent's Branch of Account and all notices to the Operating Lender shall be given to the Operating Lender at the Operating Lender'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:

- (c) 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
- (d) 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.

#### 14.7 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.

#### 14.8 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 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

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 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.

#### 14.9 Term of Agreement and Survival

This Agreement and all covenants, undertakings, agreements, representations and warranties shall continue and survive until the termination of all Credit Agreements such that thereafter there is not nor can there be any Borrowings, Lender Outstandings or Swap Indebtedness arising under any Loan Document, and with the exception of the indemnities provided in Sections 9.1(u) and 11.6 which shall survive any such termination.

#### 14.10 Time of Essence

Time shall be of the essence of this Agreement.

#### 14.11 Anti-Money Laundering Legislation

- (a) The Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" 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.

**14.12 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 14.12 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.

**14.13 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.

**ADDRESSES  
FOR NOTICES:**

**Borrower:**

Suite 500, 650 N. Sam Houston Parkway E.  
Houston, Texas 77060

Attention: Richard Louden

Facsimile: (281) 847-1898

**With a copy to:**

Argent Energy Trust  
Suite 500, 321 - 6th Avenue SW  
Calgary AB T2P 3H3

Attention: Chief Financial Officer

Facsimile: (403) 770-4850

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

Per: 

Name: Sean Borulson

Title: CFO

**Agent:**

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

Attention: Managing Director  
Facsimile: (403) 221-6497

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

Per: 

Name: Richard Lee  
Title: Managing Director & Industry Head

Per: 

Name: Jeff Celryk  
Title: Managing Director




**Lender:**

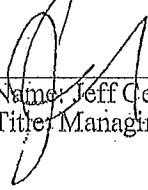
The Bank of Nova Scotia  
700 - 2<sup>nd</sup> St. S.W., Suite 2000  
Calgary, AB T2P 2W1

Attention: Managing Director  
Facsimile: (403) 221-6497

**THE BANK OF NOVA SCOTIA, as Lender and  
Swap Lender**

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

Name: Richard Lee  
Title: Managing Director & Industry Head

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


Name: Jeff Gebryk  
Title: Managing Director


**Lender:**

Canadian Imperial Bank of Commerce  
855 - 2<sup>nd</sup> Street S.W., 9<sup>th</sup> Floor  
East Tower, Bankers Hall  
Calgary, AB T2P 2P2

Attention: Director, CIBC Oil & Gas,  
Commercial Banking  
Facsimile: (403) 221-5779

**CANADIAN IMPERIAL BANK OF  
COMMERCE, as Lender and Swap Lender**

Per:   
Name: Amy Bellomo  
Title: Authorized Signatory

Per:   
Name: Chuck Warnica  
Title: Authorized Signatory

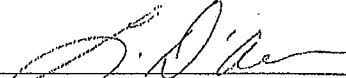
**Lender:**

Royal Bank of Canada  
888 - 3<sup>rd</sup> Street S.W., Suite 3900  
West Tower, Bankers Hall  
Calgary, AB T2P 5C5

Attention: Vice President, Corporate Banking  
Facsimile: (403) 292-3234

**ROYAL BANK OF CANADA, as Lender and  
Swap Lender**

Per:

  
Name: Lillian D'Aleo  
Title: Authorized Signatory

Schedule "A" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

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COMMITMENTS

| <u>Lender</u>                      | <u>Operating Facility Commitment.</u> | <u>Syndicated Facility Commitment</u> |
|------------------------------------|---------------------------------------|---------------------------------------|
| The Bank of Nova Scotia            | U.S. \$2,000,000                      | U.S. \$23,000,000                     |
| Canadian Imperial Bank of Commerce | nil                                   | U.S. \$10,000,000                     |
| Royal Bank of Canada               | nil                                   | U.S. \$10,000,000                     |
| TOTAL:                             | U.S. \$2,000,000                      | U.S. \$43,000,000                     |

Schedule "B" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

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BORROWING / REPAYMENT NOTICE

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

The Bank of Nova Scotia, as Agent  
700 - 2nd St. S.W., Suite 2000  
Calgary, AB T2P 2W1

Attention: Director  
Facsimile: (403) 221-6497

Dear Sirs:

Re: ARGENT ENERGY (US) HOLDINGS INC.

We refer to the Amended and Restated Credit Agreement dated October 25, 2012 between Argent Energy (US) Holdings Inc., as Borrower, and the 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 an Accommodation pursuant to Section 3.6/repayment of a Borrowing pursuant to Section 3.12] of the Credit Agreement particulars of which are as follows:

- (a) Facility: [Syndicated/Operating]
- (b) [Drawdown/Repayment] Date: \_\_\_\_\_
- (c) Amount: \_\_\_\_\_
- (d) Nature of [Accommodation/Borrowing to be repaid]: \_\_\_\_\_
- (e) Libor Interest Period (only applicable to Libor loans): \_\_\_\_\_
- (f) Term (only applicable to Bankers' Acceptances): \_\_\_\_\_
- (g) Payment Instructions (if any): \_\_\_\_\_

2. [For an Accommodation 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.

3. [For an Accommodation only:] There exists no Default or Event of Default on the date hereof.

Yours very truly,

ARGENT ENERGY (US) HOLDINGS INC.,  
as Borrower

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

Name:

Title:

Schedule "C" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

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ROLLOVER NOTICE

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

The Bank of Nova Scotia, as Agent  
700 - 2nd St. S.W., Suite 2000  
Calgary, AB T2P 2W1

Attention: Director  
Facsimile: (403) 221-6497

Dear Sirs:

Re: ARGENT ENERGY (US) HOLDINGS INC.

We refer to the Amended and Restated Credit Agreement dated October 25, 2012 between Argent Energy (US) Holdings Inc., as Borrower, and the 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. This Rollover Notice is delivered to you pursuant to Section 3.15 of the Credit Agreement.
2. We hereby request a Rollover as follows:
  - (a) Facility: [Syndicated/Operating]
  - (b) Rollover Date:
  - (c) Amount of Rollover:
  - (d) Bankers' Acceptances or Libor Loan: \_\_\_\_\_
  - (e) Libor Interest Period (only applicable to Libor Loans): \_\_\_\_\_
  - (f) Term (only applicable to Bankers' Acceptances): \_\_\_\_\_
3. There exists no Default or Event of Default on the date hereof.

Yours very truly,

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

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



Schedule "D" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

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CONVERSION NOTICE

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

The Bank of Nova Scotia, as Agent  
700 - 2nd St. S.W., Suite 2000  
Calgary, AB T2P 2W1

Attention: Director  
Facsimile: (403) 221-6497

Dear Sirs:

Re: ARGENT ENERGY (US) HOLDINGS INC.

We refer to the Amended and Restated Credit Agreement dated October 25, 2012 between Argent Energy (US) Holdings Inc., as Borrower, and the 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. This Conversion Notice is delivered to you pursuant to Section 3.14 of the Credit Agreement.
2. We hereby request a Conversion as follows:
  - (a) Facility: [Syndicated/Operating]
  - (b) Conversion Date:
  - (c) Type of Borrowing to be Converted from: \_\_\_\_\_
  - (d) Amount of Borrowing to be converted: \_\_\_\_\_
  - (e) Type of Borrowing to be Converted to: \_\_\_\_\_
  - (f) Libor Interest Period (only applicable to portion Converted to or not Converted from a Libor Loan): \_\_\_\_\_
  - (g) Term (only applicable to portion Converted to or not Converted from Bankers' Acceptances): \_\_\_\_\_
3. There exists no Default or Event of Default on the date hereof.

Yours very truly,

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

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

Name:

Title:

Schedule "E" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

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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/Fiscal Quarter] ending \_\_\_\_\_;
3. I am familiar with and have examined the provisions of the Amended and Restated Credit Agreement dated October 25, 2012 between Argent Energy (US) Holdings Inc., as Borrower, and the 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 [Quarter/Year] of the Trust most recently ended.
7. No Borrowing Base Shortfall exists.
8. The cumulative proceeds received by the Borrower and the other Loan Parties in respect of sales, conveyances and dispositions of Oil and Gas Properties since the last Borrowing Base determination or redetermination is [Cdn.] \$ \_\_\_\_\_.
9. As of the last day of the above referenced [Fiscal Quarter/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.
10. The Swap Indebtedness of the Loan Parties, in the aggregate, as at the last day of the Fiscal [Quarter/Year] most recently ended is as follows:
  - (a) Currency Swaps – [CDN.] \$ \_\_\_\_\_ and the notional amount swapped thereunder is [CDN.] \$ \_\_\_\_\_;

- (b) Interest Swaps – [CDN.] \$ \_\_\_\_\_ and the notional amount thereof is [CDN.] \$ \_\_\_\_\_ which represents \_\_\_\_\_% of the Total Commitment; and.
- (c) Commodity Swaps – [CDN.] \$ \_\_\_\_\_ and the quantity of Petroleum Substances subject to such Swaps is ( \_\_\_\_\_ MMCF or barrels) which represents \_\_\_\_\_% of the aggregate barrel per day or the equivalent thereof projected production of the Loan Parties;

The foregoing amounts of Swap Indebtedness were calculated by the Borrower on a Mark-to-Market basis (separately for each Swap Lender and then aggregating amounts so calculated) as at the end of the [Fiscal Quarter/Year] most recently ended, and by converting all amounts into [U.S. Dollars] at such date based on the Bank of Canada noon spot exchange rate on such date.

- 11. As of the last day of the above referenced [Fiscal Quarter/Fiscal Year] the Consolidated Debt to Cash Flow Ratio was \_\_\_\_\_; and attached hereto are the detailed particulars of the manner in which the Consolidated Debt to Cash Flow Ratio was calculated.
- 12. As of the last day of the above referenced [Fiscal Quarter/Fiscal Year] \$ \_\_\_\_\_ in Distributions have been declared by the Trust of which \$ \_\_\_\_\_ have been paid over the immediately preceding [Fiscal Quarter/Fiscal Year], which does not exceed 115% of Available Distributable Cash Flow over such immediately preceding [Fiscal Quarter/Fiscal Year]. Available Distributable Cash Flow for the applicable [Fiscal Quarter/Fiscal Year] and calculated in accordance with Section 9.2(i) is \$ \_\_\_\_\_.
- 13. 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 "F" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

REQUEST FOR EXTENSION

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

The Bank of Nova Scotia, as Agent  
700 - 2nd St. S.W., Suite 2000  
Calgary, AB T2P 2W1

Attention: Director  
Facsimile: (403) 221-6497

Dear Sirs:

Re: ARGENT ENERGY (US) HOLDINGS INC.

We refer to the Amended and Restated Credit Agreement dated October 25, 2012 between Argent Energy (US) Holdings Inc., as Borrower, and the 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.

In accordance with Section 3.3 of the Credit Agreement, we hereby request that the Lenders each provide an offer to extend its Term Out Date for a period of three hundred sixty-four (364) days, with the Term Out Date being extended from [•] to [•], and the Term Maturity Date being extended to [•].

We hereby certify that:

1. except as disclosed to the Agent in writing, the representations and warranties contained in Section 2.1 of the Credit Agreement (subject to Section 2.2 thereof) are and will be true and correct in all material respects on the date hereof, with the same effect as if such representations and warranties were made on the date hereof; and
2. there exists no Default or Event of Default.

Yours very truly,

ARGENT ENERGY (US) HOLDINGS INC.,  
as Borrower

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

Schedule "G" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

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LENDER TRANSFER AGREEMENT

TO: THE BANK OF NOVA SCOTIA, as Agent

[If applicable] [THE BANK OF NOVA SCOTIA], as Operating Lender]

AND TO: Argent Energy (US) Holdings Inc. (the "Borrower")

RE: Amended and Restated Credit Agreement dated October 25, 2012 (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 Syndicated Facility Commitment under the Credit Agreement shall be \$\_\_\_\_\_ [and its Operating Facility Commitment 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; provided that if any Bankers' Acceptances accepted by the Assignor remain outstanding on such date, such Bankers' Acceptances shall remain the liability and obligation of the Assignor and [the Assignor shall be entitled to all of the rights, titles and benefits arising out of the Credit Agreement and the other Loan Documents with respect to such Bankers' Acceptances (including

reimbursement rights); and the Assignee shall indemnify the Assignor and hold the Assignor harmless from and against any losses or costs paid or incurred by the Assignor in connection with such Bankers' Acceptances (other than losses or costs which arise out of the negligence or wilful misconduct of the Assignor) to the extent of the Assignee's Commitment provided for herein, and shall be entitled to that percentage (as agreed to between the Assignee and the Assignor) of a proportionate amount of the fees paid in respect of such Bankers' Acceptances based upon the relative proportions of the Syndicated Facility Commitments of the Assignor and Assignee and the number of days remaining in the term of any such Bankers' Acceptances] or [the assignment contained herein shall exclude the obligation of the Borrower to repay or reimburse the Assignor the face amounts of outstanding Bankers' Acceptances which have been accepted by the Assignor prior to the date hereof ("Outstanding BAs") and if an Event of Default occurs prior to the Assignor being repaid or reimbursed in respect of Outstanding BAs, then until such repayment or reimbursement is made, for the purposes of voting under the Credit Agreement the Assignor shall be considered to have a Commitment increased by, and the Commitment of the Assignee shall be considered to be reduced by, the face amount of such Outstanding BAs].

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 Alberta.
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 Syndicated Facility Commitment as so reduced is U.S. \$•.

\_\_\_\_\_  
[Name of Assignor]

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

THE BANK OF NOVA SCOTIA, as 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 "H" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

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#### FORM OF POWER OF ATTORNEY TERMS – BANKERS' ACCEPTANCES

In order to facilitate the acceptance of Bankers' Acceptances pursuant to the terms of the amended and restated credit agreement dated October 25, 2012 between Argent Energy (US) Holdings Inc., as Borrower, (the "Borrower"), The Bank of Nova Scotia, as Agent, and the Lenders named therein (as amended, supplemented and restated from time to time, the "Credit Agreement"), the Borrower hereby appoints the [Agent] [Operating Lender] (the "Bank"), acting by an authorized signing officer (the "Attorney") for the time being of the Bank's Branch of Account, the attorney of the Borrower:

- (a) to sign for and on behalf and in the name of the Borrower as drawer, drafts in the Bank's standard form which are "depository bills" under and as defined in the *Depository Bills and Notes Act* (Canada) (the "DBNA") ("Drafts") drawn on the Bank payable to a "clearing house" under the DBNA or its nominee for deposit by the Bank with the "clearing house" after acceptance thereof by the Bank; and
- (b) to fill in the amount, date and maturity date of such Drafts;

provided that such acts in each case are to be undertaken by the Bank in accordance with instructions given to the Bank by the Borrower as provided in this power of attorney.

Instructions to the Bank relating to the execution, completion, endorsement, discount, purchase and/or delivery by the Bank on behalf of the Borrower of Drafts which the Borrower wishes to submit to the Bank for acceptance by the Bank shall be communicated by the Agent in writing to the Attorney at the Bank's Branch of Account concurrently with delivery by the Borrower, pursuant to the provisions of: (i) Section 3.6 or 3.9 of the Credit Agreement, a Borrowing Notice by way of Bankers' Acceptances in the form of Schedule "B" to the Credit Agreement; or (ii) Section 3.14 of the Credit Agreement, a Conversion Notice in the form of Schedule "D" to the Credit Agreement. The instructions to the Bank shall specify the following information:

- (c) a Canadian Dollar amount, which shall be the aggregate face amount of the Drafts to be accepted by the Bank in respect of a particular Borrowing, Conversion or Rollover; and
- (d) a specified period of time, as provided in the Credit Agreement, which shall be the number of months after the date of such Drafts that such Drafts are to be payable, and the dates of issue and maturity of such Drafts.

The communication in writing to the Bank of the instructions referred to above shall constitute (a) the authorization and instruction of the Borrower to the Bank to complete and endorse Drafts in accordance with such information as set out above and (b) the request of the Borrower to the Bank to accept such Drafts and deposit the same with the "clearing house" against payment as set out in the instructions. The Borrower acknowledges that the Bank shall not be obligated to accept any such Drafts except in accordance with the provisions of the Credit Agreement.

The Bank shall be and it is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to the Bank as provided herein if the Bank reasonably believes them to be genuine.

The Borrower hereby agrees to indemnify the Bank and its directors, officers, employees, affiliates and agents and to hold it and them harmless from and against any loss, liability, expense or claim of any kind or nature whatsoever incurred by any of them as a result of any action or inaction in any way relating to or arising out of this power of attorney or the acts contemplated hereby including the deposit of any Draft with the "clearing house"; provided that this indemnity shall not apply to any such loss, liability, expense or claim which results from the negligence or wilful misconduct of the Bank or any of its directors, officers, employees, affiliates or agents.

This power of attorney may be revoked at any time upon not less than fifteen (15) Business Days' written notice served in accordance with Section 14.6 of the Credit Agreement upon the Bank at its Branch of Account, provided that: (i) it may be replaced with another power of attorney forthwith on terms satisfactory to the Bank; and (ii) no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any Draft executed, completed, endorsed, discounted and/or delivered in accordance herewith prior to the time at which such revocation becomes effective. This power of attorney may be terminated by the Bank at any time upon not less than fifteen (15) Business Days' written notice to the Borrower in accordance with Section 14.6 of the Credit Agreement. Any revocation or termination of this power of attorney shall not affect the rights of the Bank and the obligations of the Borrower with respect to the indemnities of such Borrower above stated with respect to all matters arising prior in time to any such revocation or termination.

This power of attorney is in addition to and not in substitution for any agreement to which the Bank and the Borrower are parties.

This power of attorney shall be governed in all respects by the laws of the Province of Alberta and the laws of Canada applicable therein and the Borrower and the Bank hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of such jurisdiction in respect of all matters arising out of this power of attorney.

In the event of a conflict between the provisions of this Power of Attorney and the Credit Agreement, the Credit Agreement shall prevail. Capitalized terms used and not defined herein shall have the meanings given to them in the Credit Agreement.

Schedule "I" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

FORM OF ENVIRONMENTAL CERTIFICATE

TO: The Bank of Nova Scotia, as Agent

RE: Amended and Restated Credit Agreement dated October 25, 2012 among Argent Energy (US) Holdings Inc., as Borrower, (the "Borrower"), The Bank of Nova Scotia, as agent (the "Agent"), and the Persons party thereto as lenders from time to time (collectively, the "Lenders") (such Credit Agreement, as it may be amended, supplemented, modified or restated from time to time, referred to as the "Credit Agreement").

This Environmental Certificate is given pursuant to Section 8.1(d) of the Credit Agreement. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

The undersigned, [•], being the [•] of the Borrower, hereby makes the following certifications in such capacity for and on behalf of the Borrower and not in any personal capacity and without assuming any personal liability whatsoever:

1. The following certifications are made to the best of my knowledge after due enquiry. My due enquiry has been limited to discussions and correspondence with responsible officers and staff of the Loan Parties to confirm that the internal environmental reporting and response procedures of the Loan Parties have been followed in all material respects as they relate to the certifications made herein and that the matters herein set forth are true and correct and that matters reported on by such officers and staff are true and correct.
2. The certifications in paragraphs 3 through 9 are qualified as to any breach of or failure to comply with any Environmental Laws, provided that the breach or failure to comply has not had, or would not reasonably be expected to have (whether on an individual or cumulative basis), a Material Adverse Effect.
3. The property of the Loan Parties is owned, leased, managed, controlled or operated, in compliance with Environmental Laws.
4. There are no existing, pending or threatened (by written notice):
  - (a) claims, complaints, notices or requests for information received from a Governmental Authority by any of the Loan Parties with respect to any alleged violation of or alleged liability under any Environmental Laws by any of the Loan Parties; or
  - (b) stop, cleanup or preventative orders, direction or action requests, notice of which has been received from an Governmental Authority by any of the Loan Parties relating to the environment which as a result thereof, requires any work, repair, remediation, cleanup, construction or capital expenditure with respect to any property owned, leased, managed, controlled or operated by any of the Loan Parties where any of the foregoing could reasonably be expected to result in Environmental Liabilities.

5. Except in compliance with Environmental Laws, no contaminant or other hazardous substance has been received, handled, used, stored, treated or shipped at or from, and there has been no discharge or Release of a contaminant or other hazardous substance at, on, from or under any property owned, leased, managed, controlled or operated by any of the Loan Parties where any of the foregoing could reasonably be expected to result in Environmental Liabilities.
6. None of the lands and facilities owned, leased, managed, controlled or operated by any of the Loan Parties have been used as a land fill site or, as a waste disposal site, except in compliance with Environmental Laws.
7. No condition exists at, on or under any of the premises or facilities owned, leased, managed, controlled or operated by any of the Loan Parties, which with the passage of time, or the giving of notice or both, has given rise to or would reasonably be expected to give rise to a violation of or liability under any Environmental Laws.
8. The Loan Parties have obtained and hold all permits, licenses and other authorizations (collectively the "Permits") which are required under Environmental Laws and are in material compliance with all terms and conditions of all Permits currently in effect.

THIS CERTIFICATE executed at Calgary, Alberta effective the \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

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

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

Schedule "J" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

### FORM OF OIL AND GAS OWNERSHIP CERTIFICATE

TO: The Bank of Nova Scotia ("BNS"); as Agent

RE: Amended and Restated Credit Agreement (the "Credit Agreement") dated October 25, 2012 between Argent Energy (US) Holdings Inc., as Borrower, (the "Borrower"), and the lenders party thereto with BNS, as Agent (as the same may be amended, renewed, extended, modified and/or restated from time to time, the "Credit Agreement")

This certificate is delivered pursuant to Section [ 3.5(c)] [ 8.1(d)] of the Credit Agreement.

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

1. I have made or caused to be made due inquiries and review of all documents, correspondence and other material (the "Title Enquiries") relating to the hydrocarbons and lands or interests in lands (the "Lands") described in [describe Engineering Reports] with respect to the Borrowing Base Parties' proved plus probable reserves (collectively, the "Engineering Reports").
2. Based upon the Title Enquiries and after giving effect to the EQ Acquisition, I have no knowledge, information or belief that there exists any provision in any agreement, contract or document pertaining to the Lands which prevents the Borrowing Base Parties, after giving effect to the EQ Acquisition, from providing a Security Interest over such Lands to the Agent, for its own benefit and on behalf of the Lenders and the Swap Lenders or which would prevent the Agent from enforcing and realizing on such security in the event of a default thereunder other than the requirement to obtain the consent and/or waiver of a ROFR in the event of the sale of such Lands on the realization and enforcement of such security.
3. Based upon the Title Enquiries and after giving effect to the EQ Acquisition, to the best of my knowledge, information and belief, the Borrowing Base Parties are, effective the date hereof, possessed of and are beneficial owners of the respective working, royalty and other interests set forth in the Engineering Reports with respect to the Lands, subject to any Minor Title Defects which, in the aggregate, would not reasonably be expected to have a Material Adverse Effect and to any Permitted Encumbrances.
4. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is no default (by the Borrowing Base Parties or for which the Borrowing Base Parties are liable, including, without limitation, by any operation of the Lands) of payment of royalties in connection with the Lands which have accrued due by reason of production since any royalty payment dates, as prescribed by statute or agreement, immediately preceding the date of this certificate which would reasonably be expected to have a Material Adverse Effect and no Borrowing Base Party nor any Person on behalf of a Borrowing Base Party (including, without limitation, any operator of the Lands) has received notice of default of any obligation imposed on it by any farmout, operating agreement or any other contract or agreement in respect of the Lands which, in any case, would reasonably be expected to have a Material Adverse Effect and, to the best of my knowledge, information and belief, based on the due and reasonable enquiries, there is

no default of any such obligation which would reasonably be expected to have a Material Adverse Effect.

5. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, no Borrowing Base Party nor any Person on behalf of a Borrowing Base Party (including, without limitation, any operator of the Lands) has received notice of any claim adverse to a Borrowing Base Party's working, royalty and other interests in the Lands which, if successfully asserted would reasonably be expected to have a Material Adverse Effect and there are no Liens or adverse claims, other than the Permitted Encumbrances, which affect the title of any Borrowing Base Party to their respective interests in the Lands which in any way would reasonably be expected to have a Material Adverse Effect.
6. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, there are at present no outstanding unfulfilled obligations being enforced under any lease or contract pertaining to the Lands which would reasonably be expected to have a Material Adverse Effect and any Borrowing Base Party's working, royalty and other interests in the Lands are not subject to any contractual obligations or conditions which are reasonably expected to result in the diminishment or forfeiture of any material working, royalty and other interests, except those, without duplication, which are not prohibited by the Credit Agreement or which are accounted for in the Engineering Reports.
7. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, all of the working, royalty and other interests of the Borrowing Base Parties in respect of petroleum and natural gas rights described in the Engineering Reports are accurately reflected in the Engineering Reports in all material respects.
8. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, all the historical data provided by each Borrowing Base Party to the independent petroleum engineer providing such Engineering Report for use in connection therewith was prepared from information reasonably believed to be complete and accurate in all material respects.
9. To the best of my knowledge, information and belief, based on the due and reasonable enquiries, all data in the possession of or available to each Borrowing Base Party which is material to the preparation of such Engineering Report has been made available to such independent petroleum engineer.
10. Capitalized words and phrases used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

THIS CERTIFICATE executed at Calgary, Alberta effective the \_\_\_ day of \_\_\_\_\_, 20\_\_.

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

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

Schedule "K" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

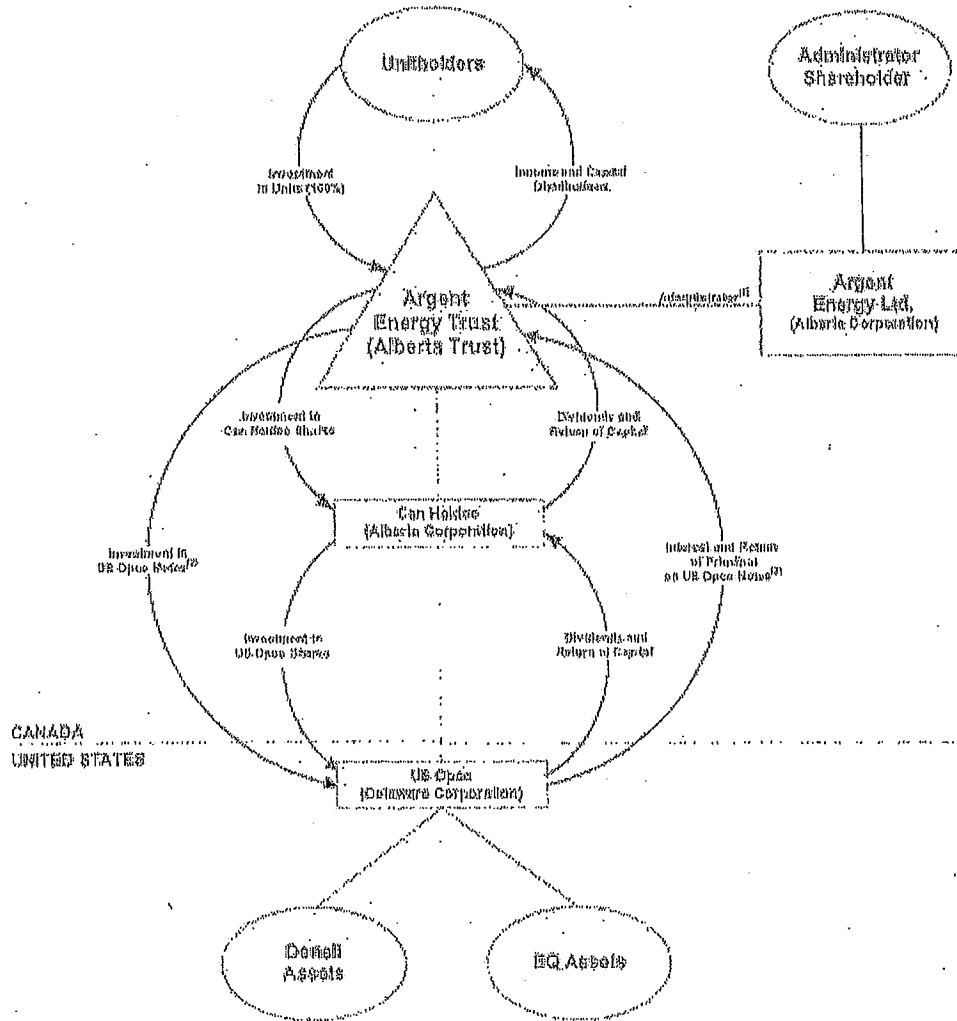
INFORMATION REGARDING LOAN PARTIES

| Legal Name                           | Jurisdiction of Incorporation or Formation | Location of Chief Executive Office | Location of Business and Assets  | Ownership  |
|--------------------------------------|--|------------------------------------|----------------------------------|--|
| Argent Energy Trust                  | Alberta                                    | Alberta                            | Alberta                          | Public Trust   |
| Argent Energy (US) Holdings Inc.     | Delaware                                   | Texas                              | Texas<br>Mississippi<br>Oklahoma | 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 "L" to the Amended and Restated Credit Agreement dated October 25, 2012 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 "M" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

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MATERIAL CONTRACTS

1. Trust Indenture
2. Administrative Services Agreement
3. Services Agreement
4. Voting Agreement
5. Denali Purchase and Sale Agreement
6. EQ Purchase and Sale Agreement

Exhibit "1" to the Amended and Restated Credit Agreement dated October 25, 2012 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 Amended and Restated Credit Agreement dated October 25, 2012 (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 Herein or In Lender Transfer Agreements, in their capacities as Lenders, and The Bank of Nova Scotia, in its capacity as Agent. 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 Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

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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 Amended and Restated Credit Agreement dated as of October 25, 2012 (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 Herein or In Lender Transfer Agreements, in their capacities as Lenders, and The Bank of Nova Scotia, in its capacity as Agent. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Loan 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-8BEN. 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 Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

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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 Amended and Restated Credit Agreement dated as of October 25, 2012 (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 Herein or In Lender Transfer Agreements, in their capacities as Lenders, and The Bank of Nova Scotia, in its capacity as Agent. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Loan 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 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 Amended and Restated Credit Agreement dated October 25, 2012 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 Amended and Restated Credit Agreement dated as of October 25, 2012 (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 Herein or In Lender Transfer Agreements, in their capacities as Lenders, and The Bank of Nova Scotia, in its capacity as Agent. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Loan 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), (iii) 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 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 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[ ]

FIRST AMENDING AGREEMENT  
TO THE ARGENT ENERGY (US) HOLDINGS INC.  
AMENDED AND RESTATED CREDIT AGREEMENT DATED OCTOBER 25, 2012

THIS FIRST AMENDING AGREEMENT is made effective as of December 28, 2012,

AMONG:

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

- and -

THE BANK OF NOVA SCOTIA, CANADIAN IMPERIAL BANK OF COMMERCE,  
ROYAL BANK OF CANADA, WELLS FARGO BANK, N.A., CANADIAN BRANCH  
and each such other financial institution which becomes a signatory hereto  
(hereinafter referred to collectively as the "Lenders" and individually, a "Lender")

- and -

THE BANK OF NOVA SCOTIA,  
(as Sole Lead Arranger, Sole Bookrunner, Syndication Agent  
and Administration Agent for the Lenders)

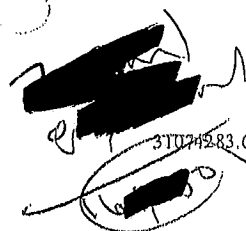
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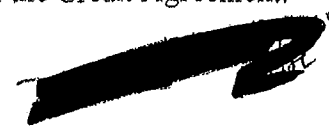
- A. Pursuant to the Amended and Restated Credit Agreement dated October 25, 2012 among Argent Energy (US) Holdings Inc., as borrower (the "Borrower"), The Bank of Nova Scotia ("BNS"), Canadian Imperial Bank of Commerce, Royal Bank of Canada and such other financial institutions which become party thereto, as lenders (the "Credit Agreement"), the Lenders agreed to provide to the Borrower the Facilities.
- B. The parties wish to amend the Credit Agreement on the terms and conditions herein provided.

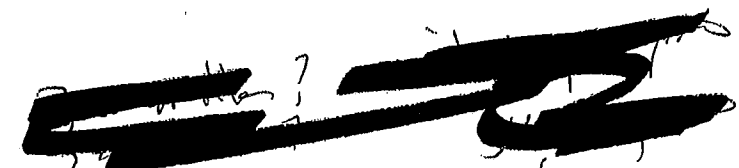
AGREEMENT:

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

- 1. "New Lender" means Wells Fargo Bank, N.A., Canadian Branch.
- 2. Definitions. Capitalized terms used in this First Amending Agreement will, including in the recitals hereto, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement.

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3. Amendment Date. The amendments contained herein shall be effective as of the date of this First Amending Agreement (the "First Amendment Date").

4. Amendments and Supplements to Definitions. Effective as of the First Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 8 below, the definitions set forth in Section 1.1 of the Credit Agreement are amended and supplemented as follows:

(a) The following new definitions are added in alphabetical order:

""First Amending Agreement"" means the first amending agreement made effective as of December 28, 2012 among the Borrower, the Agent, the Lenders and Wells Fargo Bank, N.A., Canadian Branch, as a new lender;"

""Wapiti"" means, collectively, Wapiti Oil & Gas, L.L.C., a limited liability company incorporated under the laws of Delaware and Wapiti Energy, LLC, a limited liability company incorporated under the laws of Texas;"

""Wapiti Acquisition"" means the acquisition by the Borrower of an interest in the Wapiti Assets, pursuant to the Wapiti Purchase and Sale Agreement;"

""Wapiti Acquisition Document"" means the Wapiti Purchase and Sale Agreement, and schedules, certificates and exhibits relating thereto and ancillary agreements executed by Wapiti, the Borrower or any other Loan Party in connection with the Wapiti Purchase and Sale Agreement and the Wapiti Acquisition;"

""Wapiti Assets"" means the "Assets" as defined in the Wapiti Purchase and Sale Agreement;"

""Wapiti Purchase and Sale Agreement"" means the purchase and sale agreement entered into on December 5, 2012, with an effective date of October 1, 2012, between the Borrower and Wapiti, pursuant to which the Borrower will acquire the Wapiti Assets;"

(b) The definition of "Cash Flow" is hereby deleted and the following substituted therefor:

""Cash Flow"" means in respect of any period and as determined in accordance with GAAP on a consolidated basis, the Cash Flow from operations of the Trust for such period, which, for clarity, shall be calculated as follows:

(a) Net Income;



(b) plus non-cash items deducted in determining such Net Income (including specifically, to the extent so deducted, future income taxes, depletion, depreciation, accretion and stock based compensation);

(c) minus non-cash items added in determining such Net Income; and

(d) minus abandonment expenditures (to the extent not deducted in determining Net Income), without giving effect to extraordinary items;

and provided that:

(i) Net Income shall be calculated without taking into account the unrealized gains and losses on Swaps;

(ii) for the purposes of this definition, if any Material Acquisition is made by a Loan Party (whether by amalgamation, asset or share acquisition or otherwise) at any time during the relevant period of calculation, such Material Acquisition shall be deemed to have been made on and as of the first day of such calculation period; and if any Material Disposition is made by a Loan Party (whether by asset or share disposition or otherwise) at any time during the relevant period of calculation, or the assets cease to be owned by a Loan Party, such Material Disposition shall be deemed to have been made on and as of the first day of such calculation period; for certainty, each of the Denali Acquisition, EQ Acquisition and Wapiti Acquisition is deemed to have been made on January 1, 2012 for purposes of determining the Consolidated Debt to Cash Flow Ratio and pro-forma calculations will be done, to the extent feasible, using actual quarterly Cash Flow and multiplying over any Fiscal Quarters that such assets were not owned by a Loan Party;"

- (c) The reference to "subject to paragraph (iii) of the definition of Cash Flow" in the definition of "Consolidation Debt to Cash Flow Ratio" is hereby deleted.
- (d) The format of subparagraph "(g)" in the definition of Distribution is hereby deleted and for certainty, the provisions thereof apply to all of subparagraphs (a) through (f) in such definition.
- (e) The definition of "Material Acquisition" is hereby amended by adding the words ", including, for certainty, the Denali Acquisition, the EQ Acquisition and the Wapiti Acquisition" at the end of such definition;
- (f) Paragraph (g) of the definition of "Permitted Dispositions" is hereby amended by adding the words "the Wapiti Purchase and Sale Agreement," after the words "Denali Purchase and Sale Agreement,";

- (g) The reference to "October 9, 2012" in the definition of "Prospectus" is hereby deleted and "December 18, 2012" is substituted therefor;
- (h) The definition of "Swap Lender" is hereby deleted and the following substituted therefor:

""Swap Lender" means a Person which, at the time that it entered into any Swap with any Loan Party, was a Lender or an Affiliate of a Lender, and, for certainty, includes any "foreign bank" related to a Lender that is an "authorized foreign bank" under the *Bank Act* (Canada) and Affiliates thereof,".

5. Further Amendments and Supplements to the Credit Agreement. Effective as of the First Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 8 below, the Credit Agreement is amended as follows:

- (a) Sections 2.1(c), 2.1(e), 2.1(f), 2.1(g) and 9.1(q)(v) of the Credit Agreement are each hereby amended by adding the words ", Wapiti Acquisition Document" after each occurrence of the words "Denali Acquisition Document," contained therein;
- (b) Section 2.1(d) of the Credit Agreement is hereby amended by adding the words "Wapiti Acquisition Documents," after the words "Denali Acquisition Documents" contained therein;
- (c) Section 2.1(h) of the Credit Agreement is hereby amended by adding the words ", Wapiti Acquisition" after the words "Denali Acquisition" contained therein;
- (d) Section 2.1(j) of the Credit Agreement is hereby deleted in its entirety and replaced as follows:

"(j) **Financial Condition;** all financial statements of the Loan Parties provided to the Agent by or on behalf of any Loan Party (other than the *pro forma* financial statements giving effect to (i) the Denali Acquisition, and the EQ Acquisition delivered pursuant to Section 8.1(a) and (ii) the Wapiti Acquisition, delivered pursuant to Section 8(a) of the First Amending Agreement) 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);"

- (e) The reference to "EQ Acquisition" in Section 3.4(a) of the Credit Agreement is hereby deleted and replaced with "Wapiti Acquisition";
- (f) The reference to "\$45,000,000" in Section 3.5(a) of the Credit Agreement is hereby deleted and replaced with "\$95,000,000";

- (g) The reference to "Operating Commitment" in Section 3.5(j) of the Credit Agreement is hereby deleted and replaced with "Total Commitment";
  - (h) The reference to "Section 4.5" in Section 10.4(b) of the Credit Agreement is hereby deleted and "Section 4.3" is substituted therefor;
  - (i) Sections 9.2(i)(iii)(A) and (B) are hereby deleted in their entirety and replaced as follows:
    - (A) for the period commencing on August 10, 2012 and ending on the first anniversary thereof, the aggregate amount of such Distributions thereunder does not exceed one hundred and fifteen percent (115%) of the Available Distributable Cash Flow of the Trust from August 10, 2012 to the date of such Distribution; provided that "Available Distributable Cash Flow" for (I) any month ending prior to March 31, 2013 will be based upon the budgeted Available Distributable Cash Flow from August 10, 2012 to the end of such month as set forth in the *pro forma* financial statements after giving effect to any Material Acquisitions; and (II) for any month ending on or after March 31, 2013 will be calculated based upon actual Available Distributable Cash Flow (without any *pro forma* calculations on account of Material Acquisitions) from August 10, 2012 to the applicable month-end;
    - (B) at any time after the first anniversary of August 10, 2012, the aggregate amount of such Distributions thereunder in the immediately preceding 12 month period does not exceed one hundred and fifteen percent (115%) of actual Available Distributable Cash Flow (without any *pro forma* calculations on account of Material Acquisitions) for such preceding 12 month period;
  - (j) Schedule "A" of the Credit Agreement is hereby deleted in its entirety and replaced with the attached Exhibit 1 hereto;
  - (k) All references to "EQ Acquisition" in Schedule J of the Credit Agreement are hereby deleted and "[EQ Acquisition][Wapiti Acquisition]" is substituted therefor.
  - (l) Schedule "L" of the Credit Agreement is hereby deleted in its entirety and replaced with the attached Exhibit 2 hereto.
6. Fees. The Borrower agrees to pay to the Agent, in its own capacity and on behalf of the Lenders, 20 basis points for any new commitments or increase in a Lender's current commitment amounts under the Credit Agreement (collectively, the "Fees").
7. Outstanding Bankers' Acceptances. The parties hereby acknowledge that, on the date hereof, Bankers' Acceptances having terms to maturity ending after the date hereof are

outstanding (the "Outstanding BAs"). Notwithstanding any provision of this First Amending Agreement to the contrary, the New Lender and the Lenders who are increasing their respective Commitments shall not (but in the case of the Lenders increasing their respective Commitments only with respect to the increased amount of their respective Commitments) have any right, title, benefit or interest in or to any Outstanding BAs nor any obligation or liability to the other Lenders in respect thereof, it being acknowledged and agreed by the parties hereto that any obligation of the Borrower to pay or reimburse the Lenders in respect of the Outstanding BAs is solely a risk and for the account of the Lenders based upon the Lender's Proportion of Bankers' Acceptances as in effect prior to and without regard to the provisions of this Agreement.

8. Conditions Precedent. This First Amending Agreement shall become effective upon each of the following conditions precedent being performed to the satisfaction of the Agent and Lenders or waived by the Agent and Lenders:

- (a) the Lenders shall have completed and be satisfied with their legal, business, tax and environmental due diligence relating to the Loan Parties, the Offering and the Wapiti Acquisition, including without limitation the organizational structure of the Trust and the other Loan Parties, the Engineering Report provided by GLJ Petroleum Consultants Ltd. Associates Limited with respect to the Wapiti Assets, title due diligence and related reports and/or opinions covering not less than 80% of the aggregate value of the Wapiti Assets, the *pro forma* consolidated financial statements and financial forecasts of the Trust giving effect to the Wapiti Acquisition and all tax memos relating to the Loan Parties and their organizational structure;
- (b) the Borrower delivers or causes to be delivered to the Agent and Lenders the following items:
  - (i) a fully executed copy of this First Amending Agreement;
  - (ii) duly executed copy of a supplemental debenture governed by the laws of Alberta in the amount of Cdn. \$300,000,000 from each Canadian Loan Party granting a first priority security interest over all present and after-acquired personal property and a first floating charge over all other present and after-acquired property of such Canadian Loan Party registered in Alberta and all other jurisdictions in which each such Canadian Loan Party carries on business;
  - (iii) a Mortgage from the Borrower and each other Loan Party owning Oil and Gas Properties in the United States, granting a first priority deed of trust lien over the Oil and Gas Properties of such Loan Party located in the United States (which has not already been provided in connection with the Credit Agreement);

- (iv) 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;
- (v) an officer's certificate of each Loan Party attaching thereto its constating documents and bylaws and other governing documents, any authorizing resolutions, and an incumbency certificate;
- (vi) certified copy of the Wapiti Purchase and Sale Agreement;
- (vii) a certificate of the Borrower certifying:
  - (A) that the Offering has been completed without any waiver or amendment of any material conditions set forth in the Underwriting Agreement (as defined in the Prospectus) which have not been consented to by the Majority Lenders and all necessary corporate, governmental and third party approvals or waivers required to complete the Offering were obtained and are in full force and effect;
  - (B) that the Trust has received aggregate gross proceeds from the Offering in a minimum amount of Cdn. \$90,000,000;
  - (C) that the Wapiti Acquisition will, concurrently with the Drawdown made under the Credit Agreement, as amended by this First Amending Agreement, be completed pursuant to the Wapiti Purchase and Sale Agreement, without any waiver or amendment of any material conditions thereof which have not been consented to by the Majority Lenders, all necessary corporate, governmental and third party approvals or waivers required to complete the Wapiti Acquisition were obtained and are in full force and effect and no material ROFRs have been exercised with respect to the Wapiti Assets;
  - (D) as to the matters set forth in Sections 8.1(b) and 8.1(c) of the Credit Agreement;
- (viii) nothing shall have occurred, and the Lenders shall not have become aware of any facts not previously known, which the Lenders determine is reasonably likely to have a Material Adverse Effect on the business, property, assets, liabilities, operations or conditions (financial or otherwise) of the Loan Parties taken as a whole from that set forth in the financial statements and for the Trust set forth in the Prospectus, and the Lenders shall have received a certificate of the Borrower certifying the same;

- (ix) an agreement for settlement and release between the Wapiti Recovery Trust and Wapiti Oil & Gas, L.L.C. in respect of the unconditional release of any and all possible claims relating to the working interest in certain zones in the Newton, Double A Wells North, Baffin Bay and Peeler Ranch fields and adjoining property and facilities held by Wapiti Oil & Gas, L.L.C. and to be purchased by the Borrower pursuant to the acquisition of the Wapiti Assets, shall be in full force and effect and satisfactory to the Lenders;
- (x) a copy of all approvals of Governmental Authorities required in connection with the Offering and the Wapiti Acquisition including, without limitation, the conditional approval to the listing of the Units issuable pursuant to the Offering on the Toronto Stock Exchange;
- (xi) a duly executed Environmental Certificate and Oil and Gas Ownership Certificate;
- (xii) a duly executed Compliance Certificate showing *pro forma* compliance following completion of the Wapiti Acquisition and Borrowings under the Credit Agreement, as amended by this First Amending Agreement;
- (xiii) a release from all secured parties in connection with all Security Interests, other than Permitted Encumbrances, over the Wapiti Assets;
- (xiv) a certificate of insurance in respect of the Borrower;
- (xv) evidence of the registration of the Security as required under the Credit Agreement, as amended by this First Amending Agreement (other than the Mortgages delivered pursuant to Section 6.1(a)(iv) of the Credit Agreement, which are to be registered post-closing)
- (xvi) not less than one (1) Business Day prior to the Effective Date, an executed Borrowing Notice and direction to pay for an amount, which together with the net proceeds of the Offering, is sufficient to complete the Wapiti Acquisition in accordance with the funds flow memorandum referenced therein;
- (xvii) an opinion of Bennett Jones LLP, Canadian counsel to the Loan Parties, addressed to the Agent and each Lender and Lenders' counsel, in form and substance satisfactory to the Agent;
- (xviii) an opinion of Locke Lord, U.S. counsel to the Loan Parties, addressed to the Agent and each Lender, in form and substance satisfactory to the Agent;

- (xix) an opinion of Blake, Cassels & Graydon LLP, counsel to the Lenders, addressed to the Agent and each Lender, in form and substance satisfactory to the Agent;
- (xx) any applicable "know your client" or anti-money laundering information which a Lender may require;
- (xxi) payment of the Fees; and
- (xxii) such other documents as are required under this First Amending Agreement or which the Agent may reasonably request.

9. **Representations and Warranties.** The Borrower agrees with and confirms to each of the Lenders and the Agent that as of the First Amendment Date each of the representations and warranties listed in Article 2 of the Credit Agreement, as amended by this First Amending Agreement, is true and accurate. Further, the Borrower hereby represents and warrants to each of the Lenders and the Agent that:

- (a) the execution and delivery of this First Amending Agreement and the performance by it of its obligations hereunder (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constating documents or by-laws; and
- (b) this First Amending Agreement is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity.

10. **Governing Law.** The parties agree that this First Amending 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 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 applying to this First Amending Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this First Amending 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.

11. **Continuing Effect.** Each of the parties acknowledges and agrees that the Credit Agreement, as amended by this First Amending Agreement, the Security and all other documents executed and delivered pursuant thereto or in connection therewith, will be and continue in full force and effect and are hereby confirmed and the rights and

obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.

12. Further Assurances. The Borrower will from time to time forthwith at the Agent's request and at the Borrower's own cost and expense, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lenders and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this First Amending Agreement.
13. Counterparts. This First Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this First Amending Agreement by signing any counterpart.

*[The remainder of this page has been intentionally left blank]*



IN WITNESS WHEREOF, the parties have caused this First Amending Agreement to be duly executed by their respective authorized officers as of the date and year first written above.

Borrower:

Suite 500, 650 N. Sam Houston Parkway E  
Houston, Texas 77060

Attention: Richard Loudon

Facsimile: (281) 847-1898

With a copy to:

Argent Energy Trust  
Suite 500, 321 - 6th Avenue SW  
Calgary AB T2P 3H3

Attention: Chief Financial Officer

Facsimile: (403) 770-4850

ARGENT ENERGY (US) HOLDINGS INC.,  
as Borrower

Per: 

Name: RJ Loudon


Title: President

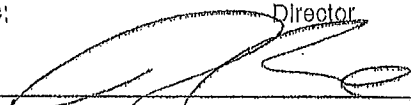
**Agent:**

The Bank of Nova Scotia  
Global Loan Syndications – Agency Services  
Toronto, ON M5W 2X6

Attention: Director, Agency Services  
Facsimile: (416) 866-3329

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

Per:   
Name: Voula Karidis  
Title: Director

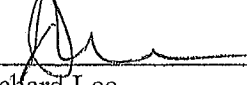
Per:   
Name: Robert Boomhour  
Title: Director

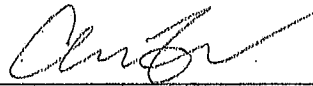
**Lender:**

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

Attention: Managing Director  
Facsimile: (403) 221-6497

**THE BANK OF NOVA SCOTIA, as Lender  
and Swap Lender**

Per:   
Name: Richard Lee  
Title: Managing Director & Industry Head


Per:   
Name: Chris Freeman  
Title: Associate

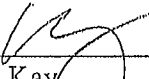
**Lender:**

Canadian Imperial Bank of Commerce  
855 – 2<sup>nd</sup> Street S.W., 9<sup>th</sup> Floor  
East Tower, Bankers Hall  
Calgary, AB T2P 2P2

Attention: Director, CIBC Oil & Gas,  
Commercial Banking  
Facsimile: (403) 221-5779

**CANADIAN IMPERIAL BANK OF  
COMMERCE, as Lender and Swap Lender**

Per:   
Name: Amy Bellomo  
Title: Authorized Signatory


Per:   
Name: Brad Kay  
Title: Authorized Signatory

**Lender:**

Royal Bank of Canada  
888 - 3<sup>rd</sup> Street S.W., Suite 3900  
West Tower, Bankers Hall  
Calgary, AB T2P 5C5

Attention: Vice-President, Corporate  
Banking  
Facsimile: (403) 292-3234

**ROYAL BANK OF CANADA**, as Lender and  
Swap Lender

Per:   
Name: Lillian D'Aleo  
Title: Authorized Signatory

**Lender:**

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

Attention: Portfolio Manager Oil & Gas  
Division  
Facsimile: (403) 776-8727

**WELLS FARGO BANK, N.A., CANADIAN  
BRANCH, as Lender**

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

Name: David Foltz

Title: Managing Director

EXHIBIT 1  
TO THE FIRST AMENDING AGREEMENT  
DATED DECEMBER 28, 2012

Schedule "A" to the Amended and Restated Credit Agreement date October 25, 2012  
between Argent Energy (US) Holdings Inc., as Borrower, and the Lenders party thereto  
with The Bank of Nova Scotia, as Agent

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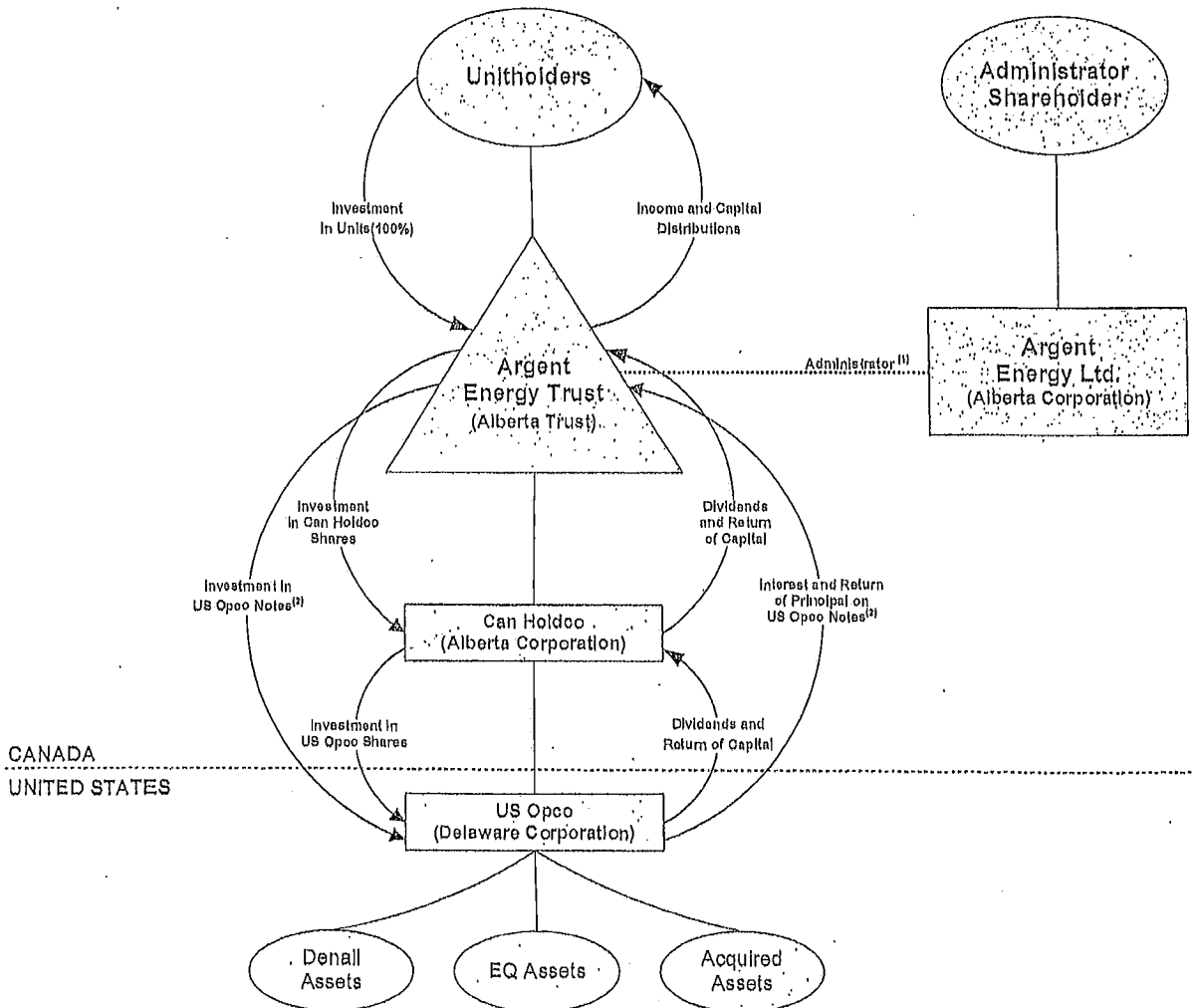
COMMITMENTS

| <u>Lender</u>                              | <u>Operating Facility<br/>Commitment</u> | <u>Syndicated<br/>Facility<br/>Commitment</u> |
|--|--|---|
| The Bank of Nova<br>Scotia                 | U.S. \$2,000,000                         | U.S. \$43,500,000                             |
| Canadian Imperial<br>Bank of Commerce      | nil                                      | U.S. \$16,500,000                             |
| Royal Bank of<br>Canada                    | nil                                      | U.S. \$16,500,000                             |
| Wells Fargo Bank,<br>N.A., Canadian Branch | nil                                      | U.S. \$16,500,000                             |
| TOTAL:                                     | U.S. \$2,000,000                         | U.S. \$93,000,000                             |

EXHIBIT 2  
TO THE FIRST AMENDING AGREEMENT  
DATED DECEMBER 28, 2012

Schedule "L" to the Amended and Restated Credit Agreement dated October 25, 2012 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





**SECOND AMENDING AGREEMENT  
TO THE ARGENT ENERGY (US) HOLDINGS INC.  
AMENDED AND RESTATED CREDIT AGREEMENT DATED OCTOBER 25, 2012**

THIS SECOND AMENDING AGREEMENT is made effective as of May 14, 2013,

AMONG:

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

- and -

**THE BANK OF NOVA SCOTIA, CANADIAN IMPERIAL BANK OF COMMERCE,  
ROYAL BANK OF CANADA, WELLS FARGO BANK, N.A., CANADIAN BRANCH**  
and each such other financial institution which becomes a signatory hereto  
(hereinafter referred to collectively as the "Lenders" and individually, a "Lender")

- and -

**THE BANK OF NOVA SCOTIA,**  
(as Sole Lead Arranger, Sole Bookrunner, Syndication Agent  
and Administration Agent for the Lenders)

**PREAMBLE:**

- A. Pursuant to the Amended and Restated Credit Agreement dated October 25, 2012 among Argent Energy (US) Holdings Inc., as borrower (the "**Borrower**"), The Bank of Nova Scotia ("**BNS**"), Canadian Imperial Bank of Commerce, Royal Bank of Canada and such other financial institutions which become party thereto, as lenders ("**Amended and Restated Credit Agreement**"), as amended by a first amending agreement made as of December 28, 2012 (the "**First Amendment**") (the Amended and Restated Credit Agreement as amended by the First Amendment referred to herein as the "**Credit Agreement**"), the Lenders agreed to provide to the Borrower the Facilities.
- B. The parties wish to amend the Credit Agreement on the terms and conditions herein provided.

**AGREEMENT:**

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

1. **Definitions.** Capitalized terms used in this Second Amending Agreement will, including in the recitals hereto, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement.

2. **Amendment Date.** The amendments contained herein shall be effective as of the date of this Second Amending Agreement (the "**Second Amendment Date**").
3. **Amendments and Supplements to the Credit Agreement.** Effective as of the Second Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 6 below, the Credit Agreement is amended as follows:
  - (a) The reference to "\$95,000,000" in Section 3.5(a) of the Credit Agreement is hereby deleted and replaced with "\$115,000,000"; and
  - (b) Schedule "A" of the Credit Agreement is hereby deleted in its entirety and replaced with the attached Exhibit 1 hereto.
4. **Fees.** The Borrower agrees to pay to the Agent, in its own capacity and on behalf of the Lenders, 15 basis points for any new commitments or increase in a Lender's current commitment amounts under the Credit Agreement (collectively, the "**Fees**").
5. **Outstanding Bankers' Acceptances.** The parties hereby acknowledge that, on the date hereof, Bankers' Acceptances having terms to maturity ending after the date hereof are outstanding (the "**Outstanding BAs**"). Notwithstanding any provision of this Second Amending Agreement to the contrary, the Lenders who are increasing their respective Commitments shall not (only with respect to the increased amount of their respective Commitments) have any right, title, benefit or interest in or to any Outstanding BAs nor any obligation or liability to the other Lenders in respect thereof, it being acknowledged and agreed by the parties hereto that any obligation of the Borrower to pay or reimburse the Lenders in respect of the Outstanding BAs is solely a risk and for the account of the Lenders based upon the Lender's Proportion of Bankers' Acceptances as in effect prior to and without regard to the provisions of this Agreement.
6. **Conditions Precedent.** This Second Amending Agreement shall become effective upon each of the following conditions precedent being performed to the satisfaction of the Agent and Lenders or waived by the Agent and Lenders:
  - (a) the Borrower delivers or causes to be delivered to the Agent and Lenders the following items:
    - (i) a fully executed copy of this Second Amending Agreement;
    - (ii) 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;
    - (iii) an officer's certificate of each Loan Party attaching thereto its constating documents and bylaws and other governing documents, any authorizing resolutions, and an incumbency certificate;

- (iv) a certificate of the Borrower certifying as to the matters set forth in Sections 8.1(b) and 8.1(c) of the Credit Agreement;
- (v) a confirmation of guarantee and security from each Loan Party that has previously executed and delivered the Security pursuant to the Credit Agreement;
- (vi) an opinion of Bennett Jones LLP, Canadian counsel to the Loan Parties, addressed to the Agent and each Lender and Lenders' counsel, in form and substance satisfactory to the Agent;
- (vii) an opinion of Locke Lord, U.S. counsel to the Loan Parties, addressed to the Agent and each Lender, in form and substance satisfactory to the Agent;
- (viii) an opinion of Blake, Cassels & Graydon LLP, counsel to the Lenders, addressed to the Agent and each Lender, in form and substance satisfactory to the Agent;
- (ix) payment of the Fees; and
- (x) such other documents as are required under this Second Amending Agreement or which the Agent may reasonably request;

7. **Representations and Warranties.** The Borrower agrees with and confirms to each of the Lenders and the Agent that as of the Second Amendment Date each of the representations and warranties listed in Article 2 of the Credit Agreement (other than those made as of a specific date), as amended by this Second Amending Agreement, is true and accurate. Further, the Borrower hereby represents and warrants to each of the Lenders and the Agent that:

- (a) the execution and delivery of this Second Amending Agreement and the performance by it of its obligations hereunder (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constating documents or by-laws; and
- (b) this Second Amending Agreement is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity.

8. **Governing Law.** The parties agree that this Second Amending 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 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 applying to this Second Amending Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Second Amending 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.

9. **Continuing Effect.** Each of the parties acknowledges and agrees that the Credit Agreement, as amended by this Second Amending Agreement, the Security and all other documents executed and delivered pursuant thereto or in connection therewith, will be and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
10. **Further Assurances.** The Borrower will from time to time forthwith at the Agent's request and at the Borrower's own cost and expense, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lenders and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Second Amending Agreement.
11. **Counterparts.** This Second Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this Second Amending Agreement by signing any counterpart.

*[The remainder of this page has been intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Second Amending Agreement to be duly executed by their respective authorized officers as of the date and year first written above.

**Borrower:**

Suite 500, 650 N. Sam Houston Parkway E  
Houston, Texas 77060

Attention: Richard Loudon

Facsimile: (281) 847-1898

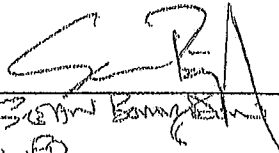
**With a copy to:**

Argent Energy Trust  
Suite 500, 321 - 6th Avenue SW  
Calgary AB T2P 3H3

Attention: Chief Financial Officer

Facsimile: (403) 770-4850

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


Per:   
Name: SEAN BENNETT  
Title: CFO

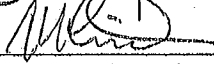
**Agent:**

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

Attention: Managing Director  
Facsimile: (403) 221-6497

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

Per:   
Name: Jeff Cebryk  
Title: Managing Director

Per:   
Name: Michael Linder  
Title: Director

**Lender:**

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

Attention: Managing Director  
Facsimile: (403) 221-6497

**THE BANK OF NOVA SCOTIA, as Lender  
and Swap Lender**

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

Name: Jeff Cebryk

Title: Managing Director

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

Name: Michael Linder

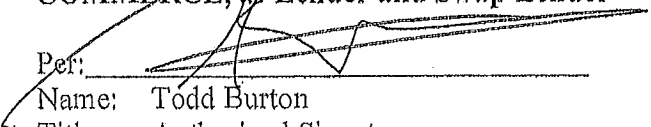
Title: Director

**Lender:**

Canadian Imperial Bank of Commerce  
855 - 2<sup>nd</sup> Street S.W., 9<sup>th</sup> Floor  
East Tower, Bankers Hall  
Calgary, AB T2P 2P2

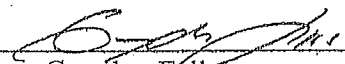
Attention: Director, CIBC Oil & Gas,  
Commercial Banking  
Facsimile: (403) 221-5779

**CANADIAN IMPERIAL BANK OF  
COMMERCE, as Lender and Swap Lender**

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

Name: Todd Burton

Title: Authorized Signatory

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

Name: Graydon Falls

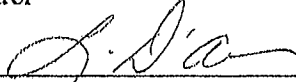
Title: Authorized Signatory



Lender:

Royal Bank of Canada  
888 - 3<sup>rd</sup> Street S.W., Suite 3900  
West Tower, Bankers Hall  
Calgary, AB T2P 5C5

ROYAL BANK OF CANADA, as Lender and  
Swap Lender

Per:   
Name: Lillian D'Aleo  
Title: Authorized Signatory

Attention: Vice-President, Corporate  
Banking  
Facsimile: (403) 292-3234

Lender:

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

Attention: Portfolio Manager Oil & Gas  
Division  
Facsimile: (403) 776-8727

WELLS FARGO BANK, N.A., CANADIAN  
BRANCH, as Lender and Swap Lender

Per: 

Name: Victor Martinez

Title: Director

**THIRD AMENDING AGREEMENT  
TO THE ARGENT ENERGY (US) HOLDINGS INC.  
AMENDED AND RESTATED CREDIT AGREEMENT DATED OCTOBER 25, 2012**

THIS THIRD AMENDING AGREEMENT is dated May 28, 2013,

AMONG:

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

- and -

**THE BANK OF NOVA SCOTIA, CANADIAN IMPERIAL BANK OF COMMERCE,  
ROYAL BANK OF CANADA, WELLS FARGO BANK, N.A., CANADIAN BRANCH**  
and each such other financial institution which becomes a signatory hereto  
(hereinafter referred to collectively as the "Lenders" and individually, a "Lender")

- and -

**THE BANK OF NOVA SCOTIA,**  
(as Sole Lead Arranger, Sole Bookrunner, Syndication Agent  
and Administration Agent for the Lenders)

**PREAMBLE:**

- A. Pursuant to the Amended and Restated Credit Agreement dated October 25, 2012 among Argent Energy (US) Holdings Inc., as borrower (the "Borrower"), The Bank of Nova Scotia ("BNS"), Canadian Imperial Bank of Commerce, Royal Bank of Canada and such other financial institutions which become party thereto, as lenders ("Amended and Restated Credit Agreement"), as amended by a first amending agreement made as of December 28, 2012 (the "First Amendment") and a second amending agreement made as of May 14, 2013 (the "Second Amendment") (the Amended and Restated Credit Agreement as amended by the First Amendment and the Second Amendment referred to herein as the "Credit Agreement"), the Lenders agreed to provide to the Borrower the Facilities.
- B. The parties wish to amend the Credit Agreement on the terms and conditions herein provided.

**AGREEMENT:**

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

1. **Definitions.** Capitalized terms used in this Third Amending Agreement will, including in the recitals hereto, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement.
2. **Amendment Date.** The amendments contained herein shall be effective on the date that the conditions precedent set forth in paragraph 5 below are satisfied (the "Third Amendment Date").
3. **Amendments and Supplements to Definitions.** Effective as of the Third Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 5 below, the definitions set forth in Section 1.1 of the Credit Agreement are amended and supplemented as follows:

- (a) The following new definition is added in alphabetical order:

""Subordinated Debt" means (i) all obligations, liabilities and indebtedness of the Trust under or pursuant to the 6.00% convertible unsecured subordinated debentures due June 30, 2018 and (ii) any further indebtedness which the Majority Lenders have consented to in writing and which is subordinated in right of payment to the Secured Obligations on terms acceptable to the Majority Lenders;"

- (b) The definition of "Available Distributable Cash Flow" is hereby deleted and the following substituted therefor:

""Available Distributable Cash Flow" means, for any period and as determined in accordance with GAAP on a consolidated basis, the Cash Flow of the Trust, less, without duplication, any mandatory capital expenditure requirements as provided in the "proved developed producing reserves schedule" of the then current Engineering Report to be made in respect of the Oil and Gas Properties of the Loan Parties or which such Loan Parties have made or legally committed to make in the ordinary course of business prior to being notified by the Agent that a Borrowing Base Shortfall is outstanding; provided that any payments made in connection with any Subordinated Debt shall not decrease Available Distributable Cash Flow;"

- (c) The definition of "Consolidated Debt to Cash Flow Ratio" is hereby deleted and the following substituted therefor:

""Consolidated Debt to Cash Flow Ratio" means, as at the end of a Fiscal Quarter, the ratio of Debt (excluding all Subordinated Debt) of the Trust as at the end of such Fiscal Quarter to the aggregate Cash Flow for the last four consecutive Fiscal Quarters ending at the end of such Fiscal Quarter, as determined by reference to the Trust's most recent consolidated financial statements;"

- (d) Paragraph (g) of the definition of "**Distributions**" is hereby deleted and the following substituted therefor:

"(g) any payment of any principal, interest, fees, redemption amounts or other amounts on or in respect of Subordinated Debt;

whether any of the foregoing is made, paid or satisfied in or for cash, property or both (but excluding any in specie Distribution by way of Units made in lieu of cash);"

- (e) A new subparagraph (c) is inserted in the definition of "**Permitted Indebtedness**" as follows, and the subsequent subparagraphs are reordered accordingly:

"(c) all Subordinated Debt;"

4. Further Amendments and Supplements to the Credit Agreement. Effective as of the Third Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 5 below, the Credit Agreement is amended as follows:

- (a) Section 9.2(i) is hereby deleted in its entirety and the following substituted therefor:

(i) **Distributions:** make, give effect to or implement any steps or procedures to make any Distributions other than:

(i) so long as no Default or Event of Default is continuing, Distributions between Loan Parties;

(ii) so long as no Default or Event of Default is continuing or Borrowing Base Shortfall is outstanding or would result therefrom, Distributions by the Trust to the Unitholders, provided that:

August 2017

(A) for the period commencing on August 10, 2012 and ending on the first anniversary thereof, the aggregate amount of Distributions to the Unitholders and on account of any Subordinated Debt does not exceed one hundred and fifteen percent (115%) of the Available Distributable Cash Flow of the Trust from August 10, 2012 to the date of such Distribution; provided that "Available Distributable Cash Flow" for (I) any month ending prior to March 31, 2013 will be based upon the budgeted Available Distributable Cash Flow from August 10, 2012 to the end of such month as set forth in the pro forma financial statements after giving effect to any Material Acquisitions; and (II) for any month ending on or after March 31, 2013 will be calculated based upon actual Available Distributable Cash Flow (without any pro forma calculations on account of Material Acquisitions) from August 10, 2012 to the applicable month-end; and

(B) at any time after the first anniversary of August 10, 2012, the aggregate amount of Distributions to the Unitholders and on account of any Subordinated Debt in the immediately preceding 12 month period does not exceed one hundred and fifteen percent (115%) of actual Available Distributable Cash Flow (without any pro forma calculations on account of Material Acquisitions) for such preceding 12 month period; and

(C) the aggregate principal amount outstanding under the Facilities is not more than 90% of the Total Commitment, both before and after giving effect to the foregoing; and

(D) notwithstanding (A) and (B) above, during a Borrowing Base Shortfall (x) the Trust may make Distributions to the Unitholders to the extent required to allow the Trust to pay, and the Trust may pay, one ordinary course distribution to Unitholders if the amount and date of such distribution has been previously publicly announced by the Trust prior to the determination of the Borrowing Base Shortfall, and (y) the Loan Parties may pay Trust Distributions used to pay the ordinary course operating expenses of the Trust;

(iii) so long as no Default or Event of Default is continuing and no Borrowings or other liabilities, obligations or indebtedness of the Borrower hereunder have been accelerated pursuant to the terms of Section 10.2, any scheduled Distribution made in connection with or with respect to Subordinated Debt; and

(iv) so long as no Borrowings or other liabilities, obligations or indebtedness of the Borrower hereunder have been accelerated pursuant to the terms of Section 10.2, Distributions made in connection with or with respect to Subordinated Debt (x) by way of the issuance of Units or (y) from the proceeds of sale of Units issued to any trustee on behalf of the holders of any Subordinated Debt."

5. **Conditions Precedent.** This Third Amending Agreement shall become effective upon each of the following conditions precedent being performed to the satisfaction of the Agent and Lenders or waived by the Agent and Lenders:

- (a) the Borrower delivers or causes to be delivered to the Agent and Lenders the following items:
  - (i) a fully executed copy of this Third Amending Agreement;
  - (ii) acknowledgment of subordination of the 6.00% convertible unsecured subordinated debentures due June 30, 2018 from the debenture trustee on behalf of the holders of such Subordinated Debt;

- (iii) a confirmation of guarantee and security from each Loan Party that has previously executed and delivered the Security pursuant to the Credit Agreement; and
- (iv) such other documents as are required under this Third Amending Agreement or which the Agent may reasonably request.

6. Representations and Warranties. The Borrower agrees with and confirms to each of the Lenders and the Agent that as of the Third Amendment Date each of the representations and warranties listed in Article 2 of the Credit Agreement (other than those made as of a specific date), as amended by this Third Amending Agreement, is true and accurate. Further, the Borrower hereby represents and warrants to each of the Lenders and the Agent that:

- (a) the execution and delivery of this Third Amending Agreement and the performance by it of its obligations hereunder (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constituting documents or by-laws; and
- (b) this Third Amending Agreement is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity.

7. Governing Law. The parties agree that this Third Amending 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 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 applying to this Third Amending Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Third Amending 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.

8. Continuing Effect. Each of the parties acknowledges and agrees that the Credit Agreement, as amended by this Third Amending Agreement, the Security and all other documents executed and delivered pursuant thereto or in connection therewith, will be and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.

9. Further Assurances. The Borrower will from time to time forthwith at the Agent's request and at the Borrower's own cost and expense, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lenders and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Third Amending Agreement.
  
10. Counterparts. This Third Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this Third Amending Agreement by signing any counterpart.

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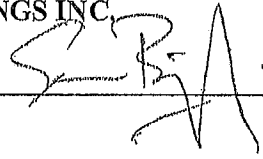


Capitalized terms used herein without express definition shall have the same meanings herein as are ascribed thereto in the Amended and Restated Credit Agreement as amended by the Third Amending Agreement, as the context requires.

DATED as of May 28, 2013.

ARGENT ENERGY (CANADA)  
HOLDINGS INC.

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

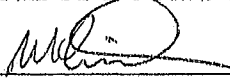
A handwritten signature in black ink, appearing to be 'S. R. A.', is written over a horizontal line. The signature is stylized and somewhat cursive.

**Agent:**

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

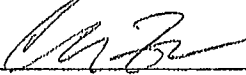
Attention: Managing Director  
Facsimile: (403) 221-6497

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

Per: 

Name: Michael Linder

Title: Director

Per: 

Name: Chris Freeman

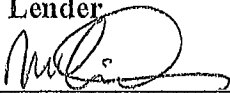
Title: Associate

**Lender:**

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

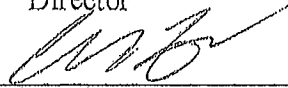
Attention: Managing Director  
Facsimile: (403) 221-6497

**THE BANK OF NOVA SCOTIA, as Lender  
and Swap Lender**

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

Name: Michael Linder

Title: Director

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

Name: Chris Freeman

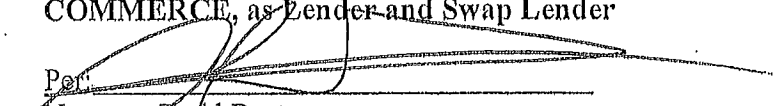
Title: Associate

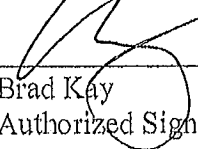
**Lender:**

Canadian Imperial Bank of Commerce  
855 - 2<sup>nd</sup> Street S.W., 9<sup>th</sup> Floor  
East Tower, Bankers Hall  
Calgary, AB T2P 2P2

Attention: Director, CIBC Oil & Gas,  
Commercial Banking  
Facsimile: (403) 221-5779

**CANADIAN IMPERIAL BANK OF  
COMMERCE, as Lender and Swap Lender**

Per:   
Name: Todd Burton  
Title: Authorized Signatory

Per:   
Name: Brad Kay  
Title: Authorized Signatory.

**Lender:**

Royal Bank of Canada  
888 - 3<sup>rd</sup> Street S.W., Suite 3900  
West Tower, Bankers Hall  
Calgary, AB T2P 5C5

Attention: Vice-President, Corporate  
Banking  
Facsimile: (403) 292-3234

**ROYAL BANK OF CANADA, as Lender and  
Swap Lender**

Per: 

Name: Lillian D'Aleo

Title: Authorized Signatory

**Lender:**

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

Attention: Portfolio Manager Oil & Gas  
Division  
Facsimile: (403) 776-8727

**WELLS FARGO BANK, N.A., CANADIAN  
BRANCH, as Lender and Swap Lender**

Per: 

Name: Victor Martinez

Title: Director

**FOURTH AMENDING AGREEMENT  
TO THE ARGENT ENERGY (US) HOLDINGS INC.  
AMENDED AND RESTATED CREDIT AGREEMENT DATED OCTOBER 25, 2012**

THIS FOURTH AMENDING AGREEMENT is made effective as of October 25, 2013,

AMONG:

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

- and -

**THE BANK OF NOVA SCOTIA, CANADIAN IMPERIAL BANK OF COMMERCE,  
ROYAL BANK OF CANADA, WELLS FARGO BANK, N.A., CANADIAN BRANCH**  
and each such other financial institution which becomes a signatory hereto  
(hereinafter referred to collectively as the "Lenders" and individually, a "Lender")

- and -

**THE BANK OF NOVA SCOTIA,**  
(as Sole Lead Arranger, Sole Bookrunner, Syndication Agent  
and Administration Agent for the Lenders)

**PREAMBLE:**

- A. Pursuant to the Amended and Restated Credit Agreement dated October 25, 2012 among Argent Energy (US) Holdings Inc., as borrower (the "Borrower"), The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and such other financial institutions which become party thereto, as lenders (the "Amended and Restated Credit Agreement"), as amended by a first amending agreement made as of December 28, 2012 (the "First Amendment") a second amending agreement made as of May 14, 2013 (the "Second Amendment") and a third amending agreement dated as of May 28, 2013 (the "Third Amendment") (the Amended and Restated Credit Agreement as amended by the First Amendment, the Second Amendment and the Third Amendment referred to herein as the "Credit Agreement") the Lenders agreed to provide to the Borrower the Facilities.
- B. The parties wish to amend the Credit Agreement on the terms and conditions herein provided.

**AGREEMENT:**

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

1. **Definitions.** Capitalized terms used in this Fourth Amending Agreement will, including in the recitals hereto, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement.
2. **Amendment Date.** The amendments contained herein shall be effective as of the date of this Fourth Amending Agreement (the "Fourth Amendment Date").
3. **Amendments and Supplements to Definitions.** Effective as of the Fourth Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 6 below, the definitions set forth in Section 1.1 of the Credit Agreement are amended and supplemented as follows:

- (a) The following new definitions are added in alphabetical order:

"Fourth Amending Agreement" means the fourth amending agreement made effective as of October 25, 2013 among the Borrower, the Agent and the Lenders;"

"Hilcorp" means, Hilcorp Energy X, L.P., a limited partnership formed under the laws of Texas;"

"Hilcorp Acquisition" means the acquisition by the Borrower of an interest in the Hilcorp Properties, pursuant to the Hilcorp Purchase and Sale Agreement;"

"Hilcorp Acquisition Document" means the Hilcorp Purchase and Sale Agreement, and schedules, certificates and exhibits relating thereto and ancillary agreements executed by Hilcorp, the Borrower or any other Loan Party in connection with the Hilcorp Purchase and Sale Agreement and the Hilcorp Acquisition;"

"Hilcorp Properties" means the "Properties" as defined in the Hilcorp Purchase and Sale Agreement;"

"Hilcorp Purchase and Sale Agreement" means the agreement of sale and purchase entered into on October 9, 2013, with an effective date of September 1, 2013, between the Borrower and Hilcorp, pursuant to which the Borrower will acquire the Hilcorp Properties;"

- (b) Paragraph (d) to the definition of "Change of Control" is hereby deleted in its entirety, and the following paragraphs are re-lettered accordingly;
- (c) The definition of "Material Acquisition" is hereby amended by deleting the words "and the Wapiti Acquisition" at the end of such definition and substituting the words ", the Wapiti Acquisition and the Hilcorp Acquisition" therefor;
- (d) The definition of "Services Agreement" is hereby deleted in its entirety;



- (e) The definition of "Subordinated Debt" is deleted in its entirety and the following substituted therefor:

"**Subordinated Debt**" means (i) all obligations, liabilities and indebtedness of the Trust under or pursuant to 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, and (ii) any further indebtedness which the Majority Lenders have consented to in writing and which is subordinated in right of payment to the Secured Obligations on terms acceptable to the Majority Lenders;"

4. Further Amendments and Supplements to the Credit Agreement. Effective as of the Fourth Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 6 below, the Credit Agreement is amended as follows:

- (a) Sections 2.1(c), 2.1(e), 2.1(f), 2.1(g) and 9.1(q)(v) of the Credit Agreement are each hereby amended by adding the words ", Hilcorp Acquisition Document" after each occurrence of the words "Wapiti Acquisition Document," contained therein;
- (b) Section 2.1(d) of the Credit Agreement is hereby amended by adding the words " Hilcorp Acquisition Documents," after the words "Wapiti Acquisition Documents" contained therein;
- (c) Section 2.1(h) of the Credit Agreement is hereby amended by adding the words ", Hilcorp Acquisition" after the words "Wapiti Acquisition" contained therein;
- (d) Section 2.1(j) of the Credit Agreement is hereby deleted in its entirety and replaced as follows:

"(j) **Financial Condition:** all financial statements of the Loan Parties provided to the Agent by or on behalf of any Loan Party (other than the *pro forma* financial statements giving effect to (i) the Denali Acquisition and the EQ Acquisition, delivered pursuant to Section 8.1, (ii) the Wapiti Acquisition, delivered pursuant to Section 8(a) of the First Amending Agreement and (iii) the Hilcorp Acquisition, delivered pursuant to Section 6(a) of the Fourth Amending Agreement), 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);"

- (e) Section 2.1(r) of the Credit Agreement is hereby amended by deleting the words "Texas and Oklahoma" and substituting the words "Texas, Oklahoma, Kansas, Colorado and Wyoming" therefor;

- (f) The reference to "Wapiti Acquisition" in Section 3.4(a) of the Credit Agreement is hereby deleted and replaced with "Hilcorp Acquisition";
  - (g) The reference to "\$115,000,000" in Section 3.5(a) of the Credit Agreement is hereby deleted and replaced with "\$160,000,000";
  - (h) Schedule "A" of the Credit Agreement is hereby deleted in its entirety and replaced with the attached Exhibit 1 hereto;
  - (i) All references to "[EQ Acquisition][Wapiti Acquisition]" in Schedule J of the Credit Agreement are hereby deleted and "Hilcorp Acquisition" is substituted therefor;
  - (j) Schedule "E" of the Credit Agreement is hereby deleted in its entirety and replaced with the attached Exhibit 2 hereto;
  - (k) Schedule "M" of the Credit Agreement is hereby deleted in its entirety and replaced with the attached Exhibit 3 hereto.
5. Fees. The Borrower agrees to pay to the Agent, in its own capacity and on behalf of the Lenders, 20 basis points for any new commitments or increase in a Lender's current commitment amounts under the Credit Agreement (collectively, the "Fees").
6. Conditions Precedent. This Fourth Amending Agreement shall become effective upon each of the following conditions precedent being performed to the satisfaction of the Agent and Lenders or waived by the Agent and Lenders:
- (a) the Lenders shall have completed and be satisfied with their legal, business, tax and environmental due diligence relating to the Loan Parties and the Hilcorp Acquisition, including without limitation the organizational structure of the Trust and the other Loan Parties, the Engineering Report provided by Cawley, Gillespie & Associates, Inc. with respect to the Hilcorp Properties, title due diligence and related reports and/or opinions covering not less than 80% of the aggregate value of the Hilcorp Properties, the *pro forma* consolidated financial statements and financial forecasts of the Trust giving effect to the Hilcorp Acquisition and all tax memos relating to the Loan Parties and their organizational structure;
  - (b) the Borrower delivers or causes to be delivered to the Agent and Lenders the following items:
    - (i) a fully executed copy of this Fourth Amending Agreement;
    - (ii) a Mortgage from the Borrower and each other Loan Party owning Oil and Gas Properties in the United States, granting a first priority deed of trust lien over the Oil and Gas Properties of such Loan Party located in the United States (which has not already been provided in connection with the Credit Agreement);

- (iii) a confirmation of guarantee and security from each Loan Party that has previously executed and delivered the Security pursuant to the Credit Agreement;
- (iv) 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;
- (v) an officer's certificate of each Loan Party attaching thereto its constating documents and bylaws and other governing documents, any authorizing resolutions, and an incumbency certificate;
- (vi) certified copy of the Hilcorp Purchase and Sale Agreement;
- (vii) a certificate of the Borrower certifying:
  - (A) that the Hilcorp Acquisition will, concurrently with the Drawdown made under the Credit Agreement, as amended by this Fourth Amending Agreement, be completed pursuant to the Hilcorp Purchase and Sale Agreement, without any waiver or amendment of any material conditions thereof which have not been consented to by the Majority Lenders, all necessary corporate, governmental and third party approvals or waivers required to complete the Hilcorp Acquisition were obtained and are in full force and effect and no material Preferential Rights have been exercised with respect to the Hilcorp Properties; and
  - (B) as to the matters set forth in Sections 8.1(b) and 8.1(c) of the Credit Agreement;
- (viii) nothing shall have occurred, and the Lenders shall not have become aware of any facts not previously known, which the Lenders determine is reasonably likely to have a Material Adverse Effect on the business, property, assets, liabilities, operations or conditions (financial or otherwise) of the Loan Parties taken as a whole from that set forth in the financial statements most recently delivered in connection with the Credit Agreement, and the Lenders shall have received a certificate of the Borrower certifying the same;
- (ix) a copy of all approvals of Governmental Authorities required in connection with the Hilcorp Acquisition;
- (x) a duly executed Environmental Certificate and Oil and Gas Ownership Certificate;
- (xi) a duly executed Compliance Certificate showing *pro forma* compliance following completion of the Hilcorp Acquisition and Borrowings under the Credit Agreement, as amended by this Fourth Amending Agreement;

- (xii) a certificate of insurance in respect of the Borrower;
- (xiii) evidence of the registration of the Security as required under the Credit Agreement, as amended by this Fourth Amending Agreement (other than the Mortgages delivered pursuant to Section 6(b)(ii) of this Fourth Amending Agreement, which are to be registered post-closing)
- (xiv) not less than one (1) Business Day prior to the Fourth Amendment Date, an executed Borrowing Notice and direction to pay for an amount sufficient to complete the Hilcorp Acquisition in accordance with the funds flow memorandum referenced therein;
- (xv) an opinion of Bennett Jones LLP, Canadian counsel to the Loan Parties, addressed to the Agent and each Lender and Lenders' counsel, in form and substance satisfactory to the Agent;
- (xvi) an opinion of Locke Lord LLP, U.S. counsel to the Loan Parties, and such agent counsel as reasonably requested, including an opinion of counsel in Colorado, Kansas and Wyoming, in each case, addressed to the Agent and each Lender, in form and substance satisfactory to the Agent;
- (xvii) an opinion of Blake, Cassels & Graydon LLP, counsel to the Lenders, addressed to the Agent and each Lender, in form and substance satisfactory to the Agent;
- (xviii) any applicable "know your client" or anti-money laundering information which a Lender may require;
- (xix) payment of the Fees; and
- (xx) such other documents as are required under this Fourth Amending Agreement or which the Agent may reasonably request.

7. **Representations and Warranties.** The Borrower agrees with and confirms to each of the Lenders and the Agent that as of the Fourth Amendment Date each of the representations and warranties listed in Article 2 of the Credit Agreement (other than those made as of a specific date), as amended by this Fourth Amending Agreement, is true and accurate. Further, the Borrower hereby represents and warrants to each of the Lenders and the Agent that:

- (a) the execution and delivery of this Fourth Amending Agreement and the performance by it of its obligations hereunder (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constituting documents or by-laws; and

- (b) this Fourth Amending Agreement is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity.
8. Governing Law. The parties agree that this Fourth Amending 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 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 applying to this Fourth Amending Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Fourth Amending 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.
9. Continuing Effect. Each of the parties acknowledges and agrees that the Credit Agreement, as amended by this Fourth Amending Agreement, the Security and all other documents executed and delivered pursuant thereto or in connection therewith, will be and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
10. Further Assurances. The Borrower will from time to time forthwith at the Agent's request and at the Borrower's own cost and expense, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lenders and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Fourth Amending Agreement.
11. Counterparts. This Fourth Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this Fourth Amending Agreement by signing any counterpart.

*[The remainder of this page has been intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Fourth Amending Agreement to be duly executed by their respective authorized officers as of the date and year first written above.

Borrower:

Suite 500, 650 N. Sam Houston Parkway E  
Houston, Texas 77060

Attention: Richard Loudon

Facsimile: (281) 847-1898

With a copy to:

Argent Energy Trust  
Suite 500, 321 - 6th Avenue SW  
Calgary AB T2P 3H3

Attention: Chief Financial Officer

Facsimile: (403) 770-4850

ARGENT ENERGY (US) HOLDINGS INC.,  
as Borrower

Per: 

Name:

Stefan Bovenkron

Title:

CFO

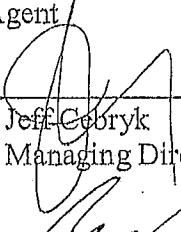
Agent:

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

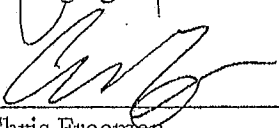
Attention: Managing Director  
Facsimile: (403) 221-6497

THE BANK OF NOVA SCOTIA,  
as Agent

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

  
Jeff Cobryk  
Managing Director

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

  
Chris Freeman  
Associate

**Lender:**

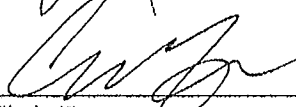
The Bank of Nova Scotia  
700 - 2<sup>nd</sup> Street S.W., Suite 2000  
Calgary, AB T2P 2W1

Attention: Managing Director  
Facsimile: (403) 221-6497

**THE BANK OF NOVA SCOTIA,**  
as Lender and Swap Lender

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

Jeff Ebryk  
Managing Director

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

Chris Freeman  
Associate



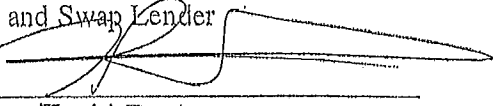
**Lender:**

Canadian Imperial Bank of Commerce  
855 - 2<sup>nd</sup> Street S.W., 9<sup>th</sup> Floor  
East Tower, Bankers Hall  
Calgary, AB T2P 2P2

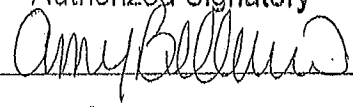
Attention: Director, CIBC Oil & Gas,  
Commercial Banking  
Facsimile: (403) 221-5779

**CANADIAN IMPERIAL BANK OF  
COMMERCE,**

as Lender and Swap Lender

Per: 

Name: Todd Burton  
Title: Authorized Signatory

Per: 

Name: Amy Bellomo  
Title: Authorized Signatory

**Lender:**

Royal Bank of Canada  
888 - 3<sup>rd</sup> Street S.W., Suite 3900  
West Tower, Bankers Hall  
Calgary, AB T2P 5C5

Attention: Vice-President, Corporate  
Banking  
Facsimile: (403) 292-3234

**ROYAL BANK OF CANADA,**  
as Lender and Swap Lender

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

Name: Lillian D'Aleo

Title: Authorized Signatory

**Lender:**

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

Attention: Portfolio Manager Oil & Gas  
Division  
Facsimile: (403) 776-8727

**WELLS FARGO BANK, N.A., CANADIAN  
BRANCH,**

as Lender and Swap Lender

Per: 

Name: Victor Martinez

Title: Director

EXHIBIT 1  
TO THE FOURTH AMENDING AGREEMENT  
DATED OCTOBER 25, 2013

Schedule "A" to the Amended and Restated Credit Agreement date October 25, 2012 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>Operating Facility<br/>Commitment</u> | <u>Syndicated<br/>Facility<br/>Commitment</u> |
|---|--|---|
| The Bank of Nova Scotia                 | U.S. \$2,000,000                         | U.S. \$68,000,000                             |
| Canadian Imperial Bank of Commerce      | nil                                      | U.S. \$27,500,000                             |
| Royal Bank of Canada                    | nil                                      | U.S. \$27,500,000                             |
| Wells Fargo Bank, N.A., Canadian Branch | nil                                      | U.S. \$35,000,000                             |
| TOTAL:                                  | U.S. \$2,000,000                         | U.S. \$158,000,000                            |

EXHIBIT 2  
TO THE FOURTH AMENDING AGREEMENT  
DATED OCTOBER 25, 2013

Schedule "L" to the Amended and Restated Credit Agreement dated October 25, 2012 between ARGENT ENERGY (US) HOLDINGS INC., as Borrower, and the Lenders party thereto with THE BANK OF NOVA SCOTIA, as Agent

ORGANIZATIONAL CHART OF ARGENT ENERGY TRUST

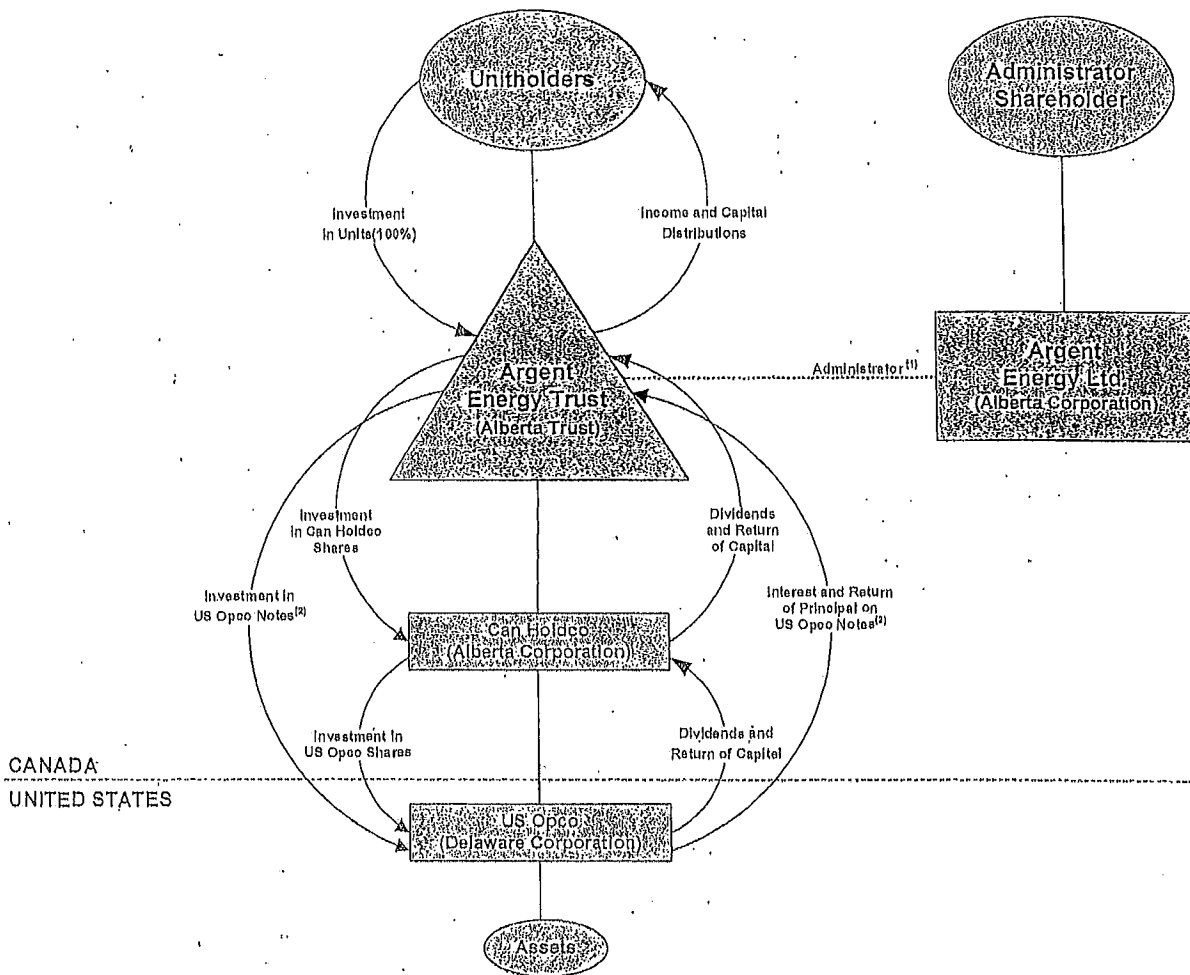


EXHIBIT 3  
TO THE FOURTH AMENDING AGREEMENT  
DATED OCTOBER 25, 2013

Schedule "M" to the Amended and Restated Credit Agreement dated October 25, 2012  
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
4. Denali Purchase and Sale Agreement
5. EQ Purchase and Sale Agreement

**FIFTH AMENDING AGREEMENT  
TO THE ARGENT ENERGY (US) HOLDINGS INC.  
AMENDED AND RESTATED CREDIT AGREEMENT DATED OCTOBER 25, 2012**

THIS FIFTH AMENDING AGREEMENT is made effective as of June 30, 2014,

AMONG:

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

- and -

**THE BANK OF NOVA SCOTIA, CANADIAN IMPERIAL BANK OF COMMERCE,  
ROYAL BANK OF CANADA, WELLS FARGO BANK, N.A., CANADIAN BRANCH**  
and each such other financial institution which becomes a signatory hereto  
(hereinafter referred to collectively as the "Lenders" and individually, a "Lender")

- and -

**THE BANK OF NOVA SCOTIA,**  
(as Sole Lead Arranger, Sole Bookrunner, Syndication Agent  
and Administration Agent for the Lenders)

**PREAMBLE:**

- A. Pursuant to the Amended and Restated Credit Agreement dated October 25, 2012 among Argent Energy (US) Holdings Inc., as borrower (the "**Borrower**"), The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and such other financial institutions which become party thereto, as lenders (the "**Amended and Restated Credit Agreement**"), as amended by a first amending agreement made as of December 28, 2012 (the "**First Amendment**"), a second amending agreement made as of May 14, 2013 (the "**Second Amendment**"), a third amending agreement dated as of May 28, 2013 (the "**Third Amendment**") and a fourth amending agreement dated as of October 25, 2013 (the "**Fourth Amendment**") (the Amended and Restated Credit Agreement as amended by the First Amendment, the Second Amendment, the Third Amendment and Fourth Amendment referred to herein as the "**Credit Agreement**") the Lenders agreed to provide to the Borrower the Facilities.
- B. The parties wish to amend the Credit Agreement on the terms and conditions herein provided.

**AGREEMENT:**

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

1. **Definitions.** Capitalized terms used in this Fifth Amending Agreement will, including in the recitals hereto, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement.
2. **Amendment Date.** The amendments contained herein shall be effective as of the date of this Fifth Amending Agreement (the "Fifth Amendment Date").
3. **Amendments and Supplements to Definitions.** Effective as of the Fifth Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 6 below, the definitions set forth in Section 1.1 of the Credit Agreement are amended and supplemented as follows:
  - (a) the following new definition is added in alphabetical order: "'Drawdown Fee" has the meaning ascribed thereto in Section 5.12;"
  - (b) the definition of "Applicable Margin" is hereby deleted in its entirety and the following substituted therefor:

"Applicable Margin" means a margin, expressed as a rate per annum, payable to, in the case of the Syndicated Facility, the Agent on behalf of all of the Syndicated Lenders, and in the case of the Operating Facility, the Operating Lender, with respect to Borrowings or standby fees, as set forth in the table below for the applicable Consolidated Debt to Cash Flow Ratio:

| Level | Consolidated Debt/<br>Cash Flow Ratio | Prime Loans<br>and U.S.<br>Base Rate<br>Loans | Libor Loans, Bankers'<br>Acceptances and<br>Financial Letters of<br>Credit | Standby<br>Fee |
|-------|---------------------------------------|---|--|----------------|
| I     | ≤ 1.00:1                              | 150 bps                                       | 250 bps  | 50.00 bps      |
| II    | > 1.00:1 and ≤ 1.50:1                 | 175 bps                                       | 275 bps  | 56.25 bps      |
| III   | > 1.50:1 and ≤ 2.00:1                 | 200 bps                                       | 300 bps  | 62.50 bps      |
| IV    | > 2.00:1 and ≤ 2.50:1                 | 250 bps                                       | 350 bps  | 75.00 bps      |
| V     | > 2.50:1                              | 300 bps                                       | 400 bps  | 87.50 bps      |

provided that:

- (a) changes in the Applicable Margin shall be effective and adjusted in accordance with Section 5.11;
- (b) the Applicable Margin for Letters of Credit that are not Financial Letters of Credit (as determined by the Agent or the Operating Lender in its discretion) will be sixty-six and two thirds percent (66⅔%) of the Applicable Margin for Financial Letters of Credit;



- (c) for the purposes of calculating the Applicable Margins for Prime Loans, U.S. Base Rate Loans and Bankers' Acceptances, the per annum rate is expressed on the basis of a 365 day year, as applicable, and the Applicable Margin for Libor Loans is calculated as a per annum rate expressed on the basis of a 360 day year;
  - (d) during the Term Period for any Lender, each of the above Applicable Margins (other than the Applicable Margin for Standby Fees) will increase by 50 bps for such Lender;
  - (e) upon the occurrence and during the continuance of any Borrowing Base Shortfall or Event of Default, each of the above Applicable Margins will increase by 200 bps; and
  - (f) during any period where the aggregate Borrowings exceed U.S.\$140,000,000, each of the Applicable Margins (other than the Applicable Margin for Standby Fees) will increase by 50 bps."; and
- (c) subparagraph (a) of definition of "Term Out Date" and is hereby deleted in its entirety and the following substituted therefor:

"(a) August 11, 2015; and".

4. Amendments and Supplements to the Credit Agreement. Effective as of the Fifth Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 6 below, the Credit Agreement is amended as follows:

- (a) a new Section 5.12 is added to Article 5 immediately following Section 5.11, as follows:

"5.12 Drawdown Fee

In consideration of the Lenders and the Operating Lenders agreeing to make Accommodations hereunder, any such Accommodations (or a portion thereof) which would result in aggregate Borrowings exceeding U.S.\$140,000,000 will be subject to a drawdown fee of 75 bps on the amount of such Accommodations payable to the Agent on behalf of the Lenders upon such Accommodations being made (the "Drawdown Fee")."

5. Fees. The Borrower agrees to pay to the Agent, in its own capacity and on behalf of the Lenders, an extension fee of 10 bps on each Lender's commitment amount under the Credit Agreement (collectively, the "Extension Fees").
6. Conditions Precedent. This Fifth Amending Agreement shall become effective upon each of the following conditions precedent being performed to the satisfaction of the Agent and Lenders or waived by the Agent and Lenders:

- (a) the Borrower delivers or causes to be delivered to the Agent and Lenders the following items:
  - (i) a fully executed copy of this Fifth Amending Agreement;
  - (ii) a confirmation of guarantee and security from each Loan Party that has previously executed and delivered the Security pursuant to the Credit Agreement;
  - (iii) payment of the Extension Fees; and
  - (iv) such other documents as are required under this Fifth Amending Agreement or which the Agent may reasonably request.
  
- 7. **Representations and Warranties.** The Borrower agrees with and confirms to each of the Lenders and the Agent that as of the Fifth Amendment Date each of the representations and warranties listed in Article 2 of the Credit Agreement (other than those made as of a specific date), as amended by this Fifth Amending Agreement, is true and accurate. Further, the Borrower hereby represents and warrants to each of the Lenders and the Agent that:
  - (a) the execution and delivery of this Fifth Amending Agreement and the performance by it of its obligations hereunder (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constituting documents or by-laws; and
  - (b) this Fifth Amending Agreement is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity.
  
- 8. **Governing Law.** The parties agree that this Fifth Amending 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 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 applying to this Fifth Amending Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Fifth Amending 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.
  
- 9. **Continuing Effect.** Each of the parties acknowledges and agrees that the Credit Agreement, as amended by this Fifth Amending Agreement, the Security and all other documents executed and delivered pursuant thereto or in connection therewith, will be

and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.

10. **Further Assurances.** The Borrower will from time to time forthwith at the Agent's request and at the Borrower's own cost and expense, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lenders and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Fifth Amending Agreement.
11. **Counterparts.** This Fifth Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this Fifth Amending Agreement by signing any counterpart.

*[The remainder of this page has been intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Fifth Amending Agreement to be duly executed by their respective authorized officers as of the date and year first written above.

Borrower:

2 Houston Center, 909 Fannin Street, 10<sup>th</sup> Fl  
Houston, Texas 77010

Attention: John Elzner

Facsimile: (281) 847-1898

With a copy to:

Argent Energy Trust  
Suite 500, 321 - 6th Avenue SW  
Calgary AB T2P 3H3

Attention: Chief Financial Officer

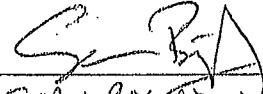
Facsimile: (403) 770-4850

ARGENT ENERGY (US) HOLDINGS INC.,  
as Borrower

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

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

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

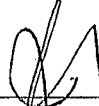
  
Name: SUSAN BOVINGTON  
Title: CFO

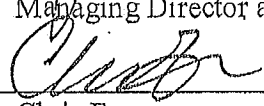
**Agent:**

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

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

Per:   
Name: Jeff Cebryk  
Title: Managing Director and Industry Head

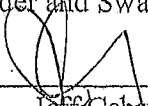
Per:   
Name: Chris Freeman  
Title: Associate


**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

**THE BANK OF NOVA SCOTIA,**  
as Lender and Swap Lender

Per:   
Name: Jeff Cebryk  
Title: Managing Director and Industry Head

Per:   
Name: Chris Freeman  
Title: Associate

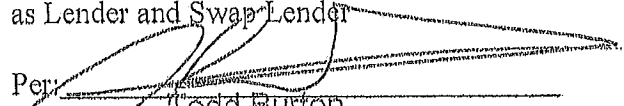
**Lender:**

Canadian Imperial Bank of Commerce  
855 – 2<sup>nd</sup> Street S.W., 9<sup>th</sup> Floor  
East Tower, Bankers Hall  
Calgary, AB T2P 2P2

Attention: Director, CIBC Oil & Gas,  
Commercial Banking  
Facsimile: (403) 221-5779

**CANADIAN IMPERIAL BANK OF  
COMMERCE,**

as Lender and Swap Lender

Per:   
Name: Todd Burton  
Title: Authorized Signatory

Per:   
Name: Amy Bellomo  
Title: Authorized Signatory

**Lender:**

Royal Bank of Canada  
888 - 3<sup>rd</sup> Street S.W., Suite 3900  
West Tower, Bankers Hall  
Calgary, AB T2P 5C5

**ROYAL BANK OF CANADA,**  
as Lender and Swap Lender

Per: Marla E. Hushovd

Name:

Title: Marla E. Hushovd  
Authorized Signatory

Per: Bryndalies

Name:

Title: ASSOCIATE

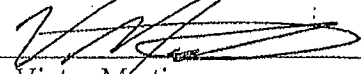


**Lender:**

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

Attention: Portfolio Manager Oil & Gas  
Division  
Facsimile: (403) 776-8727

**WELLS FARGO BANK, N.A., CANADIAN  
BRANCH,**  
as Lender and Swap Lender

Per:   
Name: Victor Martinez  
Title: Director

**SIXTH AMENDING AGREEMENT  
TO THE ARGENT ENERGY (US) HOLDINGS INC.  
AMENDED AND RESTATED CREDIT AGREEMENT DATED OCTOBER 25, 2012**

**THIS SIXTH AMENDING AGREEMENT** is made effective as of December 8, 2014,

**AMONG:**

**ARGENT ENERGY (US) HOLDINGS INC.,**  
(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 each such other financial institution which becomes a signatory hereto  
(hereinafter referred to collectively as the "**Lenders**" and individually, a "**Lender**")

- and -

**THE BANK OF NOVA SCOTIA,**  
(as Solè Lead Arranger, Sole Bookrunner, Syndication Agent  
and Administration Agent for the Lenders)

**PREAMBLE:**

- A. Pursuant to the Amended and Restated Credit Agreement dated October 25, 2012 among Argent Energy (US) Holdings Inc., as borrower (the "**Borrower**"), The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and such other financial institutions which become party thereto, as lenders (the "**Amended and Restated Credit Agreement**"), as amended by a first amending agreement made as of December 28, 2012 (the "**First Amendment**"), a second amending agreement made as of May 14, 2013 (the "**Second Amendment**"), a third amending agreement dated as of May 28, 2013 (the "**Third Amendment**"), a fourth amending agreement dated as of October 25, 2013 (the "**Fourth Amendment**") and a fifth amending agreement made effective as of June 30, 2014 (the "**Fifth Amendment**") (the Amended and Restated Credit Agreement as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment and the Fifth Amendment is referred to herein as the "**Credit Agreement**") the Lenders agreed to provide to the Borrower the Facilities.
- B. The parties wish to amend the Credit Agreement on the terms and conditions provided in this sixth amending agreement (the "**Sixth Amending Agreement**").

**AGREEMENT:**

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

1. **Definitions.** Capitalized terms used in this Sixth Amending Agreement will, including in the recitals hereto, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement.
2. **Amendment Date.** The amendments contained herein shall be effective on the date that the conditions precedent set forth in paragraph 7 below are satisfied (the "Sixth Amendment Date").
3. **Reduction of Borrowing Base.** The Lenders hereby confirm and agree that as of the date hereof the Borrowing Base has been determined to be U.S. \$140,000,000.
4. **Amendments to Definitions.** Effective as of the Sixth Amendment Date and upon satisfaction of the conditions precedent set forth in paragraph 7 below, paragraph (f) of the definition of "Applicable Margin" set forth in Section 1.1. of the Credit Agreement is amended by (i) deleting "140,000,000" and substituting "125,000,000" therefor and (ii) deleting "50" and substituting "150" therefor.
5. **Amendments and Supplements to the Credit Agreement.** Effective as of the Sixth Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 7 below, the Credit Agreement is amended as follows:
  - (a) Section 5.12 of the Credit Agreement is hereby amended by (i) deleting "140,000,000" and substituting "125,000,000" therefor and (ii) deleting "75" and substituting "250" therefor.
  - (b) Section 8.2 of the Credit Agreement is hereby amended by (i) deleting the word "and" at the end of subsection (b), (ii) deleting "." at the end of subsection (c) and substituting "; and" therefor and (iii) adding the following as a new subsection (d) immediately after subsection (c) of Section 8.2:

"(d) for any Drawdown made (i) while the aggregate amount of all Borrowings exceeds or (ii) which would result in the aggregate amount of all Borrowings exceeding, U.S. \$125,000,000 (or the Equivalent Amount thereof), the prior written consent of all of the Lenders has been obtained.";

(c) Section 9.2(i) of the Credit Agreement is hereby deleted in its entirety and the following substituted therefor:

"(i) **Distributions:** make, give effect to or implement any steps or procedures to make any Distributions other than:

(i) so long as no Default or Event of Default is continuing, Distributions between Loan Parties;

(ii) so long as no Default or Event of Default is continuing or Borrowing Base Shortfall is outstanding or would result therefrom, Distributions by the Trust to the Unitholders, provided that:

(A) the aggregate amount of Distributions to the Unitholders and on account of any Subordinated Debt in the immediately preceding 12 month period does not exceed one hundred and fifteen percent (115%) of actual Available Distributable Cash Flow (without any pro forma calculations on account of Material Acquisitions) for such preceding 12 month period; and

(B) for any Distribution made after the annual redetermination of the Borrowing Base in 2015 pursuant to Section 3.5(d) of the Credit Agreement, the aggregate principal amount outstanding under the Facilities is not more than 90% of the Total Commitment, both before and after giving effect to the foregoing; and

(C) notwithstanding (A) above, during a Borrowing Base Shortfall (x) the Trust may make Distributions to the Unitholders to the extent required to allow the Trust to pay, and the Trust may pay, one ordinary course distribution to Unitholders if the amount and date of such distribution has been previously publicly announced by the Trust prior to the determination of the Borrowing Base Shortfall, and (y) the Loan Parties may pay Trust Distributions used to pay the ordinary course operating expenses of the Trust;

(iii) so long as no Default or Event of Default is continuing and no Borrowings or other liabilities, obligations or indebtedness of the Borrower hereunder have been accelerated pursuant to the terms of Section 10.2, any scheduled Distribution made in connection with or with respect to Subordinated Debt; and

(iv) so long as no Borrowings or other liabilities, obligations or indebtedness of the Borrower hereunder have been accelerated pursuant to the terms of Section 10.2, Distributions made in connection with or with respect to Subordinated Debt (x) by way

of the issuance of Units or (y) from the proceeds of sale of Units issued to any trustee on behalf of the holders of any Subordinated Debt."; and

- (d) Schedule "A" of the Credit Agreement is hereby deleted in its entirety and replaced with the attached Exhibit 1 hereto.

6. Funding of Borrowings to Reflect Revised Syndicated Facility Commitments

- (a) *Funding of Outstanding Borrowings Under the Syndicated Facility.* In order to give effect to the amendments herein, upon, and with effect from, the satisfaction of the conditions precedent set forth below, the Lenders hereby agree to take all steps and actions and execute and deliver all agreements, instruments and other documents as may be required by the Agent or any of the Lenders (including the assignment of interests in, or the purchase of participations in, existing Borrowings) to give effect to the decrease in the Syndicated Facility and revised Syndicated Facility Commitments and to ensure that the aggregate obligations owing to each Lender under the Syndicated Facility are outstanding in proportion to each Lender's Proportion of all outstanding obligations under the Syndicated Facility after giving effect to such decrease and revised Syndicated Facility Commitments; *provided that*, the foregoing provisions of this Section 5(a) shall not apply to Libor Loans and Bankers' Acceptances outstanding on the date hereof, such Libor Loans and Bankers' Acceptances being subject to and dealt with pursuant to subsections (b) and (c) of this Section 5.
- (b) *Outstanding Bankers' Acceptances.* The parties hereby acknowledge that, on the date hereof, Bankers' Acceptances having terms to maturity ending after the date hereof may be outstanding (the "Outstanding BAs"). Notwithstanding any provision of the Credit Agreement or this Sixth Amending Agreement to the contrary, each Lender shall not, with respect to the decreased amounts of their respective Commitments, have any right, title, benefit or interest in or to any Outstanding BAs nor any obligation or liability to the other Lenders in respect thereof, it being acknowledged and agreed by the parties hereto that all rights and interests of the Lenders in respect of, and any obligation of the Borrower to pay or reimburse the Lenders in respect of, the Outstanding BAs are solely a risk and for the account of the Lenders based upon their respective Lender's Proportion as in effect prior to and without regard to the provisions of this Sixth Amending Agreement. Notwithstanding the foregoing, from time to time, as the Outstanding BAs mature and Rollovers and Conversions are made by the Borrower in respect thereof, each of the Lenders shall participate in the Borrowings effecting such Rollovers and Conversions to the full extent of its Commitment and Lender's Proportion therein after giving effect to the provisions of this Agreement
- (c) *Outstanding Libor Loans.* The parties hereby acknowledge that, on the date hereof, Libor Loans having Libor Interest Periods ending after the date hereof may be outstanding (the "Outstanding Libor Loans"). It is acknowledged and agreed by the parties hereto that all rights and interests of the Lenders in respect

of, and any obligation of the Borrower in respect of, the Outstanding Libor Loans are solely a risk and for the account of the Lenders based upon their respective Lender's Proportion as in effect prior to and without regard to the provisions of this Sixth Amending Agreement. Notwithstanding the foregoing, from time to time, as the Libor Interest Periods of the Outstanding Libor Loans expire and Rollovers and Conversions are made by the Borrower in respect thereof, each of the Lenders shall participate in the Borrowings effecting such Rollovers and Conversions to the full extent of its Commitment and Lender's Proportion therein after giving effect to the provisions of this Sixth Amending Agreement.

7. Conditions Precedent. This Sixth Amending Agreement shall become effective upon each of the following conditions precedent being performed to the satisfaction of the Agent and Lenders or waived by the Agent and Lenders:

- (a) the Borrower delivers or causes to be delivered to the Agent and Lenders the following items:
  - (i) a fully executed copy of this Sixth Amending Agreement;
  - (ii) a confirmation of guarantee and security from each Loan Party that has previously executed and delivered the Security pursuant to the Credit Agreement; and
  - (iii) such other documents as are required under this Sixth Amending Agreement or which the Agent may reasonably request.

8. Representations and Warranties. The Borrower agrees with and confirms to each of the Lenders and the Agent that as of the Sixth Amendment Date each of the representations and warranties listed in Article 2 of the Credit Agreement (other than those made as of a specific date), as amended by this Sixth Amending Agreement, is true and accurate. Further, the Borrower hereby represents and warrants to each of the Lenders and the Agent that:

- (a) the execution and delivery of this Sixth Amending Agreement and the performance by it of its obligations hereunder (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constating documents or by-laws; and
- (b) this Sixth Amending Agreement is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity.

9. Governing Law. The parties agree that this Sixth Amending 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 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 applying to this Sixth Amending Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Sixth Amending 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.

10. **Continuing Effect.** Each of the parties acknowledges and agrees that the Credit Agreement, as amended by this Sixth Amending Agreement, the Security and all other documents executed and delivered pursuant thereto or in connection therewith, will be and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
11. **Further Assurances:** The Borrower will from time to time forthwith at the Agent's request and at the Borrower's own cost and expense, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lenders and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Sixth Amending Agreement.
12. **Counterparts.** This Sixth Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this Sixth Amending Agreement by signing any counterpart.

*[The remainder of this page has been intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Sixth Amending Agreement to be duly executed by their respective authorized officers as of the date and year first written above.

**Borrower:**

2 Houston Center, 909 Fannin Street, 10<sup>th</sup> Fl  
Houston, Texas 77010

Attention: John Elzner

Facsimile: (281) 847-1898

**With a copy to:**

Argent Energy Trust  
Suite 500, 321 - 6th Avenue SW  
Calgary AB T2P 3H3

Attention: Chief Financial Officer

Facsimile: (403) 770-4850

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

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

Name:

Title:



Agent:

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

**THE BANK OF NOVA SCOTIA,**  
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

**THE BANK OF NOVA SCOTIA,**  
as Lender and Swap Lender

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

Name:

Title:

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

Name:

Title:

**Lender:**

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

Attention: Portfolio Manager Oil & Gas  
Division  
Facsimile: (403) 776-8727

**WELLS FARGO BANK, N.A., CANADIAN  
BRANCH,**  
as Lender and Swap Lender

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

**Lender:**

Canadian Imperial Bank of Commerce  
855 – 2<sup>nd</sup> Street S.W., 9<sup>th</sup> Floor  
East Tower, Bankers Hall  
Calgary, AB T2P 2P2

Attention: Director, CIBC Oil & Gas,  
Commercial Banking  
Facsimile: (403) 221-5779

**CANADIAN IMPERIAL BANK OF  
COMMERCE,**  
as Lender and Swap Lender

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

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

**Lender:**

Royal Bank of Canada  
888 – 3<sup>rd</sup> Street S.W., Suite 3900  
West Tower, Bankers Hall  
Calgary, AB T2P 5C5

Attention: Vice-President, Corporate  
Banking  
Facsimile: (403) 292-3234

**ROYAL BANK OF CANADA,**  
as Lender and Swap Lender

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

EXHIBIT 1  
TO THE SIXTH AMENDING AGREEMENT  
MADE EFFECTIVE AS OF DECEMBER 8, 2014

Schedule "A" to the Amended and Restated Credit Agreement dated October 25, 2012 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>Operating Facility<br/>Commitment</u> | <u>Syndicated Facility<br/>Commitment</u> |
|--|--|---|
| The Bank of Nova Scotia                    | U.S. \$2,000,000                         | U.S. \$59,600,000                         |
| Wells Fargo Bank, N.A.,<br>Canadian Branch | nil                                      | U.S. \$30,800,000                         |
| Canadian Imperial Bank of<br>Commerce      | nil                                      | U.S. \$23,800,000                         |
| Royal Bank of Canada                       | nil                                      | U.S. \$23,800,000                         |
| TOTAL:                                     | U.S. \$2,000,000                         | U.S. \$138,000,000                        |

**SEVENTH AMENDING AGREEMENT  
TO THE ARGENT ENERGY (US) HOLDINGS INC.  
AMENDED AND RESTATED CREDIT AGREEMENT DATED OCTOBER 25, 2012**

**THIS SEVENTH AMENDING AGREEMENT** is made effective as of May 11, 2015,

**AMONG:**

**ARGENT ENERGY (US) HOLDINGS INC.,**  
(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 each such other financial institution which becomes a signatory hereto  
(hereinafter referred to collectively as the "**Lenders**" and individually, a "**Lender**")

- and -

**THE BANK OF NOVA SCOTIA,**  
(as Sole Lead Arranger, Sole Bookrunner, Syndication Agent  
and Administration Agent for the Lenders)

**PREAMBLE:**

- A. Pursuant to the Amended and Restated Credit Agreement dated October 25, 2012 among Argent Energy (US) Holdings Inc., as borrower (the "**Borrower**"), The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and such other financial institutions which become party thereto, as lenders (the "**Amended and Restated Credit Agreement**"), as amended by a first amending agreement made as of December 28, 2012 (the "**First Amendment**"), a second amending agreement made as of May 14, 2013 (the "**Second Amendment**"), a third amending agreement dated as of May 28, 2013 (the "**Third Amendment**"), a fourth amending agreement dated as of October 25, 2013 (the "**Fourth Amendment**"), a fifth amending agreement made effective as of June 30, 2014 (the "**Fifth Amendment**") and a sixth amending agreement made effective as of December 8, 2014 (the "**Sixth Amendment**") (the Amended and Restated Credit Agreement as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment and the Sixth Amendment is referred to herein as the "**Credit Agreement**") the Lenders agreed to provide to the Borrower the Facilities.
- B. The Borrower entered into an Asset Purchase and Sale Agreement (the "**Manvel PSA**") dated April 7, 2015 with Denbury Onshore, LLC ("**Denbury**") whereby the Borrower agreed to sell, transfer, assign or otherwise dispose of the Assets (as defined in the Manvel PSA) and Denbury agreed to purchase the same on or before May 14, 2015 (the "**Disposition**").

- C. Subject to the terms hereof, the Lenders have consented to the Disposition.
- D. The parties wish to amend the Credit Agreement on the terms and conditions provided in this seventh amending agreement (the "**Seventh Amending Agreement**").

**AGREEMENT:**

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

- 1. **Definitions.** Capitalized terms used in this Seventh Amending Agreement will, including in the recitals hereto, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement.
- 2. **Facilities Repayment.** The Borrower covenants and agrees that effective immediately upon the Disposition occurring, it shall make a repayment of Borrowings under the Facilities such that the aggregate principal amount outstanding under the Facilities does not exceed \$95,000,000 (the "**Mandatory Repayment**").
- 3. **Amendment Date.** The amendments contained herein shall be effective on the date that the Mandatory Repayment has occurred and the conditions precedent set forth in paragraph 6 below are satisfied (the "**Seventh Amendment Date**").
- 4. **Reduction of Borrowing Base.** The Lenders hereby confirm and agree that effective as of the Seventh Amendment Date, the Borrowing Base shall be U.S. \$110,000,000.
- 5. **Amendments and Supplements to the Credit Agreement.** Effective as of the Seventh Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 6 below, the Credit Agreement will be amended as follows:
  - (a) Section 8.2(d) of the Credit Agreement is hereby amended by deleting "\$125,000,000" and substituting "\$95,000,000" therefor;
  - (b) Section 9.2(i) of the Credit Agreement is hereby deleted in its entirety and the following substituted therefor:
    - "(i) **Limitation on Distributions:** make, give effect to or implement any steps or procedures to make any Distributions other than:
      - (A) so long as no Default or Event of Default is continuing, Distributions between Loan Parties;
      - (B) so long as no Default or Event of Default is continuing or Borrowing Base Shortfall is outstanding or would result therefrom and no Borrowings or other liabilities, obligations or indebtedness of the Borrower hereunder have been accelerated pursuant to the



terms of Section 10.2, any (scheduled) Distribution made in connection with or with respect to Subordinated Debt;

(C) so long as no Borrowings or other liabilities, obligations or indebtedness of the Borrower hereunder have been accelerated pursuant to the terms of Section 10.2, Distributions made in connection with or with respect to Subordinated Debt (x) by way of the issuance of Units or (y) from the proceeds of sale of Units issued to any trustee on behalf of the holders of any Subordinated Debt;

(D) such other Distributions following receipt of express written consent therefor from the Agent, on direction of all of the Lenders; and"

(e) Schedule "A" of the Credit Agreement is hereby deleted in its entirety and replaced with the attached Exhibit 1 hereto.

6. **Conditions Precedent.** This Seventh Amending Agreement shall become effective upon each of the following conditions precedent being performed to the satisfaction of the Agent and Lenders or waived by the Agent and Lenders:

(a) the Borrower delivers or causes to be delivered to the Agent and Lenders the following items:

(i) a fully executed copy of this Seventh Amending Agreement;

(ii) a confirmation of guarantee and security from each Loan Party that has previously executed and delivered the Security pursuant to the Credit Agreement; and

(iii) such other documents as are required under this Seventh Amending Agreement or which the Agent may reasonably request.

7. **Representations and Warranties.** The Borrower agrees with and confirms to each of the Lenders and the Agent that as of the Seventh Amendment Date each of the representations and warranties listed in Article 2 of the Credit Agreement (other than those made as of a specific date), as amended by this Seventh Amending Agreement, is true and accurate. Further, the Borrower hereby represents and warrants to each of the Lenders and the Agent that:

(a) the execution and delivery of this Seventh Amending Agreement and the performance by it of its obligations hereunder (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constituting documents or by-laws; and

- (b) this Seventh Amending Agreement is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity.
8. **Governing Law.** The parties agree that this Seventh Amending 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 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 applying to this Seventh Amending Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Seventh Amending 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.
9. **Continuing Effect.** Each of the parties acknowledges and agrees that the Credit Agreement, as amended by this Seventh Amending Agreement, the Security and all other documents executed and delivered pursuant thereto or in connection therewith, will be and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
10. **Further Assurances.** The Borrower will from time to time forthwith at the Agent's request and at the Borrower's own cost and expense, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lenders and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Seventh Amending Agreement.
11. **Counterparts.** This Seventh Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this Seventh Amending Agreement by signing any counterpart.

*[The remainder of this page has been intentionally left blank]*

**IN WITNESS WHEREOF**, the parties have caused this Seventh Amending Agreement to be duly executed by their respective authorized officers as of the date and year first written above.

**Borrower:**

2 Houston Center, 909 Fannin Street, 10<sup>th</sup> Fl  
Houston, Texas 77010

Attention: Steve Hicks

Facsimile: (281) 847-1898

**With a copy to:**

Argent Energy Trust  
Suite 500, 321 - 6th Avenue SW  
Calgary AB T2P 3H3

Attention: Chief Financial Officer

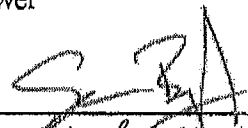
Facsimile: (403) 770-4850

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

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

Name:

Title:

  
Sean Barrington  
President & CFO

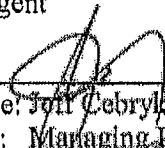
**Agent:**

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

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

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

Name: Jeff Cebryk

Title: Managing Director & Industry Head

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

Name: Chris Freeman

Title: Associate Director

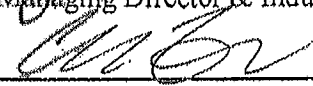
**Lender:**

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

**THE BANK OF NOVA SCOTIA,**  
as Lender and Swap Lender

Per:   
Name: Jeff Gebryk  
Title: Managing Director & Industry Head

Per:   
Name: Chris Freeman  
Title: Associate Director

**Lender:**

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

Attention: Portfolio Manager Oil & Gas  
Division  
Facsimile: (403) 776-8727

**WELLS FARGO BANK, N.A., CANADIAN  
BRANCH,**

as Lender and Swap Lender

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

Name: David Foltz

Title: Managing Director

*Signature Page to the Seventh Amending Agreement –  
Argent Energy (US) Holdings Inc.*

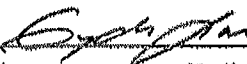
**Lender:**

Canadian Imperial Bank of Commerce  
855 -- 2<sup>nd</sup> Street S.W., 9<sup>th</sup> Floor  
East Tower, Bankers Hall  
Calgary, AB T2P 2P2

Attention: Director, CIBC Oil & Gas,  
Commercial Banking  
Facsimile: (403) 221-5779

**CANADIAN IMPERIAL BANK OF  
COMMERCE,**

as Lender and Swap Lender

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

Name: Graydon Falls

Title: Authorized Signatory

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

Name: Brad Kay

Title: Authorized Signatory

**Lender:**

Royal Bank of Canada  
888 – 3<sup>rd</sup> Street S.W., Suite 3900  
West Tower, Bankers Hall  
Calgary, AB T2P 5C5

Attention: Vice-President, Corporate  
Banking  
Facsimile: (403) 292-3234

**ROYAL BANK OF CANADA,**  
as Lender and Swap Lender

Per: 

Name:

Bryn R. Davies

Title:

Authorized Signatory



EXHIBIT 1  
TO THE SEVENTH AMENDING AGREEMENT  
MADE EFFECTIVE AS OF MAY 11, 2015

Schedule "A" to the Amended and Restated Credit Agreement dated October 25, 2012 between Argent Energy (US) Holdings Inc., as Borrower, and the Lenders party thereto with The Bank of Nova Scotia, as Agent

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COMMITMENTS

| <u>Lender</u>                              | <u>Operating Facility<br/>Commitment</u> | <u>Syndicated Facility<br/>Commitment</u> |
|--|--|---|
| The Bank of Nova Scotia                    | U.S. \$2,000,000                         | U.S. \$46,400,000                         |
| Wells Fargo Bank, N.A.,<br>Canadian Branch | nil                                      | U.S. \$24,200,000                         |
| Canadian Imperial Bank of<br>Commerce      | nil                                      | U.S. \$18,700,000                         |
| Royal Bank of Canada                       | nil                                      | U.S. \$18,700,000                         |
| TOTAL:                                     | U.S. \$2,000,000                         | U.S. \$108,000,000                        |

**EIGHTH AMENDING AGREEMENT  
TO THE ARGENT ENERGY (US) HOLDINGS INC.  
AMENDED AND RESTATED CREDIT AGREEMENT DATED OCTOBER 25, 2012**

**THIS EIGHTH AMENDING AGREEMENT** is made effective as of June 30, 2015,

**AMONG:**

**ARGENT ENERGY (US) HOLDINGS INC.,**  
(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 each such other financial institution which becomes a signatory hereto  
(hereinafter referred to collectively as the "**Lenders**" and individually, a "**Lender**")

- and -

**THE BANK OF NOVA SCOTIA,**  
(as Sole Lead Arranger, Sole Bookrunner, Syndication Agent  
and Administration Agent for the Lenders)

**PREAMBLE:**

- A. Pursuant to the Amended and Restated Credit Agreement dated October 25, 2012 among Argent Energy (US) Holdings Inc., as borrower (the "**Borrower**"), The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and such other financial institutions which become party thereto, as lenders (the "**Amended and Restated Credit Agreement**"), as amended by a first amending agreement made as of December 28, 2012 (the "**First Amendment**"), a second amending agreement made as of May 14, 2013 (the "**Second Amendment**"), a third amending agreement dated as of May 28, 2013 (the "**Third Amendment**"), a fourth amending agreement dated as of October 25, 2013 (the "**Fourth Amendment**"), a fifth amending agreement made effective as of June 30, 2014 (the "**Fifth Amendment**"), a sixth amending agreement made effective as of December 8, 2014 (the "**Sixth Amendment**") and a seventh amending agreement made effective as of May 11, 2015 (the "**Seventh Amendment**") (the Amended and Restated Credit Agreement as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment, the Sixth Amendment and the Seventh Amendment is referred to herein as the "**Credit Agreement**") the Lenders agreed to provide to the Borrower the Facilities.
- B. The Borrower entered into a Purchase and Sale Agreement (the "**Mid-Continent PSA**") dated May 11, 2015 with Energy Quest II, LLC ("**Energy Quest**") whereby the Borrower agreed to sell, transfer, assign or otherwise dispose of the Assets (as defined in the Mid-

Continent PSA) and Energy Quest agreed to purchase the same on or before June 30, 2015 (the "**Disposition**").

- C. Subject to the terms hereof, the Lenders have consented to the Disposition.
- D. The parties wish to amend the Credit Agreement on the terms and conditions provided in this eighth amending agreement (the "**Eighth Amending Agreement**").

**AGREEMENT:**

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

1. **Definitions.** Capitalized terms used in this Eighth Amending Agreement will, including in the recitals hereto, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement.
2. **Amendment Date.** The amendments contained herein shall be effective on the date that the Disposition is complete and payment of all net proceeds in respect thereof has been paid toward the Facilities and the conditions precedent set forth in paragraph 6 below are satisfied (the "**Eighth Amendment Date**").
3. **Reduction of Borrowing Base.** The Lenders hereby confirm and agree that effective as of the Eighth Amendment Date, the Borrowing Base shall be U.S. \$80,000,000.
4. **Amendments and Supplements to the Credit Agreement.** Effective as of the Eighth Amendment Date and upon the satisfaction of the conditions precedent set forth in paragraph 6 below, the Credit Agreement will be amended as follows:
  - (a) The reference to "\$110,000,000" in Section 3.5(a) of the Credit Agreement is hereby deleted and replaced with "\$80,000,000";
  - (b) The reference to "October 31" in Section 3.5(e) of the Credit Agreement is hereby deleted and replaced with "November 30";
  - (c) Section 3.5(f) of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

"(f) **Other Redeterminations:** In addition to the redeterminations pursuant to Sections 3.5(d) and 3.5(e), any Lender may require a redetermination of the Borrowing Base at any time and from time to time and any such Borrowing Base redetermination shall be made in the sole discretion of the Lenders in accordance with their usual and customary practices for loans of a similar nature to the Facilities. With respect to the foregoing, the Borrower shall provide an updated Engineering Report for the purposes of any such redetermination of the Borrowing Base if, in its sole discretion, such Lender, acting reasonably, deems such receipt of an updated Engineering Report warranted.";

- (d) Section 3.5(g) of the Credit Agreement is hereby deleted in its entirety and the following substituted therefor:

"(g) **Redetermination of the Borrowing Base by Lenders:** The Lenders shall make each redetermination of the Borrowing Base under this Article 3 in consultation with each other within the applicable periods referred to above (each, a "**Determination Period**"). If all of the Lenders cannot agree on the amount of the Borrowing Base within the applicable Determination Period, then the Borrowing Base shall be set at a maximum amount which is acceptable to the Lender (or Lenders) that proposed the lowest Borrowing Base within such period (provided that such maximum amount shall be no higher than the next lowest Borrowing Base proposed within such period), and promptly after the expiry of the applicable Determination Period, the Agent will advise the Borrower of the redetermined Borrowing Base and the Borrowing Base so redetermined shall be effective immediately upon notice thereof to the Borrower and, subject to Section 3.5(i), any resulting adjustment of the Commitment shall occur automatically.";

- (e) The reference to "\$500,000" in Section 3.11(a) of the Credit Agreement is hereby deleted and replaced with "\$1,500,000";

- (f) Section 8.2(d) of the Credit Agreement is hereby deleted in its entirety and the following substituted therefor:

"(d) for any Drawdown made (i) while the aggregate amount of all Borrowings under the Syndicated Facility exceeds or (ii) which would result in the aggregate amount of all Borrowings under the Syndicated Facility exceeding, U.S. \$73,000,000 (or the Equivalent Amount thereof), the prior written consent of all of the Syndicated Lenders has been obtained.";

- (g) Two new subparagraphs (g.1) and (g.2) are hereby added immediately following Section 9.1(g) of the Credit Agreement as follows:

"(g.1) **Monthly Lease Operating Statements:** the Borrower shall furnish to the Agent on a monthly basis as soon as available and in any event, within 30 days of the end of each month, lease operating statements of the Borrower in a format reasonably acceptable to the Agent;

(g.2) **Monthly Working Capital Report:** the Borrower shall furnish to the Agent on a monthly basis as soon as available and in any event, within 30 days of the end of each month, a summary report of working capital of the Borrower in a format reasonably acceptable to the Agent;"

- (h) Subparagraph (a) of the definition of "Term Out Date" is hereby deleted in its entirety and the following substituted therefor:

"(a) August 11, 2016; and"; and

- (i) Schedule "A" of the Credit Agreement is hereby deleted in its entirety and replaced with the attached Exhibit 1 hereto.
5. **Fees.** The Borrower agrees to pay to the Agent, in its own capacity and on behalf of the Lenders, an extension fee of 10 bps on each Lender's commitment amount under the Credit Agreement (collectively, the "**Extension Fees**").
6. **Conditions Precedent.** This Eighth Amending Agreement shall become effective upon each of the following conditions precedent being performed to the satisfaction of the Agent and Lenders or waived by the Agent and Lenders:
- (a) the Borrower delivers or causes to be delivered to the Agent and Lenders the following items:
    - (i) a fully executed copy of this Eighth Amending Agreement;
    - (ii) a confirmation of guarantee and security from each Loan Party that has previously executed and delivered the Security pursuant to the Credit Agreement;
    - (iii) payment of the Extension Fees; and
    - (iv) such other documents as are required under this Eighth Amending Agreement or which the Agent may reasonably request.
7. **Representations and Warranties.** The Borrower agrees with and confirms to each of the Lenders and the Agent that as of the Eighth Amendment Date each of the representations and warranties listed in Article 2 of the Credit Agreement (other than those made as of a specific date), as amended by this Eighth Amending Agreement, is true and accurate. Further, the Borrower hereby represents and warrants to each of the Lenders and the Agent that:
- (a) the execution and delivery of this Eighth Amending Agreement and the performance by it of its obligations hereunder (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constituting documents or by-laws; and
  - (b) this Eighth Amending Agreement is a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity.
8. **Governing Law.** The parties agree that this Eighth Amending 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 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 applying to this Eighth Amending Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Eighth Amending 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.

9. **Continuing Effect.** Each of the parties acknowledges and agrees that the Credit Agreement, as amended by this Eighth Amending Agreement, the Security and all other documents executed and delivered pursuant thereto or in connection therewith, will be and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
10. **Further Assurances.** The Borrower will from time to time forthwith at the Agent's request and at the Borrower's own cost and expense, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Lenders and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Eighth Amending Agreement.
11. **Counterparts.** This Eighth Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this Eighth Amending Agreement by signing any counterpart.

*[The remainder of this page has been intentionally left blank.]*

IN WITNESS WHEREOF, the parties have caused this Eighth Amending Agreement to be duly executed by their respective authorized officers as of the date and year first written above.

**Borrower:**

2 Houston Center, 909 Fannin Street, 10<sup>th</sup> Fl  
Houston, Texas 77010

Attention: Steve Hicks

Facsimile: (281) 847-1898

With a copy to:

Argent Energy Trust  
Suite 500, 321 - 6th Avenue SW  
Calgary AB T2P 3H3

Attention: Chief Financial Officer

Facsimile: (403) 770-4850

ARGENT ENERGY (US) HOLDINGS INC.,  
as Borrower

Per: 

Name: Scott Davidson  
Title: President & CEO

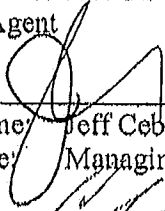
**Agent:**

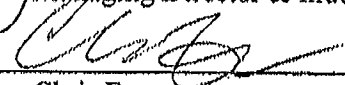
The Bank of Nova Scotia  
700 - 2<sup>nd</sup> Street S.W., Suite 2000  
Calgary, AB T2P 2W1

Attention: Managing Director and  
Industry Head

Facsimile: (403) 221-6497

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

Per:   
Name: Jeff Cebryk  
Title: Managing Director & Industry Head

Per:   
Name: Chris Freeman  
Title: Associate Director



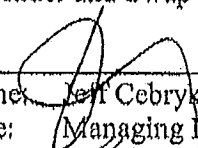
**Lender:**

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

**THE BANK OF NOVA SCOTIA,**  
as Lender and Swap Lender

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

Name: Jeff Cebryk

Title: Managing Director & Industry Head

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

Name: Chris Freeman

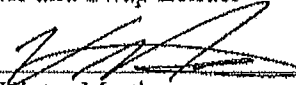
Title: Associate Director

**Lender:**

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

Attention: Portfolio Manager Oil & Gas  
Division  
Facsimile: (403) 776-8727

**WELLS FARGO BANK, N.A., CANADIAN  
BRANCH,**  
as Lender and Swap Lender

Per:   
Name: Victor Martinez  
Title: Director

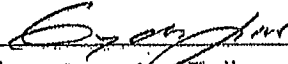
**Lender:**

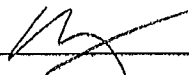
Canadian Imperial Bank of Commerce  
855 -- 2<sup>nd</sup> Street S.W., 9<sup>th</sup> Floor  
East Tower, Bankers Hall  
Calgary, AB T2P 2P2

Attention: Director, CIBC Oil & Gas,  
Commercial Banking  
Facsimile: (403) 221-5779

**CANADIAN IMPERIAL BANK OF  
COMMERCE,**

as Lender and Swap Lender

Per:   
Name: Grayden Falls  
Title: Authorized Signatory

Per:   
Name: Brad Kay  
Title: Authorized Signatory

**Lender:**

Royal Bank of Canada  
888 - 3<sup>rd</sup> Street S.W., Suite 3900  
West Tower, Bankers Hall  
Calgary, AB T2P 5C5

Attention: Vice-President, Corporate  
Banking  
Facsimile: (403) 292-3234

**ROYAL BANK OF CANADA,**  
as Lender and Swap Lender:

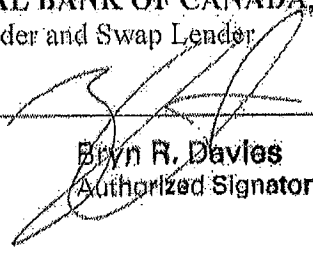
Per:   
Name: **Bryn R. Davies**  
Title: **Authorized Signatory**

EXHIBIT 1  
TO THE EIGHTH AMENDING AGREEMENT  
MADE EFFECTIVE AS OF JUNE 30, 2015

Schedule "A" to the Amended and Restated Credit Agreement dated October 25, 2012 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>Operating Facility<br/>Commitment</u> | <u>Syndicated Facility<br/>Commitment</u> |
|--|--|---|
| The Bank of Nova Scotia                    | U.S. \$2,000,000                         | U.S. \$33,200,000                         |
| Wells Fargo Bank, N.A.,<br>Canadian Branch | nil                                      | U.S. \$17,600,000                         |
| Canadian Imperial Bank of<br>Commerce      | nil                                      | U.S. \$13,600,000                         |
| Royal Bank of Canada                       | nil                                      | U.S. \$13,600,000                         |
| TOTAL:                                     | U.S. \$2,000,000                         | U.S. \$78,000,000                         |

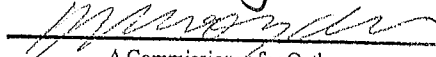
# EXHIBIT 10

THIS IS EXHIBIT " 10 "  
referred to in the Affidavit of Declaration

Sean Bovingdon

Sworn before me this 16<sup>th</sup>

day of February A.D. 20 16



A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor

CONVERTIBLE DEBENTURE INDENTURE

DATED AS OF THE 4<sup>th</sup> DAY OF JUNE, 2013

BETWEEN

ARGENT ENERGY TRUST

AND

COMPUTERSHARE TRUST COMPANY OF CANADA

PROVIDING FOR THE ISSUE OF DEBENTURES

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THIS INDENTURE made as of the 4<sup>th</sup> day of June, 2013.

BETWEEN:

**ARGENT ENERGY TRUST**, an unincorporated limited purpose open-ended trust established pursuant to the laws of the Province of Alberta (hereinafter called "**Argent**" or the "**Trust**"), by its Administrator, Argent Energy Ltd. (hereinafter called the "**Administrator**")

AND

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company organized under the federal laws of Canada having an office in the City of Calgary, in the Province of Alberta (hereinafter called the "**Trustee**")

WHEREAS the Trust wishes to create and issue the Debentures (as defined herein) in the manner and subject to the terms and conditions of this Indenture (as defined herein);

NOW THEREFORE THIS INDENTURE WITNESSES that in consideration of the respective covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Trust and the Trustee covenant and agree, for the benefit of each other and for the equal and rateable benefit of the holders, as follows:

#### ARTICLE 1 INTERPRETATION

##### 1.1 Definitions

In this Indenture and in the Debentures, unless there is something in the subject matter or context inconsistent therewith, the expressions following shall have the following meanings, namely:

- (a) "this Indenture", "this Convertible Debenture Indenture", "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to this Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;
- (b) "Additional Debentures" means Debentures of any one or more series, other than the first series of Debentures, being the Initial Debentures, issued under this Indenture;
- (c) "Administrator" means Argent Energy Ltd., the administrator of the Trust;
- (d) "Applicable Period" means for each regular cash dividend or distribution, the period announced by the Board of Directors, on behalf of the Trust, in respect of which such dividend or distribution is payable. As of the date hereof, the Applicable Period is one month. If, however, the Trust announces a regular quarterly, semi-annual or annual dividend or distribution, then the Applicable Period will be deemed to be the related quarterly, semi-annual or annual period;
- (e) "Applicable Securities Legislation" means applicable securities laws (including rules, regulations, policies and instruments) in each of the provinces of Canada;
- (f) "Argent" or the "Trust" means Argent Energy Trust and includes any successor to or of Argent Energy Trust which shall have complied with the provisions of Article 11;
- (g) "Argent Auditors" or "Auditors of the Trust" means an independent firm of chartered accountants duly appointed as auditors of the Trust;

- (h) **"Beneficial Holder"** means any person who holds a beneficial interest in a Global Debenture as shown on the books of the Depository or a Depository Participant;
- (i) **"Board of Directors"** means the board of directors of the Administrator or any committee thereof, acting on behalf of the Trust;
- (j) **"Business Day"** means any day other than a Saturday, Sunday or any other day that the Trustee in Calgary, Alberta is not generally open for business;
- (k) **"Cash Change of Control"** means a Change of Control in which 10% or more of the consideration for the Units in the transaction or transactions constituting a Change of Control consists of: (i) cash, other than cash payments for fractional Units and cash payments made in respect of dissenter's appraisal rights; or (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange;
- (l) **"Cash Change of Control Conversion Period"** has the meaning ascribed thereto in Section 2.4(k)(i);
- (m) **"CDS"** means CDS Clearing and Depository Services Inc.;
- (n) **"Change of Control"** means the acquisition by any Person, or group of Persons acting jointly or in concert (within the meaning of MI 62-104), of voting control or direction of an aggregate of 50% or more of the outstanding Units;
- (o) **"Change of Control Notice"** has the meaning ascribed thereto in Section 2.4(j)(i);
- (p) **"Change of Control Purchase Date"** has the meaning ascribed thereto in Section 2.4(j)(i);
- (q) **"Change of Control Purchase Offer"** has the meaning ascribed thereto in Section 2.4(j)(i);
- (r) **"Closing Date"** means June 4, 2013;
- (s) **"Conversion Price"** means the dollar amount for which each Unit may be issued from time to time upon the conversion of Debentures or any series of Debentures which are by their terms convertible in accordance with the provisions of Article 6;
- (t) **"Counsel"** means a barrister or solicitor or firm of barristers or solicitors retained or employed by the Trustee or retained or employed by the Trust and acceptable to the Trustee;
- (u) **"Credit Agreement"** means the amended and restated credit agreement dated as of October 25, 2012, among Argent Energy (US) Holdings Inc., as borrower, a syndicate of financial institutions and such other financial institutions who may become lenders thereunder, as lenders, and the Bank of Nova Scotia, as administrative agent thereunder, as amended by a first amending agreement made effective as of December 28, 2012, a second amending agreement made effective as of May 14, 2013, a third amending agreement made effective May 28, 2013, as the same may hereafter be, amended from time to time;
- (v) **"Current Market Price"** means, generally, the volume weighted average trading price of the Units on the TSX, if the Units are listed on the TSX, for the 20 consecutive trading days ending on the fifth trading day preceding the applicable date. If the Units are not listed on the TSX, reference shall be made for the purpose of the above calculation to the principal securities exchange or market on which the Units are listed or quoted or if no such prices are available "Current Market Price" shall be the fair value of a Unit as reasonably determined by the Board of Directors;

- (w) **"Date of Conversion"** has the meaning ascribed thereto in Section 6.4(b);
- (x) **"Debenture Liabilities"** has the meaning ascribed thereto in Section 5.1;
- (y) **"Debentureholders"** or **"holders"** means the Persons for the time being entered in the register for Debentures as registered holders of Debentures or any transferees of such Persons by endorsement or delivery;
- (z) **"Debentures"** means the debentures, notes or other evidence of indebtedness of the Trust issued and certified hereunder, or deemed to be issued and certified hereunder, including, without limitation, the Initial Debentures, and for the time being outstanding, whether in definitive or interim form;
- (aa) **"Defeased Debentures"** has the meaning ascribed thereto in Section 9.6(b);
- (bb) **"Depository"** means, with respect to the Debentures of any series issuable or issued in the form of one or more Global Debentures, the person designated as depository by the Trust pursuant to Section 3.2(a) until a successor depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter. "Depository" shall mean each person who is then a depository hereunder, and if at any time there is more than one such person, "Depository" as used with respect to the Debentures of any series shall mean each depository with respect to the Global Debentures of such series and, in the case of the Initial Debentures, the Depository shall initially be CDS;
- (cc) **"Depository Participant"** means a broker, dealer, bank, other financial institution or other person, acting on behalf of Beneficial Holders, for whom, from time to time, a Depository effects book entry for a Global Debenture deposited with the Depository;
- (dd) **"DRIP"** means, as applicable, the distribution reinvestment plan of the Trust, or the Premium Distribution™ and Distribution Reinvestment Plan of the Trust, which replaced the distribution reinvestment plan of the Trust on February 15, 2013;
- (ee) **"Effective Date"** has the meaning ascribed thereto in Section 2.4(k)(i);
- (ff) **"Event of Default"** has the meaning ascribed thereto in Section 8.1;
- (gg) **"Extraordinary Resolution"** has the meaning ascribed thereto in Section 13.12;
- (hh) **"Finance Parties"** means the Lenders (as defined in the Credit Agreement) and the Swap Lenders (as defined in the Credit Agreement);
- (ii) **"Freely Tradable"** means, in respect of units, shares or other securities of capital of any class of any entity, which units, shares or other securities at the time of their issuance: (i) are issuable without the necessity of filing a prospectus or any other similar offering document (other than such prospectus or similar offering document that has already been filed) under Applicable Securities Legislation and such issue does not constitute a distribution (other than a distribution already qualified by prospectus or similar offering document) under Applicable Securities Legislation; (ii) can be traded by the holder thereof without any restriction under Applicable Securities Legislation, such as hold periods, except in the case of a distribution by a "control person" (as defined in Applicable Securities Legislation); and (iii) are listed (or approved for listing) for trading on any stock exchange where such units, shares or other securities are generally listed for trading;
- (jj) **"Fully Registered Debentures"** means Debentures registered as to both principal and interest;
- (kk) **"generally accepted accounting principles"** or **"GAAP"** means generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants for

publicly accountable principles (being IFRS as adopted by the Canadian Accounting Standards Board) (including as further described in Section 1.16);

- (ll) **"Global Debenture"** means a Debenture that is issued to and registered in the name of the Depository, or its nominee, pursuant to Section 2.6 for purposes of being held by or on behalf of the Depository as custodian for participants in the Depository's book-entry only registration system;
- (mm) **"Government Obligations"** means securities issued or guaranteed by the Government of Canada or any province thereof;
- (nn) **"Guarantees"** means any guarantee or undertaking to assume, endorse, contingently agree to purchase, or to provide funds for the payment of, or otherwise become liable in respect of, any indebtedness, liability or obligation of any Person;
- (oo) **"IFRS"** means at any time, International Financial Reporting Standards, at the relevant time applied on a consistent basis;
- (pp) **"Initial Debentures"** means the first series of Debentures designated as "6.00% Convertible Unsecured Subordinated Debentures due June 30, 2018" and described in Section 2.4;
- (qq) **"Initial Distribution Threshold"** means \$0.0875 per Unit in respect of a monthly Applicable Period, and proportionally adjusted in the case of an Applicable Period that is not one month (which would be \$0.2625 per Unit for a quarterly dividend or distribution or \$1.05 per Unit for an annual dividend or distribution);
- (rr) **"Interest Account"** has the meaning ascribed thereto in Section 10.1(h);
- (ss) **"Interest Obligation"** means the obligation of the Trust to pay interest on the Debentures, as and when the same becomes due;
- (tt) **"Interest Payment Date"** means a date specified in a Debenture as the date on which interest on such Debenture shall become due and payable and which for the Initial Debentures shall be semi-annually on June 30 and December 31 in each year, commencing on December 31, 2013 computed on the basis of a 365-day year;
- (uu) **"Make Whole Premium"** has the meaning ascribed thereto in Section 2.4(k)(i);
- (vv) **"Make Whole Premium Units"** has the meaning ascribed thereto in Section 2.4(k)(ii);
- (ww) **"Maturity Account"** means an account or accounts required to be established by the Trust (and which shall be maintained by and subject to the control of the Trustee) for each series of Debentures issued pursuant to and in accordance with this Indenture;
- (xx) **"Maturity Date"** means the date specified for maturity of any Debentures as prescribed in this Indenture or in supplement hereto and means, for the Initial Debentures, June 30, 2018;
- (yy) **"Maturity Notice"** has the meaning ascribed thereto in Section 2.4(g);
- (zz) **"MI 62-104"** means Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*;
- (aaa) **"Offer Price"** has the meaning ascribed thereto in Section 2.4(j)(i);
- (bbb) **"Offering"** means the public offering by short form prospectus dated May 28, 2013 of \$75,000,000 aggregate principal amount of Initial Debentures (\$86,250,000 aggregate principal amount of Initial Debentures upon the exercise in full of the Over-Allotment Option);



- (ccc) "Offeror's Notice" has the meaning ascribed thereto in Section 12.3;
- (ddd) "Officer's Certificate" means a certificate of the Trust signed by any one authorized officer or director of the Administrator, in his or her capacity as an officer or director of the Administrator, and not in his or her personal capacity;
- (eee) "Over-Allotment Option" means the right of the underwriters under the Offering to purchase from the Trust up to an additional \$11,250,000 aggregate principal amount of Initial Debentures for a period of 30 days following the Closing Date;
- (fff) "Periodic Offering" means an offering of Debentures of a series from time to time, the specific terms of which Debentures, including, without limitation, the rate or rates of interest, if any, thereon, the stated maturity or maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Trust upon the issuance of such Debentures from time to time;
- (ggg) "Person" includes an individual, corporation, company, partnership, joint venture, association, trust, trustee, unincorporated organization or other organization, whether or not a legal entity or government or any agency or political subdivision thereof (and for the purposes of the definition of "Change of Control", in addition to the foregoing, "Person" shall include any syndicate or group that would be deemed to be a "Person" under MI 62-104);
- (hhh) "Redemption Date" has the meaning ascribed thereto in Section 4.3;
- (iii) "Redemption Notice" has the meaning ascribed thereto in Section 4.3;
- (jjj) "Redemption Price" means, in respect of a Debenture, the amount, including accrued and unpaid interest up to (but excluding) the Redemption Date fixed for such Debenture, payable on the Redemption Date, which amount may be payable by the issuance of Freely Tradable Units as provided for in Section 4.6;
- (kkk) "Senior Creditor" means a holder or holders of Senior Indebtedness and includes any representative or representatives, agent or agents or trustee or trustees of any such holder or holders;
- (lll) "Senior Indebtedness" means all obligations, liabilities and indebtedness of the Trust and its Subsidiaries which would, in accordance with GAAP, be classified upon a consolidated statement of financial position of the Trust as liabilities of the Trust or its Subsidiaries and, whether or not so classified, shall include (without duplication): (A) indebtedness of the Trust or its Subsidiaries for borrowed money including, without limitation all indebtedness under the Credit Agreement; (B) obligations of the Trust or its Subsidiaries evidenced by bonds, debentures, notes or other similar instruments; (C) obligations of the Trust or its Subsidiaries arising pursuant or in relation to bankers' acceptances, letters of credit and letters of guarantee (including payment and reimbursement obligations in respect thereof) or indemnities issued in connection therewith; (D) obligations of the Trust or its Subsidiaries under any swap, hedging or other similar contracts or arrangements; (E) obligations of the Trust or its Subsidiaries under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the Senior Indebtedness or other obligations of any other person which would otherwise constitute Senior Indebtedness within the meaning of this definition; (F) all indebtedness of the Trust or its Subsidiaries representing the deferred purchase price of any property including, without limitation, purchase money mortgages; (G) accounts payable to trade creditors; (H) all renewals, extensions and refinancing of any of the foregoing; (I) all costs and expenses incurred by or on behalf of the holder of any Senior Indebtedness in enforcing payment or collection of any such Senior Indebtedness, including enforcing any security interest securing the same; and (J) declared but not yet paid distributions on Units. "Senior Indebtedness" shall not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate to or rank *pari passu* with the Debentures;

- (mmm) "**Senior Security**" means all mortgages, hypothecs, liens, pledges, charges (whether fixed or floating), security interests or other encumbrances of any kind, contingent or absolute, held by or on behalf of any Senior Creditor and in any manner securing any Senior Indebtedness;
- (nnn) "**Serial Meeting**" has the meaning ascribed thereto in Section 13.2(b)(i);
- (ooo) "**Subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Alberta);
- (ppp) "**Successor**" has the meaning ascribed thereto in Section 11.1;
- (qqq) "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;
- (rrr) "**Taxation Certification**" means: (i) a properly completed and duly executed United States Internal Revenue Service Form W-8BEN or W-9 (as applicable), or such successor form to such forms as the Internal Revenue Service shall adopt; and (ii) if the Debentureholder or beneficial Debentureholder is a resident of a jurisdiction (other than the United States or Canada) that is determined by the Trustee or the Administrator not to have a tax treaty with the United States that fully exempts a United States payor from withholding obligations on interest payments made to residents in such jurisdiction, a properly completed and duly executed certification that such person does not beneficially own directly or indirectly 10% or more of the total issued and outstanding Debentures or Units;
- (sss) "**Time of Expiry**" means the time of expiry of certain rights with respect to the conversion of Debentures under Article 6 which is to be set forth separately in the form and terms for each series of Debentures which by their terms are to be convertible. With respect to the Initial Debentures, "Time of Expiry" shall have the meaning ascribed under Section 2.4(f);
- (ttt) "**Total Offer Price**" has the meaning ascribed thereto in Section 2.4(j)(i);
- (uuu) "**trading day**" means, with respect to the TSX or other market for securities, any day on which such exchange or market is open for trading or quotation;
- (vvv) "**Trustee**" means Computershare Trust Company of Canada, or its successor or successors;
- (www) "**TSX**" means the Toronto Stock Exchange or its successor or successors;
- (xxx) "**Unit Bid Request**" means a request for bids to purchase Units (to be issued by the Trust on the Unit Delivery Date) made by the Trustee in accordance with the Unit Interest Payment Election Notice and which shall make the acceptance of any bid conditional upon the acceptance of sufficient bids to result in aggregate proceeds from such issue and sale of Units which, together with the cash payments by the Trust in lieu of fractional Units, if any, equal the Interest Obligation;
- (yyy) "**Unit Delivery Date**" means a date, not more than 90 days and not less than one Business Day prior to the applicable Interest Payment Date, upon which Units are issued by the Trust and delivered to the Trustee for sale pursuant to Unit Purchase Agreements;
- (zzz) "**Unit Interest Payment Election**" means an election to satisfy an Interest Obligation on the applicable Interest Payment Date in the manner described in the Unit Interest Payment Election Notice;
- (aaaa) "**Unit Interest Payment Election Amount**" means the sum of the amount of the aggregate proceeds resulting from the sale of Units on the Unit Delivery Date pursuant to acceptable bids obtained pursuant to the Unit Bid Requests, together with any amount paid by the Trust in respect of fractional Units pursuant to Section 10.1(g), that is equal to the aggregate amount of the Interest Obligation in respect of which the Unit Interest Payment Election Notice was delivered;

- (bbbb) **"Unit Interest Payment Election Notice"** means a written notice made by the Trust to the Trustee specifying:
- (i) the Interest Obligation to which the election relates;
  - (ii) the Unit Interest Payment Election Amount;
  - (iii) the investment banks, brokers or dealers through which the Trustee shall seek bids to purchase the Units and the conditions of such bids, which may include the minimum number of Units, minimum price per Unit, timing for closing for bids and such other matters as the Trust may specify; and
  - (iv) that the Trustee shall accept through the investment banks, brokers or dealers selected by the Trust only those bids which comply with such notice;
- (cccc) **"Unit Price"** has the meaning ascribed thereto in Section 2.4(k)(ii);
- (dddd) **"Unit Proceeds Investment"** has the meaning attributed thereto in Section 10.1(h);
- (eeee) **"Unit Purchase Agreement"** means an agreement in customary form among the Trust, the Trustee and the Persons making acceptable bids pursuant to a Unit Bid Request, which complies with all applicable laws, including the Applicable Securities Legislation and the rules and regulations of any stock exchange on which the Debentures or Units are then listed;
- (ffff) **"Unit Redemption Right"** has the meaning attributed thereto in Section 4.6(a);
- (gggg) **"Unit Repayment Right"** has the meaning attributed thereto in Section 4.10(a);
- (hhhh) **"United States"** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (iiii) **"Units"** means trust units of the Trust, as such trust units are constituted on the date of execution and delivery of this Indenture; provided that in the event of a change or a subdivision, revision, reduction, combination or consolidation thereof, any reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 6.5, **"Units"** shall mean the trust units or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;
- (jjjj) **"Written Direction of the Trust"** means an instrument in writing signed by any one officer or director of the Administrator on behalf of the Trust; and
- (kkkk) **"90% Redemption Right"** has the meaning ascribed thereto in Section 2.4(j)(ii).

## 1.2 Meaning of "Outstanding"

Every Debenture certified and delivered by the Trustee hereunder shall be deemed to be outstanding until it is cancelled, converted or redeemed or delivered to the Trustee for cancellation, conversion or redemption and monies and/or Units, as the case may be, for the payment thereof shall have been set aside under Article 9, provided that:

- (a) Debentures which have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;
- (b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding; and
- (c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures owned directly or indirectly, legally or equitably, by the Trust shall be disregarded except that:
  - (i) for the purpose of determining whether the Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action, or on the Debentureholders present or represented at any meeting of Debentureholders, only the Debentures which are certified by the Trust as being so owned shall be disregarded;
  - (ii) Debentures so owned which have been pledged in good faith other than to the Trust or a Subsidiary of the Trust shall not be so disregarded if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his discretion free from the control of the Trust or a Subsidiary of the Trust;
  - (iii) for the purposes of disregarding any Debentures owned legally or beneficially by the Trust or any Subsidiary, the Trust shall provide to the Trustee, at the request of the Trustee, from time to time, an Officer's Certificate setting forth as at the date of such certificate:
    - (A) the names of the Debentureholders which, to the knowledge of the Trust, are owned, directly or indirectly, legally or equitably by the Trust or any Subsidiary; and
    - (B) the principal amount of Debentures owned legally and beneficially by each of such holders;and the Trustee in making such determination shall be entitled to rely upon such certificate; and
  - (iv) Debentures so owned shall not be disregarded if they are the only Debentures outstanding.

### 1.3 Interpretation

In this Indenture:

- (a) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa;
- (b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules to this Indenture;
- (c) all references to Sections refer, unless otherwise specified, to Sections, subsections or clauses of this Indenture;

- (d) words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by and do not imply limitation of their context or the words or phrases which precede or succeed them;
- (e) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (f) unless otherwise indicated, reference to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time; and
- (g) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated by including the day on which the period commences and excluding the day on which the period ends.

#### **1.4 Headings, Etc.**

The division of this Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Debentures.

#### **1.5 Time of Essence**

Time shall be of the essence of this Indenture.

#### **1.6 Monetary References**

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

#### **1.7 Invalidity, Etc.**

Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof.

#### **1.8 Language**

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating thereto, including, without limiting the generality of the foregoing, the form of Initial Debenture attached hereto as Schedule A, be drawn up in the English language only. Les parties aux présentes reconnaissent avoir accepté et demandé que le présent acte de fiducie et tous les documents s'y rapportant, y compris, sans restreindre la portée générale de ce qui précède, le formulaire de débenture joint aux présentes à titre d'annexe A, soient rédigés en langue anglaise seulement.

#### **1.9 Successors and Assigns**

All covenants and agreements of the Trust in this Indenture and the Debentures shall bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Trustee in this Indenture shall bind its successors.

#### **1.10 Severability**

In case any provision in this Indenture or in the Debentures shall be invalid, illegal or unenforceable, such provision shall be deemed to be severed herefrom or therefrom and the validity, legality and enforceability of the remaining provisions shall not in any way be affected, prejudiced or impaired thereby.

#### **1.11 Entire Agreement**

This Indenture and all supplemental indentures and Schedules hereto and thereto, and the Debentures issued hereunder and thereunder, together constitute the entire agreement between the parties hereto with respect to the indebtedness created hereunder and thereunder and under the Debentures and supersedes as of the date hereof all prior memoranda, agreements, negotiations, discussions and term sheets, whether oral or written, with respect to the indebtedness created hereunder or thereunder and under the Debentures.

#### **1.12 Benefits of Indenture**

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the Debentureholders, the Senior Creditors (to the extent provided in Article 5 only), and (to the extent provided in Section 8.11) the holders of Units, any benefit or any legal or equitable right, remedy or claim under this Indenture.

#### **1.13 Applicable Law and Attornment**

This Indenture, any supplemental indenture and the Debentures shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and shall be treated in all respects as Alberta contracts. With respect to any suit, action or proceedings relating to this Indenture, any supplemental indenture or any Debenture, the Trust, the Trustee and each holder irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.

#### **1.14 Currency of Payment**

Unless otherwise indicated in a supplemental indenture with respect to any particular series of Debentures, all payments to be made under this Indenture or a supplemental indenture shall be made in Canadian dollars.

#### **1.15 Non-Business Days**

Whenever any payment to be made hereunder shall be due, any period of time would begin or end, any calculation is to be made or any other action is to be taken on, or as of, or from a period ending on, a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other action shall be taken, as the case may be, unless otherwise specifically provided herein, on or as of the next succeeding Business Day without any additional interest, cost or charge to the Trust.

#### **1.16 Accounting Terms**

Except as hereinafter provided or as otherwise indicated in this Indenture, all calculations required or permitted to be made hereunder pursuant to the terms of this Indenture shall be made in accordance with GAAP. For greater certainty, GAAP shall include any accounting standards, including IFRS, that may from time to time be approved for general application by the Canadian Institute of Chartered Accountants.

#### **1.17 Calculations**

The Trust shall be responsible for making all calculations called for hereunder including, without limitation, calculations of Current Market Price. The Trust shall make such calculations in good faith and, absent manifest error, the Trust's calculations shall be final and binding on holders and the Trustee. If requested by the Trustee, the Trust will provide a schedule of its calculations to the Trustee and the Trustee shall be entitled to rely conclusively on the accuracy of such calculations without independent verification.

#### **1.18 Schedules**

The following Schedules are incorporated into and form part of this Indenture:

- Schedule "A" - Form of Initial Debenture
- Schedule "B" - Form of Redemption Notice

Schedule "C" - Form of Maturity Notice  
Schedule "D" - Form of Notice of Conversion

In the event of any inconsistency between the provisions of any Section of this Indenture and the provisions of the Schedules which form a part hereof, the provisions of this Indenture shall prevail to the extent of the inconsistency.

## ARTICLE 2 THE DEBENTURES

### 2.1 Limit of Debentures

Subject to the limitation in respect of the Initial Debentures set out in Section 2.4(a), the aggregate principal amount of Debentures authorized to be issued under this Indenture is unlimited, but Debentures may be issued only upon and subject to the conditions and limitations herein set forth.

### 2.2 Terms of Debentures of any Series

The Debentures may be issued in one or more series. There shall be established herein or in or pursuant to one or more indentures supplemental hereto, prior to the initial issuance of Debentures of any particular series:

- (a) the designation of the Debentures of the series (which need not include the term "Debentures"), which shall distinguish the Debentures of the series from the Debentures of all other series;
- (b) any limit upon the aggregate principal amount of the Debentures of the series that may be certified and delivered under this Indenture (except for Debentures of a series certified and delivered upon registration of, transfer of, amendment of, or in exchange for, or in lieu of, other Debentures of the series pursuant to Sections 2.9, 2.10, 3.2, 3.3 and 3.6 and Article 4 and Article 6);
- (c) the date or dates on which the principal of the Debentures of the series is payable;
- (d) the rate or rates at which the Debentures of the series shall bear interest, if any, the date or dates from which such interest shall accrue, on which such interest shall be payable and on which record date, if any, shall be taken for the determination of holders to whom such interest shall be payable and/or the method or methods by which such rate or rates or date or dates shall be determined;
- (e) the place or places where the principal of and any interest on Debentures of the series shall be payable or where any Debentures of the series may be surrendered for registration of transfer or exchange;
- (f) the right, if any, of the Trust to redeem Debentures of the series, in whole or in part, at its option and the period or periods within which, the price or prices at which and any terms and conditions upon which, Debentures of the series may be so redeemed, pursuant to any sinking fund or otherwise;
- (g) the obligation, if any, of the Trust to redeem, purchase or repay Debentures of the series pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a holder thereof and the price or prices at which, the period or periods within which, the date or dates on which, and any terms and conditions upon which, Debentures of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;
- (h) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which Debentures of the series shall be issuable;
- (i) subject to the provisions of this Indenture, any trustee, Depositories, authenticating or paying agents, transfer agents or registrars or any other agents with respect to the Debentures of the series;

- (j) any other events of default or covenants with respect to the Debentures of the series;
- (k) whether and under what circumstances the Debentures of the series will be convertible into or exchangeable for securities of any Person;
- (l) whether the Debentures of the series will be guaranteed by any person and the terms of any such guarantee;
- (m) the form and terms of the Debentures of the series;
- (n) if applicable, that the Debentures of the series shall be issuable in whole or in part as one or more Global Debentures and, in such case, the Depository or Depositories for such Global Debentures in whose name the Global Debentures will be registered, and any circumstances other than or in addition to those set forth in Section 2.9 or 3.2 or those applicable with respect to any specific series of Debentures, as the case may be, in which any such Global Debenture may be exchanged for Fully Registered Debentures, or transferred to and registered in the name of a person other than the Depository for such Global Debentures or a nominee thereof;
- (o) if other than Canadian currency, the currency in which the Debentures of the series are issuable; and
- (p) any other terms of the Debentures of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Debentures of any one series shall be substantially identical, except as may otherwise be established herein or by or pursuant to a resolution of the Board of Directors, Officer's Certificate or in an indenture supplemental hereto. All Debentures of any one series need not be issued at the same time and may be issued from time to time, including pursuant to a Periodic Offering, consistent with the terms of this Indenture, if so provided herein, by or pursuant to such resolution of the Board of Directors, Officer's Certificate or in an indenture supplemental hereto.

### 2.3 Form of Debentures

Except in respect of the Initial Debentures, the form of which is provided for herein, the Debentures of each series shall be substantially in such form or forms (not inconsistent with this Indenture) as shall be established herein or by or pursuant to one or more resolutions of the Board of Directors (or to the extent established pursuant to, rather than set forth in, a resolution of the Board of Directors, in an Officer's Certificate detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform to general usage, all as may be determined by the directors or officers of the Administrator executing such Debentures on behalf of the Trust, as conclusively evidenced by their execution of such Debentures.

### 2.4 Form and Terms of Initial Debentures

- (a) The first series of Debentures (the "Initial Debentures") authorized for issue immediately is limited to an aggregate principal amount of not more than \$86,250,000 and shall be designated as "6.00% Convertible Unsecured Subordinated Debentures due June 30, 2018".
- (b) The Initial Debentures shall be dated as of the Closing Date and/or the closing of the Over-Allotment Option, as applicable, and shall mature June 30, 2018 (the "Maturity Date" for the Initial Debentures).
- (c) The Initial Debentures shall bear interest from the Closing Date at the rate of 6.00% per annum (based on a year of 365 days), payable in arrears in equal (with the exception of the first interest payment which will include interest from and including the Closing Date as set forth below) semi-



annual payments in arrears on June 30 and December 31 in each year, the first such payment to fall due on December 31, 2013 and the last such payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date of the Initial Debentures or the earlier date of redemption or repayment of the Initial Debentures) to fall due on June 30, 2018 or the earlier date of redemption or repayment, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually, computed on the basis of a 365-day year. For certainty, the first interest payment will include interest accrued from and including the Closing Date of the Offering to, but excluding December 31, 2013, which will be equal to \$34.52 for each \$1,000 principal amount of Initial Debentures. The record dates for the payment of interest on the Initial Debentures will be June 15 and December 15 in each year (or the first Business Day prior to such date if not a Business Day).

- (d) The Initial Debentures will be redeemable in accordance with the terms of Article 4, provided that the Initial Debentures will not be redeemable before June 30, 2016, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as outlined herein. On or after June 30, 2016 and prior to the Maturity Date, provided that the Current Market Price on the date upon which the Redemption Notice is given is not less than 125% of the Conversion Price in respect of the Initial Debentures, the Initial Debentures may be redeemed at the option of the Trust in whole or in part from time to time on notice as provided for in Section 4.3 at a Redemption Price equal to 100% of their principal amount plus accrued and unpaid interest thereon up to (but excluding) the Redemption Date. The Redemption Notice for the Initial Debentures shall be substantially in the form of Schedule B. In connection with the redemption of the Initial Debentures, the Trust may, at its option and subject to the provisions of Section 4.6 and subject to regulatory approval, elect to satisfy its obligation to pay all or a portion of the aggregate Redemption Price of the Initial Debentures to be redeemed by issuing and delivering to the holders of such Initial Debentures, such number of Freely Tradable Units as is obtained by dividing the aggregate Redemption Price by 95% of the Current Market Price in effect on the Redemption Date. If the Trust elects to exercise such option, it shall so specify and provide details of such election in the Redemption Notice.
- (e) The Initial Debentures will be subordinated to the Senior Indebtedness of the Trust in accordance with the provisions of Article 5. In accordance with Section 2.12, the Initial Debentures will rank *pari passu* with each other series of Debentures issued under this Indenture or under Indentures supplemental to this Indenture (regardless of their actual date or terms of issue) and, except as prescribed by law, with all other present and future subordinated and unsecured indebtedness of the Trust other than Senior Indebtedness.
- (f) Upon and subject to the provisions and conditions of Article 6 and Section 3.7, the holder of each Initial Debenture shall have the right at such holder's option, prior to the close of business on the earlier of: (i) the Business Day immediately preceding the Maturity Date of the Initial Debentures; (ii) if the Initial Debentures are called for redemption, the Business Day immediately preceding the date specified by the Trust for redemption of the Initial Debentures; and (iii) if subject to repurchase pursuant to a Change of Control, the Business Day immediately preceding the date specified by the Trust for repurchase of the Initial Debentures, subject to the satisfaction of certain conditions, by notice to the holders of Initial Debentures in accordance with Sections 2.4(d) and 4.3 (the earlier of which will be the "Time of Expiry" for the purposes of Article 6 in respect of the Initial Debentures), to convert any part, being \$1,000 or an integral multiple thereof, of the principal amount of a Debenture into Freely Tradable Units at the Conversion Price in effect on the Date of Conversion. To the extent a redemption is a redemption in part only of the Initial Debentures, such right to convert, if not exercised prior to the applicable Time of Expiry, shall survive as to any Initial Debentures not redeemed or converted and be applicable to the next succeeding Time of Expiry. Notwithstanding the foregoing, no Initial Debentures may be converted on an Interest Payment Date or during the five Business Days preceding June 30 and December 31 each year commencing December 31, 2013.

The Conversion Price in effect on the date hereof for each Unit to be issued upon the conversion of Initial Debentures shall be equal to \$13.90 per Unit such that approximately 71.9424 Units shall be issued for each \$1,000 principal amount of Initial Debentures so converted, subject to

adjustments for fractional interests in accordance with Section 6.6. Except as provided below, no adjustment in the number of Units to be issued upon conversion will be made for dividends or distributions on Units issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Units in accordance with Article 6, or for interest accrued on Initial Debentures surrendered. The Conversion Price applicable to, and the Units, securities or other property receivable on the conversion of, the Initial Debentures is subject to adjustment pursuant to the provisions of Section 2.4(k) and Section 6.5.

Subject to the paragraph immediately below, holders converting their Initial Debentures will receive, in addition to the applicable number of Units, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Initial Debentures surrendered for conversion up to but excluding the Date of Conversion from, and including, the most recent Interest Payment Date in accordance with Section 6.4(e). For clarity, payment of such interest, whether in cash or by delivery of Freely Tradable Units pursuant to the exercise of the Unit Interest Payment Election, may, at the option of the Trust, be paid on the next regularly scheduled Interest Payment Date following the Date of Conversion.

Holders of Initial Debentures surrendered for conversion during the period from the close of business on any regular record date for the payment of interest on the Initial Debentures to the opening of business on the next succeeding Interest Payment Date will receive the full equal semi-annual interest payable on such Initial Debentures on the corresponding Interest Payment Date notwithstanding the conversion prior to the Interest Payment Date, and such Initial Debentures, upon conversion, must be accompanied by funds from the Trust equal to the amount of such payment, unless such Initial Debentures have been called for redemption, in which case no such payment by the Trust will be required. In the event that a holder of Debentures exercises their conversion right following a Redemption Notice by the Trust and during the period from the close of business on any regular record date for the payment of interest on the Initial Debentures to the opening of business on the next succeeding Interest Payment Date, such holder will be entitled to receive accrued and unpaid interest, in addition to the applicable number of Units to be received on conversion, for the period from the last Interest Payment Date to (but excluding) the date of conversion.

The Conversion Price will not be adjusted for accrued interest.

Notwithstanding any other provisions of this Indenture, if a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Units in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of such Units until the Business Day following such Interest Payment Date.

A Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Purchase Offer pursuant to the provisions of Section 2.4(j) may be surrendered for conversion only if such notice is withdrawn by the Trust in accordance with this Indenture.

- (g) On redemption or maturity of the Initial Debentures, the Trust may, at its option and subject to the provisions of Section 4.6 and Section 4.10, as applicable, and subject to regulatory approval, elect to satisfy its obligation to pay all or a portion of the aggregate principal amount of the Initial Debentures due on redemption or maturity, together with all accrued but unpaid interest thereon, by issuing and delivering to such holders of Initial Debentures Freely Tradable Units pursuant to the provisions of Sections 4.6 and 4.10, as applicable. If the Trust elects to exercise such option, it shall provide details in the Redemption Notice or deliver a maturity notice (the "Maturity Notice") to the holders of the Initial Debentures in substantially the form of Schedule C and provide the necessary details.
- (h) The Initial Debentures shall be issued in denominations of \$1,000 and integral multiples of \$1,000. Each Initial Debenture and the certificate of the Trustee endorsed thereon shall be issued in substantially the form set out in Schedule A, with such insertions, omissions, substitutions or

other variations as shall be required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Board of Directors, on behalf of the Trust, executing such Initial Debenture in accordance with Section 2.7 hereof, as conclusively evidenced by their execution of an Initial Debenture. Each Initial Debenture shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, an Initial Debenture may be in such other form or forms as may, from time to time, be approved by a resolution of the Board of Directors, or as specified in an Officer's Certificate. The Initial Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

The Initial Debentures shall be issued as a Global Debenture and the Global Debenture will be registered in the name of the Depository (or any nominee of the Depository) which, as of the date hereof, shall be CDS. No Beneficial Holder will receive definitive certificates representing their interest in Debentures except as provided in this Section 2.4(h) and Section 3.2. A Global Debenture may be exchanged for Debentures in registered form that are not Global Debentures, or transferred to and registered in the name of a person other than the Depository for such Global Debentures or a nominee thereof, as provided in Section 3.2.

- (i) Upon and subject to the provisions of Article 10, and provided no Event of Default has occurred and is continuing, the Trust may elect, from time to time, to satisfy its Interest Obligation on the Initial Debentures on any Interest Payment Date (including, for greater certainty, following conversion or upon maturity or redemption) by delivering Units to the Trustee pursuant to the Unit Interest Payment Election for sale through the facilities of a registered broker/dealer.
- (j) Within 30 days following the occurrence of a Change of Control, and subject to the provisions and conditions of this Section 2.4(j), the Trust shall be obligated to offer to purchase all of the Initial Debentures then outstanding. The terms and conditions of such obligation are set forth below:
  - (i) Within 30 days following the occurrence of a Change of Control, the Trust shall deliver to the Trustee, and the Trustee shall promptly deliver to the holders of the Initial Debentures, a notice stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control (a "Change of Control Notice") together with an offer in writing (the "Change of Control Purchase Offer") to purchase, on the Change of Control Purchase Date (as defined below), all (or any portion actually tendered to such offer in a minimum amount of \$1,000 principal amount and multiples thereof) of the Initial Debentures then outstanding from the holders thereof made in accordance with the requirements of Applicable Securities Legislation at a price per Initial Debenture equal to 100% of the principal amount thereof (the "Offer Price") plus accrued and unpaid interest on such Initial Debentures up to, but excluding, the Change of Control Purchase Date (collectively, the "Total Offer Price"). If such Change of Control Purchase Date is after a record date for the payment of interest on the Initial Debentures but on or prior to an Interest Payment Date, then the interest payable on such date will be paid to the holder of record of the Debentures on the relevant record date. The Change of Control Purchase Offer shall specify the date and time on which such offer shall expire. The "Change of Control Purchase Date" shall be the date that is 30 days after the date that the Change of Control Notice and Change of Control Purchase Offer are delivered or mailed to holders of Initial Debentures. The Trustee will promptly thereafter deliver, by prepaid courier or mail, the Change of Control Purchase Offer to the holders of all Initial Debentures then outstanding, at their addresses appearing in the registers of holders of Initial Debentures maintained by the Trustee.
  - (ii) If 90% or more in aggregate principal amount of Initial Debentures outstanding on the date the Trust provides the Change of Control Notice and the Change of Control Purchase Offer to holders of the Initial Debentures have been tendered for purchase pursuant to the

Change of Control Purchase Offer on the expiration thereof, the Trust has the right upon written notice provided to the Trustee within 10 days following the expiration of the Change of Control Purchase Offer, to elect to redeem all the Initial Debentures remaining outstanding on the expiration of the Change of Control Purchase Offer at the Total Offer Price as at the Change of Control Purchase Date (the "90% Redemption Right") and on the other terms and conditions provided herein.

- (iii) Upon receipt of notice that the Trust has exercised or is exercising the 90% Redemption Right and is acquiring the remaining Initial Debentures, the Trustee shall promptly provide written notice to each Debentureholder that did not previously accept the Offer that:
  - (A) the Trust has exercised the 90% Redemption Right and is purchasing all outstanding Initial Debentures effective on the expiry of the Change of Control Purchase Offer at the Total Offer Price, and shall include a calculation of the amount payable to such holder as payment of the Total Offer Price as at the Change of Control Purchase Date;
  - (B) each such holder must transfer their Initial Debentures to the Trustee on the same terms as those holders that accepted the Change of Control Purchase Offer and must send their respective Initial Debentures, duly endorsed for transfer, to the Trustee within 10 days after the sending of such notice provided that with respect to a Global Debenture, the obligation to surrender an Initial Debenture to the Trustee shall be satisfied if the Trustee makes a notation on the Global Debenture of the principal amount thereof so transferred; and
  - (C) the rights of such holder under the terms of the Initial Debentures and this Indenture cease effective as of the date of expiry of the Change of Control Purchase Offer provided the Trust has, on or before the time of notifying the Trustee of the exercise of the 90% Redemption Right, paid the aggregate Total Offer Price to, or to the order of, the Trustee and thereafter the Initial Debentures shall not be considered to be outstanding and the holder shall not have any right except to receive such holder's Total Offer Price upon surrender and delivery of such holder's Initial Debentures in accordance with the Indenture.
- (iv) The Trust shall, on or before 11:00 a.m. (Calgary time), on the Business Day immediately prior to the Change of Control Purchase Date, deposit with the Trustee or any paying agent to the order of the Trustee, such sums of money as may be sufficient to pay the aggregate Total Offer Price of the Initial Debentures to be purchased or redeemed by the Trust on the Change of Control Purchase Date (less any tax required by law to be deducted), provided the Trust may elect to satisfy this requirement by providing the Trustee with a wire transfer or such other means as may be acceptable to the Trustee, for such amounts required under this Section 2.4(j)(iv) post-dated to the date of expiry of the Change of Control Purchase Offer. The Trust shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such purchase. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Initial Debentures, the Total Offer Price to which they are entitled (less any tax required by law to be deducted) on the Trust's purchase. All Initial Debentures in respect of which payment of the Total Offer Price has been made shall be cancelled by the Trustee.
- (v) In the event that one or more of such Initial Debentures being purchased in accordance with this Section 2.4(j) becomes subject to purchase in part only, upon surrender of such Initial Debentures for payment of the Total Offer Price, the Trust shall execute and the Trustee shall certify and deliver without charge to the holder thereof or upon the holder's

order, one or more new Initial Debentures for the portion of the principal amount of the Initial Debentures not purchased.

- (vi) Initial Debentures for which holders have accepted the Change of Control Purchase Offer and Initial Debentures which the Trust has elected to redeem in accordance with this Section 2.4(j) shall become due and payable at the Total Offer Price on the Change of Control Purchase Date, in the same manner and with the same effect as if it were the date of maturity specified in such Initial Debentures, anything therein or herein to the contrary notwithstanding, and from and after the Change of Control Purchase Date, if the money necessary to purchase or redeem, or the Units necessary to purchase or redeem, the Initial Debentures shall have been deposited as provided in this Section 2.4(j) and affidavits or other proofs satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Initial Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.
  - (vii) In case the holder of any Initial Debenture to be purchased or redeemed in accordance with this Section 2.4(j) shall fail on or before the Change of Control Purchase Date so to surrender such holder's Initial Debenture or shall not within such time accept payment of the monies payable, to take delivery of certificates representing such Units issuable in respect thereof, or give such receipt therefor, if any, as the Trustee may require, such monies may be set aside in trust, or such certificates may be held in trust, without interest, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum or the Units so set aside and the Debentureholder shall have no other right except to receive payment of the monies so paid and deposited, or take delivery of the certificates so deposited, or both, upon surrender and delivery up of such holder's Initial Debenture. In the event that any money or certificates representing Units required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Initial Debentures issued hereunder shall remain so deposited for a period of three years less a day from the Change of Control Purchase Date, then such monies, or certificates representing Units, together with any accumulated interest thereon, or any distributions paid thereon, shall at the end of such period be paid over or delivered over by the Trustee or such depository or paying agent to the Trust and the Trustee shall not be responsible to Debentureholders for any amounts owing to them.
  - (viii) Subject to the provisions above related to Initial Debentures purchased in part, all Initial Debentures redeemed and paid under this Section 2.4(j) shall forthwith be delivered to the Trustee and cancelled and thereafter no longer considered to be outstanding and no Initial Debentures shall be issued in substitution therefor.
- (k) In addition to the requirements of Section 2.4(j) in respect of a Change of Control, the following provisions shall apply in respect of the occurrence of a Cash Change of Control occurring on or before the Maturity Date:
- (i) In the event of the occurrence of a Cash Change of Control, then subject to regulatory approval, during the period (the "Cash Change of Control Conversion Period") beginning 10 days before the anticipated effective date of the Change of Control (the "Effective Date") and ending on the date that is 30 days after the Change of Control Notice and Change of Control Purchase Offer are delivered to holders of Initial Debentures in accordance with Section 2.4(j), holders of Initial Debentures will be entitled to convert their Initial Debentures, in whole or in part, and receive, in addition to the number of Units (or cash or other property or securities in substitution therefor) that such holders are entitled to receive upon such conversion in accordance with the provisions and conditions of Section 2.4(f), 2.4(k)(v) and (vi) and Article 6, an additional number of Units (or cash or other property or securities in substitution therefor) per

\$1,000 principal amount of Initial Debentures converted as set forth in this Section 2.4(k) (the "Make Whole Premium").

- (ii) The number of additional Units per \$1,000 principal amount of Initial Debentures constituting the Make Whole Premium (the "Make Whole Premium Units") shall be determined by reference to the table following subsection (iii) below, based on the Effective Date and the price (the "Unit Price") paid per Unit in the transaction constituting the Change of Control. If holders of Units receive (or are entitled and able in all circumstances to receive) only cash in the transaction constituting the Change of Control, the Unit Price shall be the cash amount paid per Unit. Otherwise, the Unit Price shall be equal to the Current Market Price of the Units on the day immediately preceding the Effective Date.
- (iii) The following table shows the number of Make Whole Premium Units for each hypothetical Unit Price and Effective Date set forth below, expressed as additional Units per \$1,000 principal amount of Initial Debentures. For the avoidance of doubt, the Trust shall not be obliged to pay the Make Whole Premium otherwise than by issuance of the applicable number of Units (or cash or other property or securities in substitution therefor) in excess of the number of Units (or cash or other property or securities in substitution therefor) to which holders would otherwise have been entitled at the Conversion Price upon conversion of the Initial Debentures in accordance with the provisions and conditions of Section 2.4(f) and Article 6. If the Unit Price or Effective Date are not set forth on the table then: (i) if the actual Unit Price on the Effective Date is between two Unit Prices on the table or the Effective Date is between two Effective Dates on the table, the number of Make Whole Premium Units will be determined by a straight-line interpolation between the amounts set forth for the two Unit Prices and the two Effective Dates on the table based on a 365-day year, as applicable, (ii) if the Unit Price on the Effective Date exceeds \$17.00 per Unit, subject to adjustment as set forth herein, the number of Make Whole Premium Units to be issued will be zero, and (iii) if the Unit Price on the Effective Date is less than \$10.30 per Unit, subject to adjustment as set forth herein, the number of Make Whole Premium Units to be issued will be zero.

**Make Whole Premium Upon a Cash Change of Control**  
(Number of Additional Units per \$1,000 Initial Debenture)

| Effective Date | Unit Price (\$) |         |         |         |         |         |         |         |         |
|----------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                | \$10.30         | \$10.50 | \$11.00 | \$12.00 | \$13.00 | \$14.00 | \$15.00 | \$16.00 | \$17.00 |
| 4-Jun-13       | 25.145          | 23.550  | 19.847  | 13.542  | 8.531   | 4.687   | 1.929   | 0.308   | 0.000   |
| 30-Jun-14      | 25.145          | 23.596  | 19.813  | 13.389  | 8.318   | 4.468   | 1.757   | 0.233   | 0.000   |
| 30-Jun-15      | 25.145          | 23.110  | 19.259  | 12.753  | 7.674   | 3.896   | 1.331   | 0.028   | 0.000   |
| 30-Jun-16      | 25.145          | 22.924  | 18.955  | 12.264  | 7.099   | 3.356   | 0.947   | 0.000   | 0.000   |
| 30-Jun-17      | 25.145          | 22.952  | 18.802  | 11.748  | 6.317   | 2.570   | 0.477   | 0.000   | 0.000   |
| 30-Jun-18      | 25.145          | 23.295  | 18.965  | 11.390  | 4.980   | 0.000   | 0.000   | 0.000   | 0.000   |

- (iv) The Unit Prices set forth in the table above will be adjusted as of any date on which the Conversion Price of the Initial Debentures is adjusted. The adjusted Unit Prices will equal the Unit Prices applicable immediately preceding such adjustment multiplied by a fraction, the denominator of which is the Conversion Price immediately preceding the adjustment giving rise to the Unit Price adjustment and the numerator of which is the Conversion Price as so adjusted. The number of additional Make Whole Premium Units set forth in the table above will be adjusted in the same manner as the Conversion Price as set forth in Section 6.5, other than as a result of an adjustment of the Conversion Price by adding the Make Whole Premium as described above. The provisions of Section 6.11 shall be applicable in connection with determinations under this Section 2.4(k).

- (v) Notwithstanding the foregoing, if the Date of Conversion of any Initial Debentures occurs during the period beginning on the 10th trading day prior to the Effective Date and ending at the close of business on the Effective Date, the holders of such Initial Debentures shall, on conversion of their Initial Debentures, only be entitled to receive, in addition to the number of Units which holders would otherwise have been entitled, that number of Make Whole Premium Units (as may be adjusted pursuant to Section 6.5) on the Business Day immediately following the Effective Date and, for greater certainty, only if the Change of Control occurs.
- (vi) The Make Whole Premium Units shall be deemed to have been issued upon conversion of Initial Debentures on the Business Day immediately following the Effective Date. Section 6.5 shall apply to such conversion and, for greater certainty, the former holders of Initial Debentures in respect of which the Make Whole Premium Units are issuable shall be entitled to receive and shall accept, in lieu of the Make Whole Premium Units, the number of units or other securities or cash or other property of the Trust or of the Person or other entity resulting from the transaction that constitutes the Cash Change of Control that such holders would have been entitled to receive if such holders had been the registered holders of the applicable number of Make Whole Premium Units on the Effective Date.
- (vii) Except as otherwise provided in this Section 2.4(k), all other provisions of this Indenture applicable to a conversion of Initial Debentures shall apply to a conversion of Initial Debentures during the Cash Change of Control Conversion Period.
- (l) The Trustee shall be provided with the documents and instruments referred to in Sections 2.5(b), (c) and (d) with respect to the Initial Debentures prior to the issuance of the Initial Debentures.

## 2.5 Certification and Delivery of Additional Debentures

The Trust may from time to time request the Trustee to certify and deliver Additional Debentures of any series by delivering to the Trustee the documents referred to below in this Section 2.5 whereupon the Trustee shall certify such Debentures and cause the same to be delivered in accordance with the Written Direction of the Trust referred to below or pursuant to such procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Trust. The maturity date, issue date, interest rate (if any) and any other terms of the Debentures of such series shall be set forth in or determined by or pursuant to such Written Direction of the Trust and procedures. In certifying such Debentures, the Trustee shall be entitled to receive and shall be fully protected in relying upon, unless and until such documents have been superseded or revoked:

- (a) an Officer's Certificate and/or executed supplemental indenture by or pursuant to which the form and terms of such Additional Debentures were established;
- (b) a Written Direction of the Trust requesting certification and delivery of such Additional Debentures and setting forth delivery instructions, provided that, with respect to Debentures of a series subject to a Periodic Offering:
  - (i) such Written Direction of the Trust addressed to the Trustee may be delivered by the Trust to the Trustee prior to the delivery to the Trustee of such Additional Debentures of such series for certification and delivery;
  - (ii) the Trustee shall certify and deliver Additional Debentures of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount, if any, established for such series, pursuant to a Written Direction of the Trust or pursuant to procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Trust;
  - (iii) the maturity date or dates, issue date or dates, interest rate or rates (if any) and any other terms of Additional Debentures of such series shall be determined by an executed

supplemental indenture or by Written Direction of the Trust or pursuant to such procedures; and

- (iv) if provided for in such procedures, such Written Direction of the Trust may authorize certification and delivery pursuant to oral or electronic instructions from the Trust which oral or electronic instructions shall be promptly confirmed in writing;
- (c) an opinion of Counsel, in form and substance satisfactory to the Trustee, acting reasonably, to the effect that all requirements imposed by this Indenture and by law in connection with the proposed issue of Additional Debentures have been complied with, subject to the delivery of certain documents or instruments specified in such opinion; and
- (d) an Officer's Certificate certifying that the Trust is not in default under this Indenture, that the terms and conditions for the certification and delivery of Additional Debentures (including those set forth in Section 15.5), have been complied with subject to the delivery of any documents or instruments specified in such Officer's Certificate and that no Event of Default exists or will exist upon such certification and delivery.

## 2.6 Issue of Global Debentures

- (a) The Trust may specify that the Debentures of a series are to be issued in whole or in part as one or more Global Debentures registered in the name of a Depository, or its nominee, designated by the Trust in the Written Direction of the Trust delivered to the Trustee at the time of issue of such Debentures, and in such event the Trust shall execute and the Trustee shall certify and deliver one or more Global Debentures that shall:
  - (i) represent an aggregate amount equal to the principal amount of the outstanding Debentures of such series to be represented by one or more Global Debentures;
  - (ii) be delivered by the Trustee to such Depository or pursuant to such Depository's instructions; and
  - (iii) bear a legend substantially to the following effect:

"THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE DATED AS OF THE 4<sup>TH</sup> DAY OF JUNE, 2013 BETWEEN ARGENT ENERGY TRUST AND COMPUTERSHARE TRUST COMPANY OF CANADA (THE "INDENTURE"). EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO ARGENT ENERGY TRUST (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN



AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE."

- (b) Each Depository designated for a Global Debenture must, at the time of its designation and at all times while it serves as such Depository, be a clearing agency registered or designated under the securities legislation of the jurisdiction where the Depository has its principal offices.

## 2.7 Execution of Debentures

All Debentures shall be signed (either manually or by facsimile signature) by any one authorized director or officer of the Administrator, on behalf of the Trust, holding office at the time of signing. A facsimile signature upon a Debenture shall for all purposes of this Indenture be deemed to be the signature of the person whose signature it purports to be. Notwithstanding that any person whose signature, either manual or in facsimile, appears on a Debenture as a director or officer may no longer hold such office at the date of the Debenture or at the date of the certification and delivery thereof, such Debenture shall be valid and binding upon the Trust and entitled to the benefits of this Indenture.

## 2.8 Certification

No Debenture shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefits of this Indenture, until it has been manually certified by or on behalf of the Trustee substantially in the form set out in this Indenture, in the relevant supplemental indenture, or in some other form approved by the Trustee. Such certification on any Debenture shall be conclusive evidence that such Debenture is duly issued, is a valid and enforceable obligation of the Trust and the holder is entitled to the benefits hereof.

The certificate of the Trustee signed on the Debentures, or interim Debentures hereinafter mentioned, shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of the Debentures or interim Debentures or as to the issuance of the Debentures or interim Debentures and the Trustee shall in no respect be liable or answerable for the use made of the Debentures or Interim Debentures or any of them or the proceeds thereof. The certificate of the Trustee signed on the Debentures or interim Debentures shall, however, be a representation and warranty by the Trustee that the Debentures or interim Debentures have been duly certified by or on behalf of the Trustee pursuant to the provisions of this Indenture.

## 2.9 Interim Debentures or Certificates

Pending the delivery of definitive Debentures of any series to the Trustee, the Trust may issue and the Trustee certify in lieu thereof interim Debentures in such forms and in such denominations and signed in such manner as provided herein, entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; or the Trust may execute and the Trustee certify a temporary Debenture for the whole principal amount of Debentures of the series then authorized to be issued hereunder and deliver the same to the Trustee and thereupon the Trustee may issue its own Interim certificates in such form and in such amounts, not exceeding in the aggregate the principal amount of the temporary Debenture so delivered to it, as the Trust and the Trustee may approve entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; and, when so issued and certified, such interim or temporary Debentures or interim certificates shall, for all purposes but without duplication, rank in respect of this Indenture equally with Debentures duly issued hereunder and, pending the exchange thereof for definitive Debentures, the holders of the interim or temporary Debentures or interim certificates shall be deemed without duplication to be Debentureholders and entitled to the benefit of this Indenture to the same extent and in the same manner as though the said exchange had actually been made. Forthwith after the Trust shall have delivered the definitive Debentures to the Trustee, the Trustee shall cancel such temporary Debentures, if any, and shall call in for exchange all interim Debentures or certificates that shall have been issued and forthwith after such exchange shall cancel the same. No charge shall be made by the Trust or the Trustee to the holders of such interim or temporary Debentures or Interim certificates for the exchange thereof. All interest paid

upon interim or temporary Debentures or interim certificates shall be noted thereon as a condition precedent to such payment unless paid by cheque to the registered holders thereof.

#### **2.10 Mutilation, Loss, Theft or Destruction**

In case any of the Debentures issued hereunder shall become mutilated or be lost, stolen or destroyed, the Trust, in its discretion, may issue, and thereupon the Trustee shall certify and deliver, a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Trustee and shall be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. In case of loss, theft or destruction the applicant for a substituted Debenture shall furnish to the Trust and to the Trustee such evidence of the loss, theft or destruction of the Debenture as shall be satisfactory to them in their discretion and shall also furnish an indemnity and surety bond satisfactory to them in their discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture.

#### **2.11 Concerning Interest**

- (a) All Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest (i) unless otherwise specified in the relevant Officer's Certificate and/or supplemental indenture by or pursuant to which the terms of the Debentures are established, from and including their issue date (or, in the case of the Initial Debentures, the Closing Date), or (ii) from and including the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures of that series, whichever shall be the later, or, in respect of Debentures subject to a Periodic Offering, from and including their issue date or from and including the last Interest Payment Date to which interest shall have been paid or made available for payment on such Debentures, in all cases, to and excluding the next Interest Payment Date.
- (b) Unless otherwise specifically provided in the terms of the Debentures or any series of Debentures interest shall be computed on the basis of a 365-day year. Except in respect of the method for calculating the amount of interest to be paid on the Initial Debentures on the first Interest Payment Date, which shall be equal to \$34.52 for each \$1,000 principal amount of Initial Debentures, with respect to any Debentures or series of Debentures, whenever interest is computed on the basis of a year (the "deemed year") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

#### **2.12 Debentures to Rank *Pari Passu***

The Debentures will be direct unsecured subordinated obligations of the Trust. Each Debenture will rank *pari passu* with each other Debenture of the same series (regardless of their actual date or terms of issue) and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the Trust, other than Senior Indebtedness except for sinking fund provisions (if any) applicable to different series of Debentures or other similar types of obligations of the Trust.

#### **2.13 Payments of Amounts Due on Maturity**

Except as may otherwise be provided herein or in any supplemental indenture in respect of any series of Debentures and subject to Section 4.10, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Trust will establish and maintain with the Trustee a Maturity Account for each series of Debentures. Each such Maturity Account shall be maintained by and be subject to the control of the Trustee for the purposes of this Indenture. On or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to each Maturity Date for Debentures outstanding from time to time under this Indenture, the Trust will deliver to the Trustee a certified cheque, wire transfer or by other means acceptable to the Trustee for deposit in the applicable Maturity Account in an amount sufficient to pay the cash amount payable in respect of such Debentures (including

the principal amount together with any accrued and unpaid interest thereon less any tax required by law to be deducted or withheld), provided the Trust may elect to satisfy this requirement by providing the Trustee with one or more certified cheques, or with funds by electronic transfer, for such amounts required under this Section 2.13 post-dated to the applicable Maturity Date. The Trustee, on behalf of the Trust, will pay to each holder entitled to receive payment the principal amount of and premium (if any) and accrued and unpaid interest on the Debenture, upon surrender of the Debenture at any branch of the Trustee designated for such purpose from time to time by the Trust and the Trustee. The delivery of such funds to the Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Trust for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax deducted or withheld as aforesaid) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled.

## 2.14 Payment of Interest

The following provisions shall apply to Debentures, except as otherwise provided in Section 2.4(c) or Article 5 or specified in a resolution of the Board of Directors, on behalf of the Trust, an Officer's Certificate or a supplemental indenture relating to a particular series of Additional Debentures:

As interest becomes due on each Debenture (except, subject to certain exceptions set forth herein including in Section 2.4(c), at maturity, on conversion or on redemption, when interest may at the option of the Trust be paid upon surrender of such Debenture) the Trust, either directly or through the Trustee or any agent of the Trustee, shall send or forward by prepaid ordinary mail, electronic transfer of funds or such other means as may be agreed to by the Trustee, payment of such interest (less any tax required to be withheld therefrom) to the order of the registered holder of such Debenture appearing on the registers maintained by the Trustee on the 15<sup>th</sup> day of the month of the applicable Interest Payment Date (or the first Business Day prior to such date if not a Business Day) and addressed to the holder at the holder's last address appearing on the register, unless such holder otherwise directs. If payment is made by cheque, such cheque shall be forwarded at least three days prior to each date on which interest becomes due and if payment is made by other

- (a) means (such as electronic transfer of funds, provided the Trustee must receive confirmation of receipt of funds prior to being able to wire funds to holders), such payment shall be made in a manner whereby the holder receives credit for such payment on the date such interest on such Debenture becomes due. The mailing of such cheque or the making of such payment by other means shall, to the extent of the sum represented thereby, plus the amount of any tax withheld as aforesaid, satisfy and discharge all liability for interest on such Debenture, unless in the case of payment by cheque, such cheque is not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the person to whom it is so sent as aforesaid, the Trust will issue to such person a replacement cheque or other payment for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Trust is prevented by circumstances beyond its control (including, without limitation, any interruption in mail service) from making payment of any interest due on each Debenture in the manner provided above, the Trust may make payment of such interest or make such interest available for payment in any other manner acceptable to the Trustee with the same effect as though payment had been made in the manner provided above.
- (b) Notwithstanding Section 0, if a series of Debentures is represented by a Global Debenture, then all payments of interest on the Global Debenture shall be made by electronic funds transfer or certified cheque made payable to the Depository or its nominee on the day interest is payable for subsequent payment to Beneficial Holders of the applicable Global Debenture, unless the Trust and the Depository otherwise agree. None of the Trust, the Trustee or any agent of the Trustee for any Debenture issued as a Global Debenture will be liable or responsible to any person for any aspect of the records related to or payments made on account of beneficial interests in any Global Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

## 2.15 Withholding Tax

The Trust or the Trustee on behalf of the Trust will be entitled to deduct and withhold any applicable taxes or similar charges (including interest, penalties or similar amounts in respect thereof) imposed or levied by or on behalf of the Canadian government or of any province or territory thereof or any authority or agency therein or thereof having power to tax, including pursuant to the Tax Act, from any payment to be made on or in connection with the Debentures and shall be entitled to make any arrangement reasonably necessary to satisfy any such withholding obligations (including requiring payments from Debentureholders) and, provided that the Trust forthwith remits such withheld amount to such government, authority or agency and files all required forms in respect thereof and, at the same time, provides reasonably satisfactory evidence of such remittance and filing to the Trustee and/or the relevant Debentureholder, as applicable, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Trust's obligations under the Debentures and, for greater certainty, there is no obligation on the Trust to gross-up amounts paid to a holder in respect of such deductions or withholdings. The Trust shall provide the Trustee and/or the relevant Debentureholder, as applicable, with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of such forms received from such government, authority or agency promptly after receipt thereof.

The Trustee shall have no obligation to verify any payments under the Tax Act or any provision of provincial, state, local or foreign tax law. The Trustee shall at all times be indemnified and held harmless by the Trust from and against any personal liabilities of the Trustee incurred in connection with the failure of the Trust or its agents, to report, remit or withhold taxes as required by the Tax Act or otherwise failing to comply with the Tax Act, unless the failure is caused by the negligence, bad faith or misconduct of the Trustee. This indemnification shall survive the resignation or removal of the Trustee and the termination of this Indenture solely to the extent that such liabilities have been incurred in connection with taxation years occurring during the term of this Indenture.

## 2.16 Contractual Right of Rescission

In the event that the short form prospectus (the "Prospectus") of the Trust dated May 28, 2013 qualifying the distribution of the Initial Debentures, or any amendment thereto, contains a misrepresentation (as defined under Applicable Securities Legislation), original purchasers of the Initial Debentures that have exercised the conversion privilege described in Article 6 and converted their Initial Debentures into Units will have a contractual right of rescission against the Trust entitling them to receive from the Trust, upon surrender to the Trust of the Units issued upon such conversion, the amount paid for such Initial Debentures, provided that both the conversion occurs and such right of rescission is exercised within 180 days of the date of the purchase of the Initial Debentures under the Prospectus. The foregoing contractual right of rescission shall be subject to the defences described under section 203 of the *Securities Act* (Alberta), which is incorporated herein by reference, *mutatis mutandis*, and any other defence or defences available to the Trust under applicable laws, rules and instruments. No action shall be commenced to enforce the foregoing right of rescission more than 180 days after the date of purchase of the Initial Debentures under the Prospectus.

## ARTICLE 3 REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

### 3.1 Fully Registered Debentures

- (a) With respect to each series of Debentures issuable as Fully Registered Debentures, the Trust shall cause to be kept by and at the principal office of the Trustee in Calgary, Alberta and Toronto, Ontario and by the Trustee or such other registrar as the Trust, with the approval of the Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Trust may designate with the approval of the Trustee, a register in which shall be entered the names and addresses of the holders of Fully Registered Debentures and particulars of the Debentures held by them respectively and of all transfers of Fully Registered Debentures. Such registration shall be noted on the Debentures by the Trustee or other registrar unless a new Debenture shall be issued upon such transfer.
- (b) No transfer of a Fully Registered Debenture shall be valid unless made on such register referred to in Section 3.1(a) by the registered holder or such holder's executors, administrators or other legal

representatives or an attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Trustee and upon compliance with such other reasonable requirements as the Trustee or other registrar may prescribe, nor unless the name of the transferee shall have been noted on the Debenture by the Trustee or other registrar.

### 3.2 Global Debentures

- (a) With respect to each series of Debentures issuable in whole or in part as one or more Global Debentures, the Trust shall cause to be kept by and at the principal offices of the Trustee in Calgary, Alberta and Toronto, Ontario and by the Trustee or such other registrar as the Trust, with the approval of the Trustee, may appoint at such other place or places, if any, as the Trust may designate with the approval of the Trustee, a register in which shall be entered the name and address of the holder of each such Global Debenture (being the Depository, or its nominee, for such Global Debenture) as holder thereof and particulars of the Global Debenture held by it, and of all transfers thereof. If any Debentures of such series are at any time not Global Debentures, the provisions of Section 3.1 shall govern with respect to registrations and transfers of such Debentures.
- (b) Notwithstanding any other provision of this Indenture, a Global Debenture may not be transferred by the registered holder thereof and accordingly, no definitive certificates shall be issued to Beneficial Holders except in the following circumstances or as otherwise specified in a resolution of the Trustee, a resolution of the Board of Directors, Officer's Certificate or supplemental indenture relating to a particular series of Additional Debentures:
  - (i) Global Debentures may be transferred by a Depository to a nominee of such Depository or by a nominee of a Depository to such Depository or to another nominee of such Depository or by a Depository or its nominee to a successor Depository or its nominee;
  - (ii) Global Debentures may be transferred at any time after the Depository for such Global Debentures (i) has notified the Trustee, or the Trust has notified the Trustee, that the Depository is unwilling or unable to continue as Depository for such Global Debentures, or (ii) the Depository ceases to be eligible to be a Depository under Section 2.6(b), provided that at the time of such transfer the Trust has not appointed a successor Depository for such Global Debentures;
  - (iii) Global Debentures may be transferred at any time after the Trust has determined, in its sole discretion, to terminate the book-entry only registration system in respect of such Global Debentures and has communicated such determination to the Trustee in writing;
  - (iv) Global Debentures may be transferred at any time after the Trustee has determined that an Event of Default has occurred and is continuing with respect to the Debentures of the series issued as a Global Debenture, provided that Beneficial Holders representing, in the aggregate, not less than 25% of the aggregate principal amount of the Debentures of such series advise the Depository in writing, through the Depository Participants, that the continuation of the book-entry only registration system for such series of Debentures is no longer in their best interest and also provided that at the time of such transfer the Trustee has not waived the Event of Default pursuant to Section 8.3;
  - (v) Global Debentures may be transferred if required by applicable law; or
  - (vi) Global Debentures may be transferred if the book-entry only registration system ceases to exist.
- (c) With respect to the Global Debentures, unless and until definitive certificates have been issued to Beneficial Holders pursuant to subsection 3.2(b):

- (i) the Trust and the Trustee may deal with the Depository for all purposes (including paying interest on the Debentures) as the sole holder of such series of Debentures and the authorized representative of the Beneficial Holders;
  - (ii) the rights of the Beneficial Holders shall be exercised only through the Depository and shall be limited to those established by law and agreements between such Beneficial Holders and the Depository or the Depository Participants;
  - (iii) the Depository will make book-entry transfers among the Depository Participants; and
  - (iv) whenever this Indenture requires or permits actions to be taken based upon instruction or directions of Debentureholders evidencing a specified percentage of the outstanding Debentures, the Depository shall be deemed to be counted in that percentage only to the extent that it has received instructions to such effect from the Beneficial Holders or the Depository Participants, and has delivered such instructions to the Trustee.
- (d) Whenever a notice or other communication is required to be provided to Debentureholders, unless and until definitive certificate(s) have been issued to Beneficial Holders pursuant to this Section 3.2, the Trustee shall provide all such notices and communications to the Depository and the Depository shall deliver such notices and communications to such Beneficial Holders in accordance with Applicable Securities Legislation. Upon the termination of the book-entry only registration system on the occurrence of one of the conditions specified in Section 3.2(b) with respect to a series of Debentures issued hereunder, the Trustee shall notify all applicable Depository Participants and Beneficial Holders, through the Depository, of the availability of definitive Debenture certificates. Upon surrender by the Depository of the certificate(s) representing the Global Debentures and receipt of new registration instructions from the Depository, the Trustee shall deliver the definitive Debenture certificates for such Debentures to the holders thereof in accordance with the new registration instructions and thereafter, the registration and transfer of such Debentures will be governed by Section 3.1 and the remaining Sections of this Article 3.

### **3.3 Transferee Entitled to Registration**

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Trustee or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on the register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Trust and the transferor or any previous holder of such Debenture, save in respect of equities of which the Trust is required to take notice by statute or by order of a court of competent jurisdiction.

### **3.4 No Notice of Trusts**

Neither the Trust nor the Trustee nor any registrar shall be bound to take notice of or see to the execution of any trust (other than that created by this Indenture) whether express, implied or constructive, in respect of any Debenture, and may transfer the same on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.

### **3.5 Registers Open for Inspection**

The registers referred to in Sections 3.1 and 3.2 shall, during regular business hours of the Trustee, be open for inspection by the Trust, the Trustee or any Debentureholder. Every registrar, including the Trustee, shall from time to time when requested so to do by the Trust or by the Trustee, in writing, furnish the Trust or the Trustee, as the case may be, with a list of names and addresses of holders of registered Debentures entered on the register kept by them and showing the principal amount and serial numbers of the Debentures held by each such holder, provided the Trustee shall be entitled to charge a reasonable fee to provide such a list.

### 3.6 Exchanges of Debentures

- (a) Subject to Section 3.7, Debentures in any authorized form or denomination, other than Global Debentures, may be exchanged for Debentures in any other authorized form or denomination, of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Debentures so exchanged.
- (b) In respect of exchanges of Debentures permitted by Section 3.6(a), Debentures of any series may be exchanged only at the principal offices of the Trustee in the cities of Calgary, Alberta and Toronto, Ontario or at such other place or places, if any, as may be specified in the Debentures of such series and at such other place or places as may from time to time be designated by the Trust with the approval of the Trustee. Any Debentures tendered for exchange shall be surrendered to the Trustee. The Trust shall execute and the Trustee shall certify all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange shall be cancelled.
- (c) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect.

### 3.7 Closing of Registers

- (a) Neither the Trust nor the Trustee nor any registrar shall be required to:
  - (i) make transfers or exchanges of, or convert any of Fully Registered Debentures on any Interest Payment Date for such Debentures or during the fifth preceding Business Days;
  - (ii) make transfers or exchanges of, or convert any Debentures on the day of any selection by the Trustee of Debentures to be redeemed or during the fifth preceding Business Days; or
  - (iii) make exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures shall not be redeemed.
- (b) Subject to any restriction herein provided, the Trust with the approval of the Trustee may at any time close any register for any series of Debentures, other than those kept at the principal offices of the Trustee in Calgary, Alberta and Toronto, Ontario, and transfer the registration of any Debentures registered thereon to another register (which may be an existing register) and thereafter such Debentures shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Debentures.

### 3.8 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Trustee or other registrar, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Debenture issued (such amounts to be agreed upon from time to time by the Trustee and the Trust), and payment of such charges and reimbursement of the Trustee or other registrar for any stamp taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange, registration, transfer or discharge from registration as a condition precedent thereto. Notwithstanding the foregoing provisions, no charge shall be made to a Debentureholder hereunder:

- (a) for any exchange, registration, transfer or discharge from registration of any Debenture applied for within a period of two months from the date of the first delivery of Debentures of that series or, with respect to Debentures subject to a Periodic Offering, within a period of two months from the date of delivery of any such Debenture;
- (b) for any exchange of any interim or temporary Debenture or interim certificate that has been issued under Section 2.9 for a definitive Debenture;

- (c) for any exchange of a Global Debenture as contemplated in Section 3.2; or
- (d) for any exchange of any Debenture resulting from a partial redemption under Section 4.2;
- (e) for any exchange of any Debenture resulting from a partial conversion under Section 6.4(d); or
- (f) for any exchange of any Debenture resulting from a partial purchase under Section 2.4(j).

### 3.9 Ownership of Debentures

- (a) Unless otherwise required by law, the person in whose name any registered Debenture is registered shall for all the purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of and premium, if any, on such Debenture and interest thereon shall be made to such registered holder.
- (b) Neither the Trust nor the Trustee shall have any liability for:
  - (i) any aspect of the records relating to the beneficial ownership of the Debentures held by a Depository or of the payments relating thereto; or
  - (ii) maintaining, supervising or reviewing any such records relating to the Debentures.

The rules governing Depositories provide that they act as the agent and depository for Depository Participants. As a result, such Depository Participants must look solely to the Depository and Beneficial Holders of Debentures must look solely to the Depository Participants for the payment of principal and interest on the Debentures paid by or on behalf of the Trust to the Depository.

- (c) Beneficial Holders of Debentures:
  - (i) may not have Debenture certificates registered in their name;
  - (ii) may not have physical certificates representing their interest in the Debentures;
  - (iii) may not be able to sell the Debentures to institutions required by law to hold certificates for securities they own; and
  - (iv) may be unable to pledge Debentures as security.
- (d) The registered holder for the time being of any registered Debenture shall be entitled to the principal, premium, if any, and/or interest evidenced by such instruments, respectively, free from all equities or rights of set-off or counterclaim between the Trust and the original or any intermediate holder thereof and all persons may act accordingly and the receipt of any such registered holder for any such principal, premium or interest shall be a good discharge to the Trustee, any registrar and to the Trust for the same and none shall be bound to inquire into the title of any such registered holder.
- (e) Where Debentures are registered in more than one name, the principal, premium, if any, and interest from time to time payable in respect thereof may be paid to the order of all such holders, failing written instructions from them to the contrary, and the receipt of any one of such holders therefor shall be a valid discharge, to the Trustee, any registrar and to the Trust.
- (f) In the case of the death of one or more joint holders of any Debenture the principal, premium, if any, and interest from time to time payable thereon may be paid to the order of the survivor or survivors of such registered holders and the receipt of any such survivor or survivors therefor shall be a valid discharge to the Trustee and any registrar and to the Trust.



### 3.10 Declaration as to Beneficial Holders and U.S. Taxation Certifications

The Trustee or Administrator may require, from time to time, that Debentureholders, as shown on the register for Debentures, including the Depository or its nominee, (a) provide a declaration, in such form as prescribed by the Trustee or Administrator, as to the beneficial ownership of the Debentures held by such Debentureholder and as to the jurisdiction in which such beneficial holder is resident for Canadian or United States income tax purposes; or (b) upon request of the Trustee or Administrator, furnish a Taxation Certification, and use reasonable efforts to obtain Taxation Certifications from each beneficial holder beneficially owning Debentures registered or held in such Debentureholder's name, and the Debentureholders and Beneficial Holders shall comply with any such request.

## ARTICLE 4 REDEMPTION AND PURCHASE OF DEBENTURES AND CERTAIN PAYMENTS ON MATURITY

### 4.1 Applicability of Article

Subject to regulatory approval, Section 2.4(d) and Article 5, the Trust shall have the right at its option to redeem, either in whole at any time or in part from time to time before maturity, either by payment of money, by issuance of Freely Tradable Units as provided in Section 4.6 or any combination thereof, any Debentures issued hereunder of any series which by their terms are made so redeemable (subject, however, to any applicable restriction on the redemption of Debentures of such series) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and as shall have been expressed in this Indenture, in the Debentures, in an Officer's Certificate, or in a supplemental indenture authorizing or providing for the issue thereof, or in the case of Additional Debentures issued pursuant to a Periodic Offering, in the Written Direction of the Trust requesting the certification and delivery thereof.

Subject to regulatory approval and Article 5, the Trust shall also have the right at its option to repay, either in whole or in part, on maturity, either by payment of money in accordance with Sections 2.13 and 4.11, by issuance of Freely Tradable Units as provided in Sections 4.6 and 4.10, as applicable or any combination thereof, the principal amount of any Debentures Issued hereunder of any series which by their terms are made so repayable on redemption or maturity (subject however, to any applicable restriction on the repayment of the principal amount of the Debentures of such series) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debenture and shall have been expressed in this Indenture, in the Debentures, in an Officer's Certificate, or in a supplemental indenture authorizing or providing for the issue thereof, or in the case of Additional Debentures issued pursuant to a Periodic Offering, in the Written Direction of the Trust requesting the certification and delivery thereof.

### 4.2 Partial Redemption

If less than all the Debentures of any series for the time being outstanding are at any time to be redeemed, or if a portion of the Debentures being redeemed are being redeemed for cash and a portion of such Debentures are being redeemed by the payment of Freely Tradable Units pursuant to Section 4.6, the Debentures to be so redeemed shall be selected by the Trustee on a *pro rata* basis to the nearest multiple of \$1,000 in accordance with the principal amount of the Debentures registered in the name of each holder or in such other manner as the Trustee deems equitable, subject to compliance with Applicable Securities Legislation and to the approval of the TSX or such other exchange on which the Debentures are then listed, as may be required from time to time. Unless otherwise specifically provided in the terms of any series of Debentures, no Debenture shall be redeemed in part unless the principal amount redeemed is \$1,000 or a multiple thereof. For this purpose, the Trustee may make, and from time to time vary, regulations with respect to the manner in which such Debentures may be drawn for redemption and regulations so made shall be valid and binding upon all holders of such Debentures notwithstanding that as a result thereof one or more of such Debentures may become subject to redemption in part only or for cash only. In the event that one or more of such Debentures becomes subject to redemption in part only, upon surrender of any such Debentures for payment of the Redemption Price, together with interest accrued to but excluding the Redemption Date, the Trust shall execute and the Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order one or more new Debentures for the unredeemed part of the principal amount of the Debenture or Debentures so surrendered or, with respect to a Global Debenture, the Depository shall make notations on the Global Debenture of the principal amount thereof so redeemed. Unless the context otherwise requires, the terms

"Debenture" or "Debentures" as used in this Article 4 shall be deemed to mean or include any part of the principal amount of any Debenture which in accordance with the foregoing provisions has become subject to redemption.

#### 4.3 Notice of Redemption

Notice of redemption (the "**Redemption Notice**") of any series of Debentures shall be given to the Trustee and the holders of the Debentures so to be redeemed not more than 60 days nor, subject to Section 4.6(b), less than 30 days prior to the date fixed for redemption (the "**Redemption Date**") in the manner provided in Section 14.2. Every such notice shall specify the aggregate principal amount of Debentures called for redemption, the Redemption Date, the Redemption Price and the places of payment and shall state that interest upon the principal amount of Debentures called for redemption shall cease to accrue and be payable from and after the Redemption Date. In addition, unless all the outstanding Debentures are to be redeemed, the Redemption Notice shall specify:

- (a) the distinguishing letters and numbers of the registered Debentures which are to be redeemed (or of such thereof as are registered in the name of such Debentureholder);
- (b) in the case of a published notice, the distinguishing letters and numbers of the Debentures which are to be redeemed or, if such Debentures are selected *pro rata* or by terminal digit or other similar system, such particulars as may be sufficient to identify the Debentures so selected;
- (c) in the case of a Global Debenture, that the redemption will take place in such manner as may be agreed upon by the Depository, the Trustee and the Trust; and
- (d) in all cases, the principal amounts of such Debentures or, if any such Debenture is to be redeemed in part only, the principal amount of such part.

In the event that all Debentures to be redeemed are registered Debentures, publication shall not be required.

#### 4.4 Debentures Due on Redemption Dates

Notice having been given as aforesaid, all the Debentures so called for redemption shall thereupon be and become due and payable at the Redemption Price, together with accrued interest to but excluding the Redemption Date, on the Redemption Date specified in such notice, in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the monies necessary to redeem, or the Units to be issued to redeem, such Debentures shall have been deposited as provided in Section 4.5 and affidavits or other proof satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest upon the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.

#### 4.5 Deposit of Redemption Monies or Units

Redemption of Debentures shall be provided for by the Trust depositing with the Trustee or any paying agent to the order of the Trustee, on or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to the Redemption Date specified in such notice, such sums of money, or certificates representing such Units, or both as the case may be, as may be sufficient to pay the Redemption Price of the Debentures so called for redemption, plus accrued and unpaid interest thereon up to but excluding the Redemption Date, provided the Trust may elect to satisfy this requirement by providing the Trustee with a wire transfer for such amounts required under this Section 4.5 post-dated to the Redemption Date or by providing the Trustee with such funds through electronic transfer of funds on the Business Day immediately prior to the Redemption Date. The Trust shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such redemption. Every such deposit shall be irrevocable. From the sums so deposited, or certificates so deposited, or both, the Trustee shall pay or cause to be paid, or issue or cause to be issued, to the holders of such Debentures so called for redemption, upon surrender of such Debentures, the principal, premium (if any) and interest (if any) to which they are respectively entitled on redemption less applicable withholding taxes, if any.

#### 4.6 Right to Repay Redemption Price in Units

- (a) Subject to the receipt of any required regulatory approvals and the other provisions of this Section 4.6, the Trust may, at its option, in exchange for or in lieu of paying the Redemption Price in money, elect to satisfy its obligation to pay all or any portion of the Redemption Price by issuing and delivering to holders on the Redemption Date that number of Freely Tradable Units obtained by dividing the Redemption Price (or applicable portion thereof to be satisfied by the issuance and delivery of Freely Tradable Units) by 95% of the then Current Market Price of the Units on the Redemption Date (the "Unit Redemption Right").
- (b) The Trust shall exercise the Unit Redemption Right by so specifying in the Redemption Notice which shall be delivered to the Trustee and the Debentureholders to be so redeemed not more than 60 days and not less than 40 days prior to the Redemption Date in the manner provided in Section 14.2. The Redemption Notice shall also specify the aggregate principal amount of Debentures in respect of which it is exercising the Unit Redemption Right in such notice.
- (c) The Trust's right to exercise the Unit Redemption Right shall be conditional upon the following conditions being met on the Business Day preceding the Redemption Date:
  - (i) the issuance of the Units on the exercise of the Unit Redemption Right shall be made in accordance with Applicable Securities Legislation of the jurisdiction(s) in which the Units are to be issued and such Units shall be issued as Freely Tradable Units in such jurisdiction(s);
  - (ii) such additional Freely Tradable Units shall be listed (or approved for listing) on each stock exchange on which the Units are then listed;
  - (iii) the Trust shall be a reporting issuer or the equivalent in good standing under Applicable Securities Legislation where the distribution of such Freely Tradable Units occurs;
  - (iv) no Event of Default shall have occurred and be continuing;
  - (v) the Trustee shall have received an Officer's Certificate stating that conditions (i), (ii), (iii) and (iv) above have been satisfied and setting forth the number of Units to be delivered for each \$1,000 principal amount of Debentures and the Current Market Price of the Units on the Redemption Date; and
  - (vi) the Trustee shall have received an opinion of Counsel to the effect that such Units have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Redemption Price, will be validly issued as fully paid and non-assessable, that conditions (i) and (ii) above have been satisfied and that, relying exclusively on certificates of good standing or on a list of issuers in default issued or maintained by the relevant securities authorities, condition (iii) above is satisfied, except that the opinion in respect of condition (iii) need not be expressed with respect to those provinces where such certificates are not issued or lists are not maintained.

If the foregoing conditions are not satisfied prior to the close of business on the Business Day preceding the Redemption Date, the Trust shall pay the Redemption Price in cash in accordance with Section 4.5 unless the Debentureholder waives the conditions which are not satisfied. For greater certainty, if the foregoing conditions are met with respect to certain holders only, the Trust will be entitled to exercise the Unit Redemption Right in respect of such holders, and shall pay the principal amount of the Debentures of the other holders in cash as aforementioned.

- (d) In the event that the Trust duly exercises its Unit Redemption Right, the Trust shall on or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to the Redemption Date, deliver to the Trustee, for delivery to and on account of the holders, upon presentation and surrender of the Debentures for payment on the Redemption Date, at any place where a register is maintained

pursuant to Article 3 or any other place specified in the Redemption Notice, of certificates representing the Freely Tradable Units to which such holders are entitled.

- (e) No fractional Freely Tradable Units shall be delivered upon the exercise of the Unit Redemption Right but, in lieu thereof, the Trust shall pay to the Trustee for the account of the holders, at the time contemplated in Section 4.6(d), the cash equivalent thereof determined on the basis of the Current Market Price of the Units on the Redemption Date (less any tax required to be deducted, if any).
- (f) A holder shall be treated as the holder of record of the Freely Tradable Units issued on due exercise by the Trust of its Unit Redemption Right effective immediately after the close of business on the Redemption Date, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including distributions and dividends in kind) thereon and arising thereafter, and in the event that the Trustee receives the same, it shall hold the same in trust for the benefit of such holder.
- (g) The Trust shall at all times reserve and keep available out of its authorized Units (if the number thereof is or becomes limited), solely for the purpose of issue and delivery upon the exercise of the Trust's Unit Redemption Right as provided herein, and shall issue to Debentureholders to whom Freely Tradable Units will be issued pursuant to exercise of the Unit Redemption Right, such number of Freely Tradable Units as shall be issuable in such event. All Freely Tradable Units which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (h) The Trust shall comply with all Applicable Securities Legislation regulating the issue and delivery of Freely Tradable Units upon exercise of the Unit Redemption Right and shall cause to be listed and posted for trading such Units on each stock exchange on which the Units are then listed.
- (i) The Trust shall from time to time promptly pay, or make provision satisfactory to the Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province thereof (except income tax, withholding tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Freely Tradable Units to holders upon exercise of the Unit Redemption Right pursuant to the terms of the Debentures and of this Indenture.
- (j) If the Trust elects to satisfy its obligation to pay all or any portion of the Redemption Price by issuing Freely Tradable Units in accordance with this Section 4.6 and if the Redemption Price (or any portion thereof) to which a holder is entitled is subject to withholding taxes and the amount of the cash payment of the Redemption Price, if any, is insufficient to satisfy such withholding taxes, the Trustee, on the Written Direction of the Trust but for the account of the holder, shall sell, or cause to be sold through the investment banks, brokers or dealers selected by the Trust, out of the Freely Tradable Units issued by the Trust for this purpose, such number of Freely Tradable Units that together with the cash payment of the Redemption Price, if any, is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld or deducted, and the Trustee shall deduct or withhold such net proceeds and remit same on behalf of the Trust to the appropriate governmental authority, as and when required within the period of time prescribed for this purpose under applicable laws. Any amounts of net proceeds (after payment of all costs) in excess of the amount required to cover applicable tax required by applicable law to be withheld or deducted will be remitted to the Debentureholder.
- (k) Interest accrued and unpaid on the Debentures on the Redemption Date may be paid, less applicable withholding taxes, if any, to Debentureholders, in cash, in the manner contemplated in Section 2.14 subject to the ability of the Trust to issue Units as provided in Article 10.

#### 4.7 Failure to Surrender Debentures Called for Redemption

In case the holder of any Debenture so called for redemption shall fail on or before the Redemption Date so to surrender such holder's Debenture, or shall not within such time accept payment of the redemption monies payable,

or take delivery of certificates representing such Units issuable in respect thereof, or give such receipt therefor, if any, as the Trustee may require, such redemption monies may be set aside in trust, or such certificates may be held in trust without interest, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum or Units so set aside and, to that extent, the Debenture shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to receive payment out of the monies so paid and deposited, or take delivery of the certificates so deposited, or both, upon surrender and delivery up of such holder's Debenture of the Redemption Price, as the case may be, of such Debenture, plus any accrued but unpaid interest thereon to but excluding the Redemption Date. In the event that any money, or certificates representing Units, required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of three years less a day from the Redemption Date, then such monies or certificates representing Units, together with any accumulated interest thereon or any distribution paid thereon, shall at the end of such period be paid over or delivered over by the Trustee or such depository or paying agent to the Trust on its demand, and thereupon the Trustee shall not be responsible to Debentureholders for any amounts owing to them and subject to applicable law, thereafter the holder of a Debenture in respect of which such money was so repaid to the Trust shall have no rights in respect thereof except to obtain payment of the money or certificates due from the Trust, subject to any limitation period provided by the laws of Alberta.

#### **4.8 Cancellation of Debentures Redeemed**

Subject to the provisions of Sections 4.2 and 4.9 as to Debentures redeemed or purchased in part, all Debentures redeemed and paid under this Article 4 shall forthwith be delivered to the Trustee and cancelled and no Debentures shall be issued in substitution for those redeemed.

#### **4.9 Purchase of Debentures by the Trust**

Subject to Article 5, unless otherwise specifically provided with respect to a particular series of Debentures, the Trust may, at any time and from time to time, purchase Debentures in the market (which shall include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract, at any price provided, however, that if an Event of Default has occurred and is continuing, the Trust will not have the right to purchase Debentures by private contract. All Debentures so purchased may, at the option of the Trust, be delivered to the Trustee and shall be cancelled and no Debentures shall be issued in substitution therefor.

If, upon an invitation for tenders, more Debentures are tendered at the same lowest price that the Trust is prepared to accept, the Debentures to be purchased by the Trust shall be selected by the Trustee on a *pro rata* basis or in such other manner consented to by the TSX or such other exchange on which the Debentures are then listed which the Trustee considers appropriate, from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders, notwithstanding the fact that as a result thereof one or more of such Debentures become subject to purchase in part only. The holder of a Debenture of which a part only is purchased, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such holder, one or more new Debentures for the unpurchased part so surrendered, and the Trustee shall certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered or, with respect to a Global Debenture, the Depository shall make notations on the Global Debenture of the principal amount thereof so purchased.

#### **4.10 Right to Repay Principal Amount and Accrued Interest in Units**

- (a) Subject to the receipt of any required regulatory approvals and the other provisions of this Section 4.10, the Trust may, at its option, in exchange for or in lieu of repaying the Debentures in money, elect to satisfy its obligation to repay the principal amount of all or any portion of the principal amount of the Debentures outstanding, together with all accrued and unpaid interest thereon, by issuing and delivering to holders on the Maturity Date of such Debentures that number of Freely Tradable Units obtained by dividing the principal amount of the Debentures (or applicable portion thereof to be satisfied by the issuance and delivery of Freely Tradable Units)

together with all accrued and unpaid interest thereon by 95% of the then Current Market Price of the Units on the Maturity Date (the "Unit Repayment Right").

- (b) The Trust shall exercise the Unit Repayment Right by so specifying in the Maturity Notice, which shall be delivered to the Trustee and the Debentureholder's not more than 60 days and not less than 40 days prior to the Maturity Date, and which shall also specify the aggregate principal amount of Debentures in respect of which it is exercising the Unit Repayment Right on the Maturity Date.
- (c) The Trust's right to exercise the Unit Repayment Right shall be conditional upon the following conditions being met on the Business Day preceding the Maturity Date:
  - (i) the issuance of the Units on the exercise of the Unit Repayment Right shall be made in accordance with Applicable Securities Legislation of the jurisdiction(s) in which such Units are to be issued and such Units shall be issued as Freely Tradable Units in such jurisdiction(s);
  - (ii) such additional Freely Tradable Units shall be listed on each stock exchange on which the Units are then listed;
  - (iii) the Trust shall be a reporting issuer or the equivalent in good standing under Applicable Securities Legislation where the distribution of such Freely Tradable Units occurs;
  - (iv) no Event of Default shall have occurred and be continuing;
  - (v) the Trustee shall have received an Officer's Certificate stating that conditions (i), (ii), (iii) and (iv) above have been satisfied and setting forth the number of Units to be delivered for each \$1,000 principal amount of Debentures and the Current Market Price of the Units on the Maturity Date; and
  - (vi) the Trustee shall have received an opinion of Counsel to the effect that such Units have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the principal amount of the Debentures outstanding will be validly issued as fully paid and non-assessable, that conditions (i) and (ii) above have been satisfied and that, relying exclusively on certificates of good standing or on a list of issuers in default issued or maintained by the relevant securities authorities, condition (iii) above is satisfied, except that the opinion in respect of condition (iii) need not be expressed with respect to those provinces where such certificates are not issued or lists are not maintained.

If the foregoing conditions are not satisfied prior to the close of business on the Business Day preceding the Maturity Date, the Trust shall pay the principal amount of the Debentures outstanding in cash in accordance with Sections 2.13 and 4.11, unless the Debentureholder waives the conditions which are not satisfied. For greater certainty, if the foregoing conditions are met with respect to certain holders only, the Trust will be entitled to exercise the Unit Repayment Right in respect of such holders, and shall pay the principal amount of the Debentures of the other holders in cash as aforementioned.

- (d) In the event that the Trust duly exercises its Unit Repayment Right, the Trust shall on or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to the Maturity Date deliver to the Trustee for delivery to and on account of the holders, upon presentation and surrender of the Debentures for payment on the Maturity Date, at any place where a register is maintained pursuant to Article 3 or any other place specified in the Maturity Notice, of certificates representing the Freely Tradable Units to which such holders are entitled. The Trust shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with the Unit Repayment Right. Every such deposit shall be irrevocable. From the certificates so deposited in addition to amounts payable by the Trustee pursuant to Sections 2.13 and 4.11, the Trustee shall pay or cause to be paid, to the holders of such

Debentures, upon surrender of such Debentures, the principal amount of and premium (if any) on the Debentures to which they are respectively entitled on maturity and deliver to such holders the certificates to which such holders are entitled. The delivery of such certificates to the Trustee will satisfy and discharge the liability of the Trust for the Debentures to which the delivery of certificates relates to the extent of the amount delivered (plus the amount of any Units sold to pay applicable taxes in accordance with this Section 4.10) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the certificates so delivered, the certificate(s) to which it is entitled.

- (e) No fractional Freely Tradable Units shall be delivered upon the exercise of the Unit Repayment Right but, in lieu thereof, the Trust shall pay to the Trustee for the account of the holders, at the time contemplated in Section 4.10(d), the cash equivalent thereof determined on the basis of the Current Market Price of the Units on the Maturity Date (less any tax required to be deducted, if any).
- (f) A holder shall be treated as the holder of record of the Freely Tradable Units issued on due exercise by the Trust of its Unit Repayment Right effective immediately after the close of business on the Maturity Date, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including distributions and dividends in kind) thereon and arising thereafter, and in the event that the Trustee receives the same, it shall hold the same in trust for the benefit of such holder.
- (g) The Trust shall at all times reserve and keep available out of its authorized Units (if the number thereof is or becomes limited), solely for the purpose of issue and delivery upon the exercise of the Unit Repayment Right as provided herein, and shall issue to Debentureholders to whom Freely Tradable Units will be issued pursuant to exercise of the Unit Repayment Right, such number of Freely Tradable Units as shall be issuable in such event. All Freely Tradable Units which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (h) The Trust shall comply with all Applicable Securities Legislation regulating the issue and delivery of Freely Tradable Units upon exercise of the Unit Repayment Right and shall cause to be listed and posted for trading such Freely Tradable Units on each stock exchange on which the Units are then listed.
- (i) The Trust shall from time to time promptly pay, or make provision satisfactory to the Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province thereof (except income tax, withholding tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Freely Tradable Units to holders upon exercise of the Unit Repayment Right pursuant to the terms of the Debentures and of this Indenture.
- (j) If the Trust elects to satisfy its obligation to pay all or any portion of the principal amount of Debentures due on maturity together with all accrued and unpaid interest thereon by issuing Freely Tradable Units in accordance with this Section 4.10 and if the amount (or any portion thereof) to which a holder is entitled is subject to withholding taxes and the amount of the cash payment of the amount due on maturity, if any, is insufficient to satisfy such withholding taxes, the Trustee, on the Written Direction of the Trust but for the account of the holder, shall sell, or cause to be sold, through the investment banks, brokers or dealers selected by the Trust, out of the Freely Tradable Units issued by the Trust for this purpose, such number of Freely Tradable Units that together with the cash component of the amount due on maturity is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld or deducted, and the Trustee shall deduct or withhold such net proceeds and remit same on behalf of the Trust to the appropriate governmental authority, as and when required within the period of time prescribed for this purpose under applicable laws. Any amounts of net proceeds (after payment of all costs) in excess of the amount required to cover applicable tax required by applicable law to be withheld or deducted will be remitted to the Debentureholder.

#### 4.11 Deposit of Maturity Monies

Subject to Section 4.10, payment on maturity of Debentures shall be provided for by the Trust depositing with the Trustee or any paying agent to the order of the Trustee, on or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to the Maturity Date such sums of money and/or Units as may be sufficient to pay the principal amount of the Debentures, together with a sum of money sufficient to pay all accrued and unpaid interest thereon up to but excluding the Maturity Date, provided the Trust may elect to satisfy this requirement by providing the Trustee with one or more certified cheques or with funds by electronic transfer, for such amounts required under this Section 4.11. The Trust shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection therewith. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Debentures, upon surrender of such Debentures, the principal, premium (if any) and interest (if any) to which they are respectively entitled on maturity.

### ARTICLE 5 SUBORDINATION OF DEBENTURES

#### 5.1 Applicability of Article

The indebtedness, liabilities and obligations of the Trust evidenced by Debentures issued hereunder of any series which by their terms are subordinate, including on account of principal, premium, if any, interest or otherwise, but, subject to Section 5.5, excluding the issuance of Units or other securities upon any conversion pursuant to Article 6, upon any redemption pursuant to Article 4, or at maturity pursuant to Article 4 (collectively, the "Debenture Liabilities"), shall be subordinated and postponed and subject in right of payment, to the extent and in the manner hereinafter set forth in the following sections of this Article 5 and in Section 2.4(d), to the full and final payment of all Senior Indebtedness of the Trust, and each holder of any such Debenture by his acceptance thereof agrees to and shall be bound by the provisions of this Article 5.

#### 5.2 Order of Payment

In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Trust, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or voluntary winding-up of the Trust, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Trust:

- (a) all Senior Indebtedness shall first be paid in full, or provision made for such payment, before any payment is made on account of the principal of or interest on the indebtedness evidenced by the Debentures;
- (b) any payment or distribution of assets of the Trust, whether in cash, property or securities, to which the holders of the Debentures or the Trustee on behalf of such holders would be entitled except for the provisions of this Article 5, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other liquidating agent making such payment or distribution, directly to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Indebtedness may have been issued, to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution, or provision therefor, to the holders of such Senior Indebtedness; and
- (c) the Senior Creditors or a receiver or a receiver-manager of the Trust or of all or part of its assets or any other enforcement agent may sell, mortgage, or otherwise dispose of the Trust's assets in whole or in part, free and clear of all Debenture Liabilities and without the approval of the Debentureholders or the Trustee or any requirement to account to the Trustee or the Debentureholders.

The rights and priority of the Senior Indebtedness and the subordination pursuant hereto shall not be affected by:



- (a) whether or not the Senior Indebtedness is secured;
- (b) the time, sequence or order of creating, granting, executing, delivering of, or registering, perfecting or failing to register or perfect any security notice, caveat, financing statement or other notice in respect of the Senior Security;
- (c) the time or order of the attachment, perfection or crystallization of any security constituted by the Senior Security;
- (d) the taking of any collection, enforcement or realization proceedings pursuant to the Senior Security;
- (e) the date of obtaining any judgment or order of any bankruptcy court or any court administering bankruptcy, insolvency or similar proceedings as to the entitlement of the Senior Creditors, or any of them or the Debentureholders or any of them to any money or property of the Trust;
- (f) the failure to exercise any power or remedy reserved to the Senior Creditors under the Senior Security or to insist upon a strict compliance with any terms thereof;
- (g) whether any Senior Security is now perfected, hereafter ceases to be perfected, is avoidable by any trustee in bankruptcy or like official or is otherwise set aside, invalidated or lapses;
- (h) the date of giving or failing to give notice to or making demand upon the Trust; or
- (i) any other matter whatsoever.

### **5.3 Subrogation to Rights of Holders of Senior Indebtedness**

Subject to the prior payment in full of all Senior Indebtedness, the rights of the holders of the Debentures shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Trust applicable to the Senior Indebtedness, to the extent of the application thereto of such payments or other assets which would have been received by the holders of the Debentures but for the provisions hereof until the principal of, premium, if any, and interest on the Debentures shall be paid in full, and no such payments or distributions to the holders of the Debentures of cash, property or securities, which otherwise would be payable or distributable to the holders of the Senior Indebtedness, shall, as between the Trust, its creditors other than the holders of Senior Indebtedness, and the Debentureholders, be deemed to be a payment by the Trust to the holders of the Senior Indebtedness or on account of the Senior Indebtedness, it being understood that the provisions of this Article 5 are and are intended solely for the purpose of defining the relative rights of the holders of the Debentures, on the one hand, and the holders of Senior Indebtedness, on the other hand.

The Trustee, for itself and on behalf of each of the Debentureholders, hereby waives any and all rights to require a Senior Creditor to pursue or exhaust any rights or remedies with respect to the Trust or any property and assets subject to any Senior Security or in any other manner to require the marshalling of property, assets or security in connection with the exercise by the Senior Creditors of any rights, remedies or recourses available to them.

### **5.4 Obligation to Pay Not Impaired**

Nothing contained in this Article 5 or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as between the Trust, its creditors other than the holders of Senior Indebtedness, and the holders of the Debentures, the obligation of the Trust, which is absolute and unconditional, to pay to the holders of the Debentures the principal of, premium, if any, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the holders of the Debentures and creditors of the Trust other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 5 of the holders of Senior Indebtedness in respect of cash, property or securities of the Trust received upon the exercise of any such remedy.

### **5.5 No Payment if Senior Indebtedness in Default**

Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, or any other enforcement of any Senior Indebtedness, then, except as provided in Section 5.8, all principal of and interest on all such matured Senior Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment is made on account of the Debenture Liabilities.

In case of a circumstance constituting a default or event of default with respect to any Senior Indebtedness, and during the continuance thereof, or upon the acceleration of the maturity of any Senior Indebtedness unless and until such default or event of default shall have been cured or waived or shall have ceased to exist or such acceleration has been rescinded or when a payment could reasonably be expected to cause a default or event of default under any Senior Indebtedness, no payment (by purchase of Debentures, repayment in units or otherwise) shall be made by the Trust (except as provided in Section 5.8) with respect to the Debenture Liabilities and neither the Trustee nor the Debentureholders shall be entitled to demand, accelerate, institute proceedings for the collection of (which shall, for certainty include proceedings related to an adjudication or declaration as to the insolvency or bankruptcy of the Trust and other similar creditor proceedings), or receive any payment or benefit (including without limitation by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Debentures after the happening of such a default or event of default or acceleration (except as provided in Section 5.8), and unless and until such default or event of default shall have been cured or waived or shall have ceased to exist or such acceleration has been rescinded, such payments shall be held in trust for the benefit of, and, if and when such Senior Indebtedness shall have become due and payable, shall be paid over to, the holders of the Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing an amount of the Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; provided, however, that the foregoing shall in no way prohibit, restrict or prevent the Trustee from taking such actions as may be necessary to preserve claims of the Trustee and/or the holders of the Debentures under this Indenture in any bankruptcy, reorganization or insolvency proceeding (including, without limitation, the filing of proofs of claim in any such bankruptcy, reorganization or insolvency proceedings by or against the Trust or its Subsidiaries and exercising its rights to vote as an unsecured creditor under any such bankruptcy, reorganization or insolvency proceedings commenced by or against the Trust or its Subsidiaries).

The fact that any payment hereunder is prohibited by this Section 5.5 shall not prevent the failure to make such payment from being an Event of Default hereunder.

### **5.6 Payment on Debentures Permitted**

Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall affect the obligation of the Trust to make, or prevent the Trust from making, where it is otherwise permitted to do so, at any time except as prohibited by Sections 5.2 or 5.5 any payment of principal of or, premium, if any, or interest on the Debentures. The fact that any such payment is prohibited by Sections 5.2 or 5.5 shall not prevent the failure to make such payment from being an Event of Default hereunder. Nothing contained in this Article 5, elsewhere in this Indenture or in any of the Debentures other than in the case of a continuing default or event of default under Senior Indebtedness or acceleration of Senior Indebtedness that has not been rescinded or where a payment could reasonably be expected to cause a default or event of default under any Senior Indebtedness, in which case Section 5.5 shall govern, shall prevent the conversion of the Debentures or, except as prohibited by Sections 5.2 or 5.5, the application by the Trustee of any monies deposited with the Trustee hereunder for the purpose, to the payment of or on account of the Debenture Liabilities.

### **5.7 Confirmation of Subordination**

Each holder of Debentures by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effect the subordination as provided in this Article 5 and appoints the Trustee his attorney-in-fact for any and all such purposes. This power of attorney, being coupled with an interest and rights, shall be irrevocable. Upon request of the Trust, and upon being furnished an Officer's Certificate stating that one or more named persons are Senior Creditors and specifying the amount and nature of the Senior Indebtedness of such Senior Creditor, the Trustee shall enter into a written agreement or agreements with the Trust and the person or persons named in such Officer's Certificate providing that such person or persons are entitled to

all the rights and benefits of this Article 5 as a Senior Creditor and for such other matters, such as an agreement not to amend the provisions of this Article 5 and the definitions herein, which prejudice the rights of the holders of Senior Indebtedness under this Article 5 without the consent of such Senior Creditor, or their representative or the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued as the Senior Creditor may reasonably request. Such agreement shall be conclusive evidence that the indebtedness specified therein is Senior Indebtedness, however, nothing herein shall impair the rights of any Senior Creditor who has not entered into such an agreement.

#### **5.8 Knowledge of Trustee**

Notwithstanding the provisions of this Article 5 or any provision in this Indenture or in the Debentures contained, the Trustee will not be charged with knowledge of any Senior Indebtedness or of any default in the payment thereof, or of the existence of any Event of Default or any other fact that would prohibit the making of any payment of monies to or by the Trustee, or the taking of any other action by the Trustee, unless and until the Trustee has received written notice thereof from the Trust, any Debentureholder or any Senior Creditor or a trustee on behalf of anyone or more Senior Creditors, and such notice to the Trustee shall be deemed to be notice to holders of the Debentures. The Trustee will notify Debentureholders as soon as reasonably practicable of such notice.

#### **5.9 Trustee May Hold Senior Indebtedness**

The Trustee is entitled to all the rights set forth in this Article 5 with respect to any Senior Indebtedness at the time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture deprives the Trustee of any of its rights as such holder.

#### **5.10 Rights of Holders of Senior Indebtedness Not Impaired**

No right of any present or future holder of any Senior Indebtedness to enforce the subordination herein will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Trust or by any non-compliance by the Trust with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

#### **5.11 Altering the Senior Indebtedness**

The holders of the Senior Indebtedness have the right to extend, renew, modify or amend the terms of the Senior Indebtedness or any security therefor and to release, sell or exchange such security and otherwise to deal freely with the Trust, all without notice to or consent of the Debentureholders or the Trustee and without affecting the liabilities and obligations of the parties to this Indenture or the Debentureholders.

#### **5.12 Additional Indebtedness**

This Indenture does not restrict the Trust or any of its Subsidiaries from incurring additional indebtedness for borrowed money or other obligations or liabilities (including Senior Indebtedness) or mortgaging, pledging or charging its properties to secure any indebtedness or obligations or liabilities.

#### **5.13 Right of Debentureholder to Convert Not Impaired**

The subordination of the Debentures to the Senior Indebtedness and the provisions of this Article 5 do not impair in any way the right of a Debentureholder to convert its Debentures pursuant to Article 6 provided that there is no continuing default or event of default under Senior Indebtedness or acceleration of Senior Indebtedness that has not been rescinded and provided that such conversion does not result in a payment that could reasonably be expected to cause a default or event of default under any Senior Indebtedness.

#### **5.14 Invalidated Payments**

In the event that any of the Senior Indebtedness shall be paid in full and subsequently, for whatever reason, such formerly paid or satisfied Senior Indebtedness becomes unpaid or unsatisfied, the terms and conditions of this Article 5 shall be reinstated and the provisions of this Article shall again be operative until all Senior Indebtedness is

repaid in full, provided that such reinstatement shall not give the Senior Creditors any rights or recourses against the Trustee or the Debentureholders for amounts paid to the Debentureholders subsequent to such payment or satisfaction in full and prior to such reinstatement.

#### **5.15 Contesting Security**

The Trustee, for itself and on behalf of the Debentureholders, agrees that it shall not contest or bring into question the validity, perfection or enforceability of any of the Senior Indebtedness, the Senior Security, or the relative priority of the Senior Security.

#### **5.16 Obligations Created by Article 5**

The Trust and the Trustee, in its capacity as trustee hereunder and not in its corporate personal capacity, agree, and each holder by its acceptance of a Debenture likewise agrees, that:

- (a) the provisions of this Article 5 are an inducement and consideration to each holder of Senior Indebtedness to give or continue credit to the Trust, the Trust's Subsidiaries or others or to acquire Senior Indebtedness;
- (b) each holder of Senior Indebtedness may accept the benefit of this Article 5 on the terms and conditions set forth in this Article 5 by giving or continuing credit to the Trust, the Trust's Subsidiaries or others or by acquiring or having outstanding as of the date hereof Senior Indebtedness, in each case without notice to the Trustee and without establishing actual reliance on this Article 5; and
- (c) each obligation created by this Article 5 is created for the benefit of the holders of Senior Indebtedness and is irrevocable and shall be binding on the Trust, the Trustee and each holder of a Debenture whether or not any confirmation described in Section 5.7 is requested, executed or delivered; and
- (d) there shall be no amendment to Article 5 including the defined terms used therein, that is adverse to the interest of the Finance Parties, without the prior written consent of the Agent (as defined in the Credit Agreement).

### **ARTICLE 6 CONVERSION OF DEBENTURES**

#### **6.1 Applicability of Article**

Subject to Article 5, any Debentures issued hereunder of any series which by their terms are convertible (subject, however, to any applicable restriction of the conversion of Debentures of such series) will be convertible into Freely Tradable Units or, if applicable, other securities or property of the Trust, at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and shall have been expressed in this Indenture (including Sections 2.4(f), 2.4(k) and 3.7 hereof), in such Debentures, in an Officer's Certificate, or in a supplemental indenture authorizing or providing for the issue thereof.

Such right of conversion shall extend only to the maximum number of whole Units into which the aggregate principal amount of the Debenture or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Units shall be adjusted for in the manner provided in Section 6.6.

#### **6.2 Notice of Expiry of Conversion Privilege**

Notice of the expiry of the conversion privileges of Debentures of any series which by their terms have conversion privileges which may expire, shall be given by or on behalf of the Trust, not more than 60 days and not less than 30 days prior to the date fixed for the Time of Expiry, in the manner provided in Section 14.2.

### 6.3 Revival of Right to Convert

If the redemption of any Debenture called for redemption by the Trust is not made or the payment of the purchase price of any Debenture which has been tendered in acceptance of an offer by the Trust to purchase Debentures for cancellation is not made, in the case of a redemption upon due surrender of such Debenture or in the case of a purchase on the date on which such purchase is required to be made, as the case may be, then, provided the Time of Expiry has not passed, the right to convert such Debentures shall revive and continue as if such Debenture had not been called for redemption or tendered in acceptance of the Trust's offer, respectively.

### 6.4 Manner of Exercise of Right to Convert

- (a) The holder of a Debenture desiring to convert such Debenture in whole or in part into Freely Tradeable Units shall surrender such Debenture to the Trustee at either of its principal offices in the City of Calgary, Alberta or the City of Toronto, Ontario together with the conversion notice attached hereto as Schedule D or any other written notice in a form satisfactory to the Trustee, in either case duly executed by the holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee, exercising his right to convert such Debenture in accordance with the provisions of this Article 6; provided that with respect to a Global Debenture, the obligation to surrender a Debenture to the Trustee shall be satisfied if the Trustee makes notation on the Global Debenture of the principal amount thereof so converted and the Trustee, acting reasonably, is provided with all other documentation which it may request. Thereupon such Debentureholder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges (including any applicable withholding tax) and compliance with all reasonable requirements of the Trustee, his nominee(s) or assignee(s) shall be entitled to be entered in the books of the Trust as at the Date of Conversion (or such later date as is specified in Section 6.4(b)) as the holder of the number of Units into which such Debenture is convertible in accordance with the provisions of this Article 6 and, as soon as practicable thereafter, the Trust shall deliver to such Debentureholder or, subject as aforesaid, his nominee(s) or assignee(s), a certificate or certificates for such Units and make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 6.4(e) hereof or in respect of fractional Units as provided in Section 6.6.
- (b) For the purposes of this Article 6, a Debenture shall be deemed to be surrendered for conversion on the date (herein called the "Date of Conversion") on which it is so surrendered when the register of the Trustee is open and in accordance with the provisions of this Article 6 or, in the case of a Global Debenture on the date which the Trustee received notice of and all necessary documentation in respect of the exercise of the conversion rights and, in the case of a Debenture so surrendered by post or other means of transmission, on the date on which it is received by the Trustee at one of its offices specified in Section 6.4(a); provided that if a Debenture is surrendered for conversion on a day on which the register of Units is closed, the person or persons entitled to receive Units shall be deemed to become the holder or holders of record of such Units as at the date on which such registers are next reopened. A holder surrendering Debentures as aforementioned shall be treated as the shareholder of record of the Units to be issued effective immediately before the close of business on the Date of Conversion, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (dividends or distributions in kind) thereon and arising as of such date, and in the event that the Trustee receives the same, it shall hold the same in trust for the benefit of such holder.
- (c) Any part, being \$1,000 or an integral multiple thereof, of a Debenture in a denomination in excess of \$1,000 may be converted as provided in this Article and all references in this Indenture to conversion of Debentures shall be deemed to include conversion of such parts.
- (d) The holder of any Debenture of which only a part is converted shall, upon the exercise of his right of conversion surrender such Debenture to the Trustee in accordance with Section 6.4(a), and the Trustee shall cancel the same and shall without charge forthwith certify and deliver to the holder a

new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered or, with respect to a Global Debenture, the Depository shall make notations on the Global Debentures of the principal amount thereof so converted.

- (e) The holder of a Debenture surrendered for conversion in accordance with this Section 6.4 shall be entitled (subject to any applicable restriction on the right to receive interest on conversion of Debentures of any series) to receive accrued and unpaid interest in respect thereof from the date of the last Interest Payment Date to, and including, the last record date fixed to determine entitlement to receive dividends or distribution on the Units, up to but excluding the Date of Conversion (less applicable withholding taxes, if any). For greater certainty, if there is no record date fixed to determine entitlement to receive dividends or distributions on the Units between the last Interest Payment Date (or, as the case may be, the date of issuance of the Debentures) and the date immediately preceding the Date of Conversion and the Trust continues to declare and pay a regular dividend or distribution, no interest will be paid for such period and the Units issued upon such conversion shall rank only in respect of distributions or dividends declared in favour of unitholders of record on and after the Date of Conversion or such later date as such holder shall become the holder of record of such Units pursuant to Section 6.4(b), from which applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Units.
- (f) In the event of a conversion of Debentures into Freely Tradable Units where the holder is subject to withholding taxes, the Trustee, on a Written Direction of the Trust but for the account of the holder, shall sell, or cause to be sold through the investment banks, brokers or dealers selected by the Trust, and approved by the Trustee, out of the Freely Tradable Units issued by the Trust for this purpose, such number of Freely Tradable Units that together with any cash payment in lieu of fractional Units, if any, is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld or deducted, and the Trustee shall deduct or withhold such net proceeds and remit such amounts to the appropriate governmental authority, as and when required. Any amounts of net proceeds (after payment of all costs) in excess of the amount required to cover applicable tax required by applicable law to be withheld or deducted will be remitted to the Debentureholder.

## 6.5 Adjustment of Conversion Price

The Conversion Price in effect for each applicable series of Debentures outstanding at any date shall be subject to adjustment from time to time as set forth below.

- (a) If and whenever at any time prior to the Time of Expiry the Trust shall (i) subdivide or redivide the outstanding Units into a greater number of units, (ii) reduce, combine or consolidate the outstanding Units into a smaller number of units, or (iii) issue Units or securities convertible into Units to the holders of all or substantially all of the outstanding Units by way of a dividend or distribution (other than the issue of securities to holders of Units who have elected to receive payment of dividends or distributions in the form of securities of the Trust pursuant to the DRIP or a similar distribution reinvestment plan which may be implemented by the Trust), the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Units by way of a dividend or distribution, as the case may be, shall in the case of any of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Units resulting from such subdivision, redivision, dividend or distribution, or shall, in the case of any of the events referred to in (ii) above, be increased in proportion to the number of outstanding Units resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6.5(a) shall occur. Any such issue of Units by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Units under subsections (c) and (d) of this Section 6.5.

- (b) If and whenever at any time prior to the Time of Expiry the Trust shall fix a record date for the payment of a cash dividend or distribution to the holders of all or substantially all of the outstanding Units in respect of any Applicable Period that exceeds the Initial Distribution Threshold, the Conversion Price shall be adjusted immediately after such record date so that it shall be equal to the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the denominator shall be the Current Market Price per Unit on such record date and of which the numerator shall be the Current Market Price per Unit on such record date minus the amount in cash per Unit distributed to holders of Units in excess of the Initial Distribution Threshold. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such cash dividend or distribution is not paid, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed.
- (c) If and whenever at any time prior to the Time of Expiry the Trust shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Units entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Units (or securities convertible into Units) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price of a Unit on such record date, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Units outstanding on such record date plus a number of Units equal to the number arrived at by dividing the aggregate price of the total number of additional Units offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price per Unit, and of which the denominator shall be the total number of Units outstanding on such record date plus the total number of additional Units offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon the number of Units (or securities convertible into Units) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.
- (d) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Units or a capital reorganization of the Trust other than as described in Section 6.5(a) or a consolidation, amalgamation, arrangement, binding share exchange, merger of the Trust with or into any other Person or other entity or acquisition of the Trust or other combination pursuant to which the Units are converted into or acquired for cash, securities or other property; or a sale or conveyance of the property and assets of the Trust as an entirety or substantially as an entirety to any other Person (other than a direct or indirect wholly-owned subsidiary of the Trust) or other entity or a liquidation, dissolution or winding-up of the Trust, any holder of a Debenture who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Units then sought to be acquired by it, such number of units or other securities or property of the Trust or of the Person or other entity resulting from such merger, amalgamation, arrangement, acquisition, combination or consolidation, or to which such sale or conveyance may be made or which holders of Units receive pursuant to such liquidation, dissolution or winding-up, as the case may be, that such holder of a Debenture would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Units sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right. If determined appropriate by the Board of Directors, to give effect to or to evidence the provisions of this Section 6.5(d), the Trust, its successor, or such purchasing Person or other entity, as the case may be, shall, prior to or

contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the holder of Debentures to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any units or other securities or property to which a holder of Debentures is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Trust and the Trustee pursuant to the provisions of this Section 6.5(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 16. Any indenture entered into between the Trust, any successor to the Trust or such purchasing Person or other entity and the Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 6.5(d) and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations, mergers, share exchanges, acquisitions, combinations, sales or conveyances and to any successive liquidation or winding up or other similar transaction. For greater certainty, nothing in this Section 6.5(d) shall affect or reduce the requirement for any Person to make a Change of Control Purchase Offer or to pay the Make Whole Premium in accordance with Section 2.4 in respect of the Initial Debentures (or any similar provision that may exist within the terms of any Additional Debentures), and notice of any transaction to which this Section 6.5(d) applies shall be given in accordance with Section 6.10.

- (e) If the Trust shall make a distribution to all holders of trust units of the Trust, other than Units, or evidences of indebtedness or other assets of the Trust, including securities (but excluding (x) any issuance of rights or warrants for which any adjustment was made pursuant to Section 6.5(c), and (y) any dividend or distribution paid exclusively in cash for which the provisions of Section 6.5(b) shall apply) (the "Distributed Securities"), then in each such case (unless the Trust distributes such Distributed Securities to the Debentureholders on such dividend or distribution date (as if each holder had converted such Debenture into Units immediately preceding the record date with respect to such distribution)) the Conversion Price in effect immediately preceding the record date fixed for the determination of unitholders entitled to receive such dividend or distribution shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately preceding such record date by a fraction of which the denominator shall be the Current Market Price per Unit on such record date and of which the numerator shall be the Current Market Price per Unit on such record date less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive evidence of such fair market value, subject to approval by the TSX and which shall be evidenced by an Officer's Certificate delivered to the Trustee) on such record date of the portion of the Distributed Securities so distributed applicable to one Unit (determined on the basis of the number of Units outstanding at the close of business on such record date). Such adjustment shall be made successively whenever any such distribution is made and shall become effective immediately after the record date for the determination of unitholders entitled to receive such distribution. In the event that such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such dividend or distribution had not been declared.

If the then fair market value (as so determined) of the portion of the Distributed Securities so distributed applicable to one Unit is equal to or greater than the Current Market Price per Unit on such record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of a Debenture shall have the right to receive upon conversion the amount of Distributed Securities so distributed that such holder would have received had such holder converted each Debenture on such record date. If the Board of Directors determines the fair market value of any distribution for purposes of this clause (e) of Section 6.5 by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price of the Units.

Notwithstanding the foregoing, if the securities distributed by the Trust to all holders of its Units consist of capital stock of, or similar equity interests in, a Subsidiary or other business unit of the Trust (the "Spinoff Securities"), the Conversion Price shall be adjusted, unless the Trust makes an



equivalent distribution to the Debentureholders (based on the Conversion Price then in effect and any applicable Make Whole Premium), so that the same shall be equal to the rate determined by multiplying the Conversion Price in effect on the record date fixed for the determination of unitholders entitled to receive such distribution by a fraction, the denominator of which shall be the sum of (A) the volume weighted average trading price of one Unit over the 20 consecutive trading day period (the "Spinoff Valuation Period") commencing on and including the fifth trading day after the date on which ex-dividend trading commences for such distribution on the TSX, or such other national or regional exchange or market on which the Units are then listed or quoted and (B) the product of (i) the volume weighted average trading price (calculated in substantially the same way as the Current Market Price is calculated for the Units) over the Spinoff Valuation Period of the Spinoff Securities or, if no such prices are available, the fair market value of the Spinoff Securities as reasonably determined by the Board of Directors (which determination shall be conclusive and shall be evidenced by an Officer's Certificate delivered to the Trustee) multiplied by (ii) the number of Spinoff Securities distributed in respect of one Unit and the numerator of which shall be the volume weighted average trading price of one Unit over the Spinoff Valuation Period, such adjustment to become effective immediately preceding the opening of business on the 25th trading day after the date on which ex-dividend trading commences; provided, however, that the Trust may in lieu of the foregoing adjustment elect to make adequate provision so that each holder of Debentures shall have the right to receive upon conversion thereof the amount of such Spinoff Securities that such holder of Debentures would have received if such Debentures had been converted on the record date with respect to such distribution.

- (f) In any case in which this Section 6.5 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Trust may defer, until the occurrence of such event, issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional Units issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Trust shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Units upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Units declared in favour of holders of record of Units on and after the Date of Conversion or such later date as such holder would have become the holder of record of such additional Units pursuant to Section 6.4(b).
- (g) The adjustments provided for in this Section 6.5 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided however, that any adjustments which by reason of this Section 6.5(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (h) For the purpose of calculating the number of Units outstanding, Units owned by or for the benefit of the Trust shall not be counted.
- (i) In the event of any question arising with respect to the adjustments provided in this Section 6.5, such question shall be conclusively determined by a firm of nationally recognized chartered accountants appointed by the Trust and acceptable to the Trustee (who may be the Auditors of the Trust); such accountants shall have access to all necessary records of the Trust and such determination shall be binding upon the Trust, the Trustee, and the Debentureholders absent manifest error.
- (j) In case the Trust shall take any action affecting the Units other than action described in this Section 6.5, which in the opinion of the Board of Directors, would materially affect the rights of Debentureholders, the Conversion Price shall be adjusted in such manner and at such time, by action of the Board of Directors, subject to the prior written consent of the TSX or such other

exchange on which the Debentures are then listed, as the Board of Directors, in their sole discretion may determine to be equitable in the circumstances. Failure of the directors to make such an adjustment shall be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.

- (k) Subject to the prior written consent of the TSX or such other exchange on which the Debentures are then listed, no adjustment in the Conversion Price shall be made in respect of any event described in Sections 6.5(a), 6.5(b), 6.5(c) or 6.5(e) other than the events described in 6.5(a)(i) or 6.5(a)(ii) if the holders of the Debentures are entitled to participate in such event on the same terms *mutatis mutandis* as if they had converted their Debentures prior to the effective date or record date, as the case may be, of such event.
- (l) Except as stated above in this Section 6.5, no adjustment will be made in the Conversion Price for any Debentures as a result of the issuance of Units at less than the Current Market Price for such Units on the date of issuance or the then applicable Conversion Price.

#### **6.6 No Requirement to Issue Fractional Units**

The Trust shall not be required to issue fractional Units upon the conversion of Debentures pursuant to this Article or otherwise hereunder. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Units issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of such Debentures to be converted. If any fractional interest in a Unit would, except for the provisions of this Section, be deliverable upon the conversion of any principal amount of Debentures, the Trust shall, in lieu of delivering any certificate representing such fractional interest, make a cash payment to the holder of such Debenture of an amount equal to the fractional interest which would have been issuable multiplied by the Current Market Price on the Date of the Conversion of such fractional interest (less applicable withholding taxes, if any).

#### **6.7 Trust to Reserve Units**

The Trust covenants with the Trustee that it will at all times reserve and keep available out of its authorized Units (if the number thereof is or becomes limited), solely for the purpose of issue upon conversion of Debentures as provided in this Article 6, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Units as shall then be issuable upon the conversion of all outstanding Debentures. The Trust covenants with the Trustee that all Units which shall be so issuable shall be duly and validly issued as fully-paid and non-assessable.

#### **6.8 Cancellation of Converted Debentures**

Subject to the provisions of Section 6.4 as to Debentures converted in part, all Debentures converted in whole or in part under the provisions of this Article shall be forthwith delivered to and cancelled by the Trustee and no Debenture shall be issued in substitution for those converted.

#### **6.9 Certificate as to Adjustment**

The Trust shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 6.5, deliver an Officer's Certificate to the Trustee specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall be verified by an opinion of a firm of nationally recognized chartered accountants appointed by the Trust and acceptable to the Trustee (who may be the Auditors of the Trust) and shall be conclusive and binding on all parties in interest. When so approved, the Trust shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Units, forthwith give notice to the Debentureholders in the manner provided in Section 14.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price; provided that, if the Trust has given notice under this Section 6.9 covering all the relevant facts in respect of such event and if the Trustee approves, no such notice need be given under this Section 6.9.

#### 6.10 Notice of Special Matters

The Trust covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 14.2, of its intention to fix a record date for any event referred to in Section 6.5(a), (b), (c) or (e) (other than the subdivision, redvision, reduction, combination or consolidation of its Units) which may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Trust shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than fourteen (14) days in each case prior to such applicable record date.

In addition, the Trust covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 14.2, at least 30 days prior to the effective date of any transaction referred to in Section 6.5(d) stating the consideration into which the Debentures will be convertible after the effective date of such transaction.

#### 6.11 Protection of Trustee

Subject to Section 15.3, the Trustee:

- (a) shall not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist which may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Units or of any shares or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture;
- (c) shall not be responsible for any failure of the Trust to make any cash payment or to issue, transfer or deliver Units or share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article 6; and
- (d) shall be entitled to act and rely on any adjustment calculation of the Trust.

#### 6.12 Legend on Units

Each certificate representing Units issued upon conversion of Debentures pursuant to this Article 6, as well as all certificates issued in exchange for or in substitution of the foregoing securities, shall have imprinted or otherwise reproduced thereon such legend or legends including the Canadian legend, not inconsistent with the provisions of the Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Trust, as conclusively evidenced by the issue of such certificates.

#### 6.13 Payment of Cash in Lieu of Units

Upon conversion, the Trust may offer and the converting holder may agree to the delivery of cash for all or a portion of the Debentures surrendered in lieu of Units.

If upon any conversion of Debentures, the Trust may not issue Freely Tradeable Units in an applicable jurisdiction pursuant to the laws thereof, then the Trust may alternatively satisfy its obligations to issue and deliver Units in respect of the conversion of such Debentures by a payment in cash effected through the delivery of an amount in cash equal to the Current Market Price of the Units on the Date of Conversion multiplied by the number of Units into which the Debentures would then be convertible.

## ARTICLE 7 COVENANTS OF THE TRUST

The Trust hereby covenants and agrees with the Trustee for the benefit of the Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

### 7.1 To Pay Principal, Premium (if any) and Interest

The Trust will duly and punctually pay or cause to be paid to every Debentureholder the principal of, premium (if any) and interest accrued on the Debentures of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

### 7.2 To Pay Trustee's Remuneration

The Trust will pay the Trustee reasonable remuneration for its services as Trustee hereunder and will repay to the Trustee on demand all monies which shall have been paid by the Trustee in connection with the execution of the trusts hereby created and such monies including the Trustee's remuneration, shall be payable out of any funds coming into the possession of the Trustee in priority to payment of any principal of the Debentures or interest or premium thereon. Such remuneration shall continue to be payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture shall be in the course of administration by or under the direction of a court of competent jurisdiction.

### 7.3 To Give Notice of Default

The Trust shall notify the Trustee immediately upon obtaining knowledge of any Event of Default hereunder.

### 7.4 Preservation of Existence, Etc.

Subject to the express provisions hereof, the Trust will carry on and conduct its activities, and cause its Subsidiaries to carry on and conduct their businesses and activities in accordance with past business practices; and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its and its Subsidiaries' respective existences and rights.

### 7.5 Keeping of Books

The Trust will keep or cause to be kept proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Trust in accordance with generally accepted accounting principles.

### 7.6 Performance of Covenants by Trustee

If the Trust shall fail to perform any of its covenants contained in this Indenture, the Trustee may notify the Debentureholders of such failure on the part of the Trust or may itself perform any of the covenants capable of being performed by it, but (subject to Sections 8.2 and 15.3) shall be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Trustee shall be repayable as provided in Section 7.2. No such performance, expenditure or advance by the Trustee shall be deemed to relieve the Trust of any default hereunder.

### 7.7 Maintain Listing

The Trust will use reasonable commercial efforts to ensure that the Units and the Initial Debentures are listed and posted for trading on the TSX, to maintain such listing and posting for trading of the Units and the Initial Debentures on the TSX, and to maintain the Trust's status as a "reporting issuer" not in default of the requirements of the Applicable Securities Legislation; provided that the foregoing covenant shall not prevent or restrict the Trust from carrying out a transaction to which Article 11 would apply if carried out in compliance with Article 11 even if as a result of such transaction the Trust ceases to be a "reporting issuer" in all or any of the provinces of Canada or the Units or Debentures cease to be listed on the TSX or any other stock exchange.

## 7.8 Annual Certificate of Compliance

The Trust shall deliver to the Trustee, within 120 days after the end of each calendar year, an Officer's Certificate as to the knowledge of such officer of the Administrator who executes the Officer's Certificate of the Trust's compliance with all conditions and covenants in this Indenture certifying that after reasonable investigation and inquiry, the Trust has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or if such is not the case, setting forth with reasonable particulars the circumstances of any failure to comply and steps taken or proposed to be taken to eliminate such circumstances and remedy such Event of Default, as the case may be.

## 7.9 SEC Notice

The Trust confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the United States Securities Exchange Act or have a reporting obligation pursuant to Section 15(d) of the United States Securities Exchange Act. The Trust covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the United States Securities Exchange Act or the Trust shall incur a reporting obligation pursuant to Section 15(d) of the United States Securities Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Trust in accordance with the United States Securities Exchange Act, the Trust shall promptly deliver to the Trustee an Officers' Certificate (in a form provided by the Trustee) notifying the Trustee of such registration or termination and such other information as the Trustee may require at the time. The Trust acknowledges that the Trustee is relying upon the foregoing representation and covenants in order to meet certain Securities and Exchange Commission obligations with respect to those clients who are filing with the Securities and Exchange Commission.

## 7.10 No Dividends or Distributions on Units if Event of Default

The Trust shall not declare or pay any dividend or distribution to the holders of its issued and outstanding Units after the occurrence of an Event of Default, or if an Event of Default would occur as a result of the payment of such a dividend or distribution, unless and until such default shall have been cured or waived or shall have ceased to exist.

# ARTICLE 8 DEFAULT

## 8.1 Events of Default

Each of the following events constitutes, and is herein sometimes referred to as, an "Event of Default":

- (a) failure for 30 days to pay interest on the Debentures when due;
- (b) failure to pay principal or premium (whether by way of payment of cash or delivery of Units or other securities or property or a combination thereof), if any, when due on the Debentures whether at maturity, upon redemption or a Change of Control, by declaration or otherwise;
- (c) default in the delivery, when due, of all cash and any Units or other consideration, including any Make Whole Premium, payable on conversion with respect to the Debentures, which default continues for 15 days;
- (d) default in the observance or performance of any material covenant or condition of the Indenture by the Trust which remains unremedied (or is not waived) for a period of 30 days after notice in writing has been given by the Trustee specifying such default and requiring the Trust to rectify such default or obtain a waiver for same;
- (e) if a decree or order of a Court having jurisdiction is entered adjudging the Trust a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Trust, or appointing a receiver of, or of any substantial part

of, the property of the Trust or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;

- (f) if the Trust institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Trust or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due; or
- (g) if a resolution is passed for the winding-up or liquidation of the Trust except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 11.1 are duly observed and performed,

then in each and every such event listed above, the Trustee may, in its discretion, but subject to the provisions of this Section, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding (or if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures of such series then outstanding), subject to the provisions of Section 8.3, by notice in writing to the Trust declare the principal of and interest and premium, if any, on all Debentures then outstanding (or, as the case may be, on all Debentures of such series outstanding) and all other monies outstanding hereunder to be due and payable and the same shall thereupon forthwith become immediately due and payable to the Trustee, and the Trust shall forthwith pay to the Trustee for the benefit of the Debentureholders such principal, accrued and unpaid interest and premium, if any, and interest on amounts in default on such Debenture (and, where such a declaration is based upon a voluntary winding-up or liquidation of the Trust, the premium, if any, on the Debentures then outstanding which would have been payable upon the redemption thereof by the Trust on the date of such declaration) and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest, premium, if any, and such other monies from the date of such declaration or event until payment is received by the Trustee, such subsequent interest to be payable at the times and places and in the manner mentioned in and according to the tenor of the Debentures. Such payment when made shall be deemed to have been made in discharge of the Trust's obligations hereunder and any monies so received by the Trustee shall be applied in the manner provided in Section 8.6.

For greater certainty, for the purposes of this Section 8.1, a series of Debentures shall be in default in respect of an Event of Default if such Event of Default relates to a default in the payment of principal, premium, if any, or interest on the Debentures of such series in which case references to Debentures in this Section 8.1 refer to Debentures of that particular series.

For purposes of this Article 8, where the Event of Default refers to an Event of Default with respect to a particular series of Debentures as described in this Section 8.1, then this Article 8 shall apply *mutatis mutandis* to the Debentures of such series and references in this Article 8 to the Debentures shall mean Debentures of the particular series and references to the Debentureholders shall refer to the Debentureholders of the particular series, as applicable.

## 8.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 13.2, provided that notwithstanding the foregoing, unless the Trustee shall have been requested to do so by the holders of at least 25% of the principal amount of the Debentures then outstanding, the Trustee shall not be required to give such notice if the Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Trust in writing.

When notice of the occurrence of an Event of Default has been given to the Debentureholders and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Trustee to the Debentureholders within 15 days after the Trustee becomes aware the Event of Default has been cured.

### 8.3 Waiver of Default

Upon the happening of any Event of Default hereunder:

- (a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 50% of the principal amount of Debentures then outstanding, to instruct the Trustee to waive any Event of Default and to cancel any declaration made by the Trustee pursuant to Section 8.1 and the Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; provided that notwithstanding the foregoing if the Event of Default has occurred by reason of the non-observance or non-performance by the Trust of any covenant applicable only to one or more series of Debentures, then the holders of more than 50% of the principal amount of the outstanding Debentures of that series shall be entitled to exercise the foregoing power and the Trustee shall so act and it shall not be necessary to obtain a waiver from the holders of any other series of Debentures; and
- (b) the Trustee, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Trustee in the exercise of its discretion, upon such terms and conditions as the Trustee may deem advisable.

No such act or omission either of the Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

### 8.4 Enforcement by the Trustee

Subject to the provisions of Section 8.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Trust shall fail to pay to the Trustee, forthwith after the same shall have been declared to be due and payable under Section 8.1, the principal of and premium (if any) and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of and premium (if any) and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee shall deem expedient.

The Trustee shall be entitled and empowered, either in its own name or as trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Trust or its creditors or relative to or affecting its property. The Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums

becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims of the Trustee and of the holders of the Debentures against the Trust or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 8.3, nothing contained in this Indenture shall be deemed to give to the Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

The Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.

All rights of action hereunder may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

#### **8.5 No Suits by Debentureholders**

No holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Trust wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity; and (e) no direction inconsistent with such request has been received by the Trustee from holders of a majority in principal amount of the Debentures and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

#### **8.6 Application of Monies by Trustee**

- (a) Except as herein otherwise expressly provided, any monies received by the Trustee from the Trust pursuant to the foregoing provisions of this Article 8, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Trust, shall be applied, together with any other monies in the hands of the Trustee available for such purpose, as follows:
  - (i) first, in payment or in reimbursement to the Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;
  - (ii) second, but subject as hereinafter in this Section 8.6 provided, in payment, rateably and proportionately to (and in the case of applicable withholding taxes, if any, on behalf of) the Debentureholders, of the principal of and premium (if any) and accrued and unpaid



interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal, premium (if any) and interest as may be directed by such resolution; and

(iii) third, in payment of the surplus, if any, of such monies to the Trust or its assigns;

provided, however, that no payment shall be made pursuant to clause (ii) above in respect of the principal, premium or interest on any Debenture held, directly or indirectly, by or for the benefit of the Trust or any Subsidiary (other than any Debenture pledged for value and in good faith to a person other than the Trust or any Subsidiary but only to the extent of such person's interest therein) except subject to the prior payment in full of the principal, premium (if any) and interest (if any) on all Debentures which are not so held.

(b) The Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Trustee may think necessary to provide for the payments mentioned in Section 8.6(a), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided in Section 15.9 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment in distribution hereunder.

#### **8.7 Notice of Payment by Trustee**

Not less than 15 days notice shall be given in the manner provided in Section 14.2 by the Trustee to the Debentureholders of any payment to be made under this Article 8. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies, premium (if any) and interest due (if any) to them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

#### **8.8 Trustee May Demand Production of Debentures**

The Trustee shall have the right to demand production of the Debentures in respect of which any payment of principal, interest or premium required by this Article 8 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Trust as the Trustee shall deem sufficient.

#### **8.9 Remedies Cumulative**

No remedy herein conferred upon or reserved to the Trustee, or upon or to the Debentureholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

#### **8.10 Judgment Against the Trust**

The Trust covenants and agrees with the Trustee that, in case of any judicial or other proceedings to enforce the rights of Debentureholders, judgment may be rendered against it in favour of the Debentureholders or the Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and premium (if any) and the interest thereon and any other monies owing thereunder.

### **8.11 Immunity of Directors, Officers and Others**

The Debentureholders and the Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer, director or employee of the Trust, Argent Energy Ltd. and Argent Energy (US) Holdings Inc., as the case may be, or holders of Units or of any successor thereto, for the payment of the principal of or premium or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Trust contained herein or in the Debentures.

### **8.12 Subordination**

For greater certainty, this Article 8 and the rights and obligations thereunder are subject to the terms and provisions of Article 5.

## **ARTICLE 9 SATISFACTION AND DISCHARGE**

### **9.1 Cancellation and Destruction**

All Debentures shall forthwith after payment thereof be delivered to the Trustee and cancelled by it. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Trustee and, if required by the Trust, the Trustee shall furnish to it a destruction certificate setting out the designating numbers of the Debentures so destroyed.

### **9.2 Non-Presentation of Debentures**

In case the holder of any Debenture shall fail to present the same for payment on the date on which the principal of, premium (if any) or the interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Trustee may require:

- (a) the Trust shall be entitled to pay or deliver to the Trustee and direct it to set aside; or
- (b) in respect of monies or Units in the hands of the Trustee which may or should be applied to the payment of the Debentures, the Trust shall be entitled to direct the Trustee to set aside; or
- (c) if the redemption was pursuant to notice given by the Trustee, the Trustee may itself set aside;

the monies or Units, as the case may be, in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal of, premium (if any) or the interest payable on or represented by each Debenture in respect whereof such monies or Units, if applicable, have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the monies or Units, if applicable (less applicable withholding taxes, if any) so set aside by the Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 9.3.

### **9.3 Repayment of Unclaimed Monies or Units**

Subject to applicable law, any monies or Units, if applicable, set aside under Section 9.2 and not claimed by and paid to Debentureholders as provided in Section 9.2 within three years less a day after the date of such setting aside shall be repaid and delivered to the Trust by the Trustee and thereupon the Trustee shall be released from all further liability with respect to such monies or Units, if applicable, and thereafter the holders of the Debentures in respect of which such monies or Units, if applicable, were so repaid to the Trust shall have no rights in respect thereof except to obtain payment and delivery of the monies or Units, if applicable, from the Trust subject to any limitation provided by the laws of the Province of Alberta. If the remaining funds are paid to the Trust prior to the expiry of three years less a day after such setting aside, the Trust shall reimburse the Trustee for any amounts so set aside which are required to be paid by the Trustee to a holder of a Debenture after the date of such payment of the remaining funds to the Trust but prior to three years less a day after such setting aside.

#### 9.4 Discharge

The Trustee shall at the written request of the Trust release and discharge this Indenture and execute and deliver such instruments as it shall be advised by Counsel are requisite for that purpose and to release the Trust from its covenants herein contained (other than the provisions relating to the indemnification of the Trustee), upon proof being given to the reasonable satisfaction of the Trustee that the principal of, premium (if any) and interest (including interest on amounts in default, if any), on all the Debentures and all other monies payable hereunder have been paid or satisfied or that all the Debentures having matured or having been duly called for redemption, payment of the principal of and interest (including interest on amounts in default, if any) on such Debentures and of all other monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

#### 9.5 Satisfaction

- (a) The Trust shall be deemed to have fully paid, satisfied and discharged all of the outstanding Debentures of any series and the Trustee, at the expense of the Trust, shall execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Debentures, when, with respect to all of the outstanding Debentures or all of the outstanding Debentures of any series, as applicable:
- (i) the Trust has deposited or caused to be deposited with the Trustee as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money or Units, if applicable, sufficient to pay, satisfy and discharge the entire amount of principal of, premium, if any, and interest, if any, to maturity, or any repayment date or Redemption Dates, or any Change of Control Purchase Date, or upon conversion or otherwise as the case may be, of such Debentures (including the maximum amount that may be payable as a Make Whole Premium);
  - (ii) the Trust has deposited or caused to be deposited with the Trustee as trust property in trust for the purpose of making payment on such Debentures:
    - (A) if the Debentures are issued in Canadian dollars, such amount in Canadian dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or Units, if applicable; or
    - (B) if the Debentures are issued in a currency or currency unit other than Canadian dollars, cash in the currency or currency unit in which the Debentures are payable and/or such amount in such currency or currency unit of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or the government that issued the currency or currency unit in which the Debentures are payable or Units, if applicable;as will, together with the income to accrue thereon and reinvestment thereof, be sufficient to pay and discharge the entire amount of principal of, premium, if any (including the maximum amount that may be payable as a Make Whole Premium) on, and accrued and unpaid interest to maturity or any repayment date, as the case may be, of all such Debentures; or
  - (iii) all Debentures authenticated and delivered (other than (A) Debentures which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.9 and (B) Debentures for whose payment has been deposited in trust and thereafter repaid to the Trust as provided hereunder have been delivered to the Trustee for cancellation;
- so long as in any such event:
- (iv) the Trust has paid, caused to be paid or made provisions to the satisfaction of the Trustee for the payment of all other sums payable or which may be payable (including the maximum amount that may be payable as a Make Whole Premium) with respect to all of

such Debentures (together with all applicable expenses of the Trustee in connection with the payment of such Debentures); and

- (v) the Trust has delivered to the Trustee an Officer's Certificate stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Debentures have been complied with.

Any deposits with the Trustee referred to in this Section 9.5 shall be irrevocable, subject to Section 9.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Trustee and which provides for the due and punctual payment of the principal of, premium, if any, and interest on the Debentures being satisfied.

- (b) Upon the satisfaction of the conditions set forth in this Section 9.5 with respect to all the outstanding Debentures, or all the outstanding Debentures of any series, as applicable, the terms and conditions of the Debentures, including the terms and conditions with respect thereto set forth in this Indenture (other than those contained in Article 2 and Article 4 and the provisions of Article 1 pertaining to Article 2 and Article 4) shall no longer be binding upon or applicable to the Trust.
- (c) Any funds or obligations deposited with the Trustee pursuant to this Section 9.5 shall be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.
- (d) If the Trustee is unable to apply any money or securities in accordance with this Section 9.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Trust's obligations under this Indenture and the affected Debentures shall be revived and reinstated as though no money or securities had been deposited pursuant to this Section 9.5 until such time as the Trustee is permitted to apply all such money or securities in accordance with this Section 9.5, provided that if the Trust has made any payment in respect of principal of, premium, if any, or interest on Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the Trust shall be subrogated to the rights of the holders of such Debentures to receive such payment from the money or securities held by the Trustee.

#### 9.6 Continuance of Rights, Duties and Obligations

- (a) Where trust funds or trust property have been deposited pursuant to Section 9.5, the Debentureholders and the Trust shall continue to have and be subject to their respective rights, duties and obligations under Article 2 and Article 4.
- (b) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5 in respect of a series of Debentures (the "Defeased Debentures"), any holder of any of the Defeased Debentures from time to time converts its Debentures to Units or other securities of the Trust in accordance with Subsection 2.4(e) (in respect of Initial Debentures or the comparable provision of any other series of Debentures), Article 6 or any other provision of this Indenture, the Trustee shall upon receipt of a Written Direction of the Trust return to the Trust from time to time the proportionate amount of the trust funds or other trust property deposited with the Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures so converted (which amount shall be based on the applicable principal amount of the Defeased Debentures being converted in relation to the aggregate outstanding principal amount of all the Defeased Debentures).
- (c) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5, the Trust is required to make a Change of Control Purchase Offer to purchase any outstanding Debentures pursuant to Subsection 2.4(j) (in respect of Initial Debentures or the comparable provision of any other series of Debentures), in relation to Initial Debentures or to make an offer to purchase Debentures pursuant to any other similar provisions relating to any other series of Debentures, the

Trust shall be entitled to use any trust money or trust property deposited with the Trustee pursuant to Section 9.5 for the purpose of paying to any holders of Defeased Debentures who have accepted any such offer of the Trust the Total Offer Price payable to such holders in respect of such Change of Control Purchase Offer in respect of Initial Debentures (or the total offer price payable in respect of an offer relating to any other series of Debentures). Upon receipt of a Written Direction of the Trust, the Trustee shall be entitled to pay to such holder from such trust money or trust property deposited with the Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures held by such holders who have accepted any such offer to the Trust (which amount shall be based on the applicable principal amount of the Defeased Debentures held by accepting offerees in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

## ARTICLE 10 UNIT INTEREST PAYMENT ELECTION

### 10.1 Unit Interest Payment Election

- (a) Provided that no Event of Default has occurred and is continuing under this Indenture and that all applicable regulatory approvals have been obtained (including any required approval of any stock exchange on which the Debentures or Units are then listed), the Trust shall have the right, from time to time, to make a Unit Interest Payment Election in respect of any Interest Obligation by delivering a Unit Interest Payment Election Notice to the Trustee no later than the earlier of (i) the date required by applicable law or the rules of any stock exchange on which the Debentures or Units are then listed, and (ii) the day which is 15 Business Days prior to the Interest Payment Date to which the Unit Interest Payment Election relates.
- (b) Upon receipt of a Unit Interest Payment Election Notice, the Trustee shall, in accordance with this Article 10 and such Unit Interest Payment Election Notice, deliver Unit Bid Requests to the investment banks, brokers or dealers identified by the Trust, in its absolute discretion, in the Unit Interest Payment Election Notice. In connection with the Unit Interest Payment Election, the Trustee shall have the power to: (i) accept delivery of the Units from the Trust and process the Units in accordance with the Unit Interest Payment Election Notice and this Article 10; (ii) accept bids with respect to, and facilitate sales of, such Units, each as the Trust shall direct in its absolute discretion, through the investment banks, brokers or dealers identified by the Trust in the Unit Interest Payment Election Notice; (iii) invest the proceeds of such sales on the direction of the Trust in Government Obligations which mature prior to an applicable Interest Payment Date and use such proceeds, together with any additional cash provided by the Trust, to pay the Interest Obligation in respect of which the Unit Interest Payment Election was made; (iv) deliver proceeds to Debentureholders to satisfy all or a portion of the Trust's Interest Obligations, as directed by the Trust in the Unit Interest Payment Election Notice, and (v) perform any other action necessarily incidental thereto as directed by the Trust in its absolute discretion. The Unit Interest Payment Election Notice shall direct the Trustee to solicit and accept only, and each Unit Bid Request shall provide that the acceptance of any bid is conditional on the acceptance of sufficient bids to result in aggregate proceeds from such issue and sale of Units which, together with the cash payments to be made by the Trust in lieu of fractional Units, if any, equal the Interest Obligation on the Unit Delivery Date.
- (c) The Unit Interest Payment Election Notice shall provide for, and all bids shall be subject to, the right of the Trust, by delivering written notice to the Trustee at any time prior to the consummation of such delivery and sale of the Units on the Unit Delivery Date, to withdraw the Unit Interest Payment Election (which shall have the effect of withdrawing each related Unit Bid Request), whereupon the Trust shall be obliged to pay in cash the Interest Obligation in respect of which the Unit Interest Payment Election Notice has been delivered.
- (d) Any sale of Units pursuant to this Article 10 may be made to one or more Persons whose bids are solicited, but all such sales with respect to a particular Unit Interest Payment Election shall take place concurrently on the Unit Delivery Date.

- (e) The amount received by a holder of a Debenture in respect of the Interest Obligation or the entitlement thereto will not be affected by whether or not the Trust elects to satisfy the Interest Obligation pursuant to a Unit Interest Payment Election.
- (f) The Trustee shall inform the Trust promptly following receipt of any bid or bids for Units solicited pursuant to the Unit Bid Requests. The Trustee shall accept such bid or bids as the Trust, in its absolute discretion, shall direct by Written Direction of the Trust, provided that the aggregate proceeds of all sales of Units resulting from the acceptance of such bids, together with the amount of any cash payment by the Trust in lieu of any fractional Units, on the Unit Delivery Date, must be equal to the related Unit Interest Payment Election Amount in connection with any bids so accepted, the Trust, the Trustee (if required by the Trust in its absolute discretion) and the applicable bidders shall, not later than the Unit Delivery Date, enter into Unit Purchase Agreements and shall comply with all Applicable Securities Legislation, including the securities rules and regulations of any stock exchange on which the Debentures or Units are then listed. The Trust shall pay all fees and expenses in connection with the Unit Purchase Agreements including the fees and commissions charged by the investment banks, brokers and dealers and the fees of the Trustee.
- (g) Provided that: (i) all conditions specified in each Unit Purchase Agreement to the closing of all sales thereunder have been satisfied, other than the delivery of the Units to be sold thereunder against payment of the purchase price thereof; and (ii) the purchasers under each Unit Purchase Agreement shall be ready, willing and able to perform thereunder, in each case on the Unit Delivery Date, the Trust shall, on the Unit Delivery Date, deliver to the Trustee the Units to be sold on such date, an amount in cash equal to the value of any fractional Units and an Officer's Certificate to the effect that all conditions precedent to such sales, including those set forth in this Indenture and in each Unit Purchase Agreement, have been satisfied. Upon such deliveries, the Trustee shall consummate such sales on such Unit Delivery Date by the delivery of the Units to such purchasers against payment to the Trustee in immediately available funds of the purchase price therefor in an aggregate amount equal to the Unit Interest Payment Election Amount (less any amount attributable to any fractional Units), whereupon the sole right of a holder of Debentures to receive such holder's portion of the Unit Interest Payment Election Amount will be to receive same from the Trustee out of the proceeds of such sales of Units plus any amount received by the Trustee from the Trust attributable to any fractional Units in full satisfaction of the Interest Obligation, subject to Section 10.1(i) and the holder will have no further recourse to the Trust in respect of the Interest Obligation.
- (h) The Trustee shall, on the Unit Delivery Date, use the sale proceeds of the Units (together with any cash received from the Trust in lieu of any fractional Units) to purchase, on the direction of the Trust in writing, Government Obligations which mature prior to the applicable Interest Payment Date and which the Trustee is required to hold until maturity (the "Unit Proceeds Investment") and shall, on such date, deposit the balance, if any, of such sale proceeds in an account established by the Trust (and which shall be maintained by and subject to the control of the Trustee) (the "Interest Account") for such Debentures. The Trustee shall hold such Unit Proceeds Investment (but not income earned thereon) under its exclusive control in an irrevocable trust for the benefit of the holders of the Debentures. At least one Business Day prior to the Interest Payment Date, the Trustee shall deposit amounts from the proceeds of the Unit Proceeds Investment in the Interest Account to bring the balance of the Interest Account to the Unit Interest Payment Election Amount. On the Interest Payment Date, the Trustee shall pay the funds held in the Interest Account to the holders of record of the Debentures on the Interest Payment Date (less any tax required to be deducted, if any) and, provided that there is no Event of Default, shall remit amounts, if any, in respect of income earned on the Unit Proceeds Investment or otherwise in excess of the Unit Interest Payment Election Amount to the Trust.
- (i) Neither the making of a Unit Payment Election nor the consummation of sales of Units on a Unit Delivery Date shall (i) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the Interest Obligation payable on such date or (ii) entitle or require such holders to receive any Units in satisfaction of such Interest Obligation.

- (j) No fractional Units will be issued in satisfaction of interest but in lieu thereof the Trust will satisfy such fractional interest by a cash payment equal to the Current Market Price of such fractional interest (less any tax required to be deducted, if any).
- (k) This Article 10 and the rights and obligations thereunder shall at all times be subject to Article 5.

## ARTICLE 11 SUCCESSORS

### 11.1 Trust may Consolidate, Etc., Only on Certain Terms

Subject to the provisions of Article 12, the Trust shall not enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the direct or indirect property of any other person (herein called a "Successor") whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, unless:

- (a) prior to or contemporaneously with the consummation of such transaction the Trust and the Successor shall have executed such instruments and done such things as, in the opinion of Counsel, are necessary or advisable to establish that upon the consummation of such transaction:
  - (i) the Successor will have assumed all the covenants and obligations of the Trust under this Indenture in respect of the Debentures;
  - (ii) the Debentures will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of Debentureholders under this Indenture; and
  - (iii) in the case of an entity organized otherwise than under the laws of the Province of Alberta, the Successor shall attorn to the jurisdiction of the courts of the Province of Alberta;
- (b) such transaction, in the opinion of Counsel, shall be on such terms as to substantially preserve and not impair any of the rights and powers of the Trustee or of the Debentureholders hereunder; and
- (c) no condition or event shall exist as to the Trust (at the time of such transaction) or the Successor (immediately after such transaction) and after giving full effect thereto or immediately after the Successor shall become liable to pay the principal monies, premium, if any, interest and other monies due or which may become due hereunder, which constitutes or would constitute an Event of Default hereunder; and

for greater certainty, for the purposes of the foregoing, the sale, conveyance, transfer or lease (in a single transaction or a series of related transactions) of the properties or assets of one or more Subsidiaries of the Trust (other than to the Trust or another wholly-owned Subsidiary of the Trust), which, if such properties or assets were directly owned by the Trust, would constitute all or substantially all of the properties and assets of the Trust and its Subsidiaries, taken as a whole, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Trust.

### 11.2 Successor Substituted

Upon any consolidation of the Trust with, or amalgamation or merger of the Trust into, any other Person or any sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Trust and its Subsidiaries, taken as a whole, in accordance with Section 11.1, the successor Person formed by such consolidation or into which the Trust is amalgamated or merged or to which such sale, conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Trust under this Indenture with the same effect as if such successor Person had been named as the Trust herein, and thereafter, except in the case of a lease, and except for obligations the predecessor Person may have under a supplemental indenture entered into pursuant to

Section 11.1(a), the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Debentures.

## ARTICLE 12 COMPULSORY ACQUISITION

### 12.1 Definitions

In this Article:

- (a) "Affiliate" and "Associate" shall have their respective meanings set forth in the *Securities Act* (Alberta);
- (b) "Dissenting Debentureholders" means a Debentureholder who does not accept an Offer referred to in Section 12.2 and includes any assignee of the Debenture of a Debentureholder to whom such an Offer is made, whether or not such assignee is recognized under this Indenture;
- (c) "Offer" means an offer to acquire outstanding Debentures, which is a takeover bid for Debentures within the meaning ascribed thereto in MI 62-104, where as of the date of the offer to acquire, the Debentures that are subject to the offer to acquire, together with the Offeror's Debentures, constitute in the aggregate 20% or more of the outstanding principal amount of the Debentures;
- (d) "offer to acquire" includes an acceptance of an offer to sell;
- (e) "Offeror" means a person, or two or more persons acting jointly or in concert, who make an Offer to acquire Debentures;
- (f) "Offeror's Debentures" means Debentures beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any Affiliate or Associate of the Offeror or any Person or company acting jointly or in concert with the Offeror; and
- (g) "Offeror's Notice" means the notice described in Section 12.3.

For purposes of this Article 12, where the Offer refers only with respect to a particular series of Debentures, then this Article 12 shall apply *mutatis mutandis* to the Debentures of such series and references in this Article 12 to the Debentures shall mean Debentures of the particular series and references to all Debentures shall refer to the Debentureholders of the particular series, as applicable.

### 12.2 Offer for Debentures

If an Offer for all of the outstanding Debentures (other than Debentures held by or on behalf of the Offeror or an Affiliate or Associate of the Offeror) is made and:

- (a) within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Debentureholders representing at least 90% of the outstanding principal amount of the Debentures, other than the Offeror's Debentures;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for the Debentures of the Debentureholders who accepted the Offer; and
- (c) the Offeror complies with Sections 12.3 and 12.5;

the Offeror is entitled to acquire, and the Dissenting Debentureholders are required to sell to the Offeror, the Debentures held by the Dissenting Debentureholder for the same consideration per Debenture payable or paid, as the case may be, under the Offer.



### 12.3 Offeror's Notice to Dissenting Unitholders

Where an Offeror is entitled to acquire Debentures held by Dissenting Debentureholders pursuant to Section 12.2 and the Offeror wishes to exercise such right, the Offeror shall send by registered mail within 30 days after the date of termination of the Offer a notice (the "Offeror's Notice") to each Dissenting Debentureholder stating that:

- (a) Debentureholders holding at least 90% of the principal amount of all outstanding Debentures, other than Offeror's Debentures, have accepted the Offer;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for, the Debentures of the Debentureholders who accepted the Offer;
- (c) Dissenting Debentureholders must transfer their respective Debentures to the Offeror on the terms on which the Offeror acquired the Debentures of the Debentureholders who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and
- (d) Dissenting Debentureholders must send their respective Debenture certificate(s) to the Trustee within 21 days after the date of the sending of the Offeror's Notice.

### 12.4 Delivery of Debenture Certificates

A Dissenting Debentureholder to whom an Offeror's Notice is sent pursuant to Section 12.3 shall, within 21 days after the sending of the Offeror's Notice, send his or her Debenture certificate(s) to the Trustee duly endorsed for transfer.

### 12.5 Payment of Consideration to Trustee

Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 12.3, the Offeror shall pay or transfer to the Trustee, or to such other person as the Trustee may direct, the cash or other consideration that is payable to Dissenting Debentureholders pursuant to Section 12.2. The acquisition by the Offeror of all Debentures held by all Dissenting Debentureholders shall be effective as of the time of such payment or transfer.

### 12.6 Consideration to be held in Trust

The Trustee, or the person directed by the Trustee, shall hold in trust for the Dissenting Debentureholders the cash or other consideration they or it receives under Section 12.5. The Trustee, or such persons, shall deposit cash in a separate account in a Canadian chartered bank, or other body corporate, any of whose deposits are insured by the Canada Deposit Insurance Trust, and shall place other consideration in the custody of a Canadian chartered bank or such other body corporate.

### 12.7 Completion of Transfer of Debentures to Offeror

Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 12.3, the Trustee, if the Offeror has complied with Section 12.5, shall:

- (a) do all acts and things and execute and cause to be executed all instruments as in the Trustee's opinion may be necessary or desirable to cause the transfer of the Debentures of the Dissenting Debentureholders to the Offeror;
- (b) send to each Dissenting Debentureholder who has complied with Section 12.4 the consideration to which such Dissenting Debentureholder is entitled under this Article 12 net of applicable withholding taxes, if any; and
- (c) send to each Dissenting Debentureholder who has not complied with Section 12.4 a notice stating that:
  - (i) his or her Debentures have been transferred to the Offeror;

- (ii) the Trustee or some other person designated in such notice are holding in trust the consideration for such Debentures; and
- (iii) the Trustee, or such other person, will send the consideration to such Dissenting Debentureholder as soon as possible after receiving such Dissenting Debentureholder's Debenture certificate(s) or such other documents as the Trustee or such other person may require in lieu thereof;

and the Trustee is hereby appointed the agent and attorney and is granted power of attorney with respect to the Debentures, of the Dissenting Debentureholders for the purposes of giving effect to the foregoing provisions including, without limitation, the power and authority to execute such transfers as may be necessary or desirable in respect of the book-entry only registration system of the Depository.

#### 12.8 Communication of Offer to the Trust

An Offeror cannot make an Offer for Debentures unless, concurrent with the communication of the Offer to any Debentureholder, a copy of the Offer is provided to the Trust which will then provide a copy to the Trustee.

### ARTICLE 13 MEETINGS OF DEBENTUREHOLDERS

#### 13.1 Right to Convene Meeting

The Trustee or the Trust may at any time and from time to time, and the Trustee shall, on receipt of a Written Direction of the Trust or a written request signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding or in the case of a meeting of a series of Debentures, not less than 25% of the principal amount of such series outstanding and upon receiving funding and being indemnified to its reasonable satisfaction by the Trust or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Debentureholders. In the event of the Trustee failing, within 30 days after receipt of any such request and such funding of indemnity, to give notice convening a meeting, the Trust or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Calgary or at such other place as may be approved or determined by the Trust and the Trustee.

#### 13.2 Notice of Meetings

- (a) At least 21 days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 14.2 and a copy of such notice shall be sent by mail to the Trustee, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article. The accidental omission to give notice of a meeting to any holder of Debentures shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.
- (b) If the business to be transacted at any meeting by Extraordinary Resolution or otherwise, or any action to be taken or power exercised by instrument in writing under Section 13.15, especially affects the rights of Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which the rights of Debentureholders of any other series are affected (determined as provided in Sections 13.2(c) and (d)), then:
  - (i) a reference to such fact, indicating each series of Debentures in the opinion of the Trustee so especially affected (hereinafter referred to as the "especially affected series") shall be made in the notice of such meeting, and in any such case the meeting shall be and be deemed to be and is herein referred to as a "Serial Meeting"; and

- (ii) the Debentureholders of an especially affected series shall not be bound by any action taken at a Serial Meeting or by instrument in writing under Section 13.15 unless in addition to compliance with the other provisions of this Article 13:
  - (A) at such Serial Meeting: (I) there are Debentureholders present in person or by proxy and representing at least 25% in principal amount of the Debentures then outstanding of such series, subject to the provisions of this Article 13 as to quorum at adjourned meetings; and (II) the resolution is passed by the affirmative vote of the holders of more than 50% (or in the case of an Extraordinary Resolution not less than 66 ⅔% of the principal amount of the Debentures of such series then outstanding voted on the resolution; or
  - (B) in the case of action taken or power exercised by instrument in writing under Section 13.15, such instrument is signed in one or more counterparts by the holders of not less than 66 ⅔% in principal amount of the Debentures of such series then outstanding.
- (c) Subject to Section 13.2(d), the determination as to whether any business to be transacted at a meeting of Debentureholders, or any action to be taken or power to be exercised by instrument in writing under Section 13.15, especially affects the rights of the Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which it affects the rights of Debentureholders of any other series (and is therefore an especially affected series) shall be determined by an opinion of Counsel, which shall be binding on all Debentureholders, the Trustee and the Trust for all purposes hereof.
- (d) A proposal:
  - (i) to extend the maturity of Debentures of any particular series or to reduce the principal amount thereof, the rate of interest or redemption premium thereon or to impair any conversion right thereof;
  - (ii) to modify or terminate any covenant or agreement which by its terms is effective only so long as Debentures of a particular series are outstanding; or
  - (iii) to reduce with respect to Debentureholders of any particular series any percentage stated in this Section 13.2 or Sections 13.4, 13.12 and 13.15;

shall be deemed to especially affect the rights of the Debentureholders of such series in a manner differing in a material way from that in which it affects the rights of Debentureholders of any other series, whether or not a similar extension, reduction, modification or termination is proposed with respect to Debentures of any or all other series.

### 13.3 Chairman

Some person, who need not be a Debentureholder, nominated in writing by the Trust (in case it convenes the meeting) or by the Trustee (in any other case) shall be chairman of the meeting and if no person is so nominated, or if the person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Debentureholders present in person or by proxy shall choose some person present to be chairman.

### 13.4 Quorum

Subject to the provisions of Section 13.12, at any meeting of the Debentureholders a quorum shall consist of Debentureholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures and, if the meeting is a Serial Meeting, at least 25% of the Debentures then outstanding of each especially affected series. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the

next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in person or by proxy shall, subject to the provisions of Section 13.12, constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures or of the Debentures then outstanding of each especially affected series. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum is present at the commencement of business.

### 13.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Debentureholders is present may, with the consent of the holders of a majority in principal amount of the Debentures represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

### 13.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 13.7, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.

### 13.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Debentureholders or proxies for Debentureholders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures and of each especially affected series, if applicable, represented at the meeting and voted on the poll.

### 13.8 Voting

On a show of hands every person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, shall have one vote. On a poll each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each \$1,000 principal amount of Debentures of which he shall then be the holder. In the case of any Debenture denominated in a currency or currency unit other than Canadian dollars, the principal amount thereof for these purposes shall be computed in Canadian dollars on the basis of the conversion of the principal amount thereof at the applicable spot buying rate of exchange for such other currency or currency unit as reported by the Bank of Canada at the close of business on the Business Day next preceding the meeting. Any fractional amounts resulting from such conversion shall be rounded to the nearest \$100. A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

In the case of a Global Debenture, the Depository may appoint or cause to be appointed a Person or Persons as proxies and shall designate the number of votes entitled to each such Person, and each such Person shall be entitled to be present at any meeting of Debentureholders and shall be the Persons entitled to vote at such meeting in accordance with the number of votes set out in the Depository's designation.

### 13.9 Proxies

A Debentureholder may be present and vote at any meeting of Debentureholders by an authorized representative. The Trust (in case it convenes the meeting) or the Trustee (in any other case) for the purpose of enabling the

Debentureholders to be present and vote at any meeting without producing their Debentures, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held, may from time to time make and vary such regulations as it shall think fit providing for and governing any or all of the following matters:

- (a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any person signing on behalf of a Debentureholder;
- (b) the deposit of instruments appointing proxies at such place as the Trustee, the Trust or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited;
- (c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed, cabled, telegraphed or sent by other electronic means before the meeting to the Trust or to the Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting; and
- (d) generally for the calling of a meeting of Debentureholders and the conduct of business thereof.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be Debentureholders and persons whom Debentureholders have by instrument in writing duly appointed as their proxies.

#### 13.10 Persons Entitled to Attend Meetings

The Trust and the Trustee, by their respective officers and directors, the Auditors of the Trust and the legal advisors of the Trust, the Trustee or any Debentureholder may attend any meeting of the Debentureholders, but shall have no vote as such.

#### 13.11 Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution, subject in the case of the matters in paragraphs (a), (b), (c), (d) and (l) to receipt of the prior approval of the TSX or such other exchange on which the Debentures are then listed:

- (a) power to authorize the Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue;
- (b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Trustee against the Trust, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise provided that such sanctioned actions are not prejudicial to the Trustee;
- (c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any Debenture which shall be agreed to by the Trust and to authorize the Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;
- (d) power to sanction any scheme for the reconstruction, reorganization or recapitalization of the Trust or for the consolidation, amalgamation, arrangement, combination or merger of the Trust with any

other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Trust or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 11.1 shall have been complied with;

- (e) power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (f) power to waive, and direct the Trustee to waive, any default hereunder and/or cancel any declaration made by the Trustee pursuant to Section 8.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (g) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal, premium or interest on the Debentures, or for the execution of any trust or power hereunder;
- (h) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 8.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;
- (i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any units or other securities of the Trust;
- (j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;
- (k) power to remove the Trustee from office and to appoint a new Trustee or Trustees provided that no such removal shall be effective unless and until a new Trustee or Trustees shall have become bound by this Indenture;
- (l) power to sanction the exchange of the Debentures for or the conversion thereof into units, bonds, debentures or other securities or obligations of the Trust or of any other Person formed or to be formed;
- (m) power to authorize the distribution *in specie* of any shares or securities received pursuant to a transaction authorized under the provisions of Section 13.11(i); and
- (n) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to Section 13.11(j).

Notwithstanding the foregoing provisions of this Section 13.11 none of such provisions shall in any manner allow or permit any amendment, modification, abrogation or addition to the provisions of Article 5 which could reasonably be expected to detrimentally affect the rights, remedies or recourse of the priority of the Senior Creditors.

Except as otherwise provided in this Indenture, all other powers of and matters to be determined by the Debentureholders may be exercised or determined from time to time by Ordinary Resolution.

The expression "Ordinary Resolution" when used in this Indenture means, except as otherwise provided in this Indenture, a resolution proposed to be passed as an ordinary resolution at a meeting of Debentureholders duly convened for the purpose and held in accordance with the provisions of this Article 13 at which a quorum of the Debentureholders is present and passed by the affirmative votes of Debentureholders present in person or represented by proxy at the meeting who hold more than 50% of the aggregate principal amount of the Debentures voted in respect of such resolution

### 13.12 Meaning of "Extraordinary Resolution"

- (a) The expression "Extraordinary Resolution" when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are present in person or by proxy and passed by the favourable votes of the holders of not less than 66 ⅔% of the principal amount of the Debentures, and if the meeting is a Serial Meeting by the affirmative vote of the holders of not less than 66 ⅔% of each especially affected series, in each case present or represented by proxy at the meeting and voted upon on a poll on such resolution.
- (b) If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding and, if the meeting is a Serial Meeting, 25% of the principal amount of the Debentures then outstanding of each especially affected series, in each case are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved but in any other case it shall stand adjourned to such date, being not less than 21 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 10 days notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 14.2. Such notice shall state that at the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum. At the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than 66 ⅔% of the principal amount of the Debentures and, if the meeting is a Serial Meeting, by the affirmative vote of the holders of not less than 66 ⅔% of the principal amount of the Debentures of each especially affected series, in each case present or represented by proxy at the meeting voted upon on a poll shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are not present in person or by proxy at such adjourned meeting.
- (c) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

### 13.13 Powers Cumulative

Any one or more of the powers in this Indenture stated to be exercisable by the Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers

from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers thereafter from time to time.

#### 13.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Trust, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.

#### 13.15 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting held as hereinbefore in this Article provided may also be taken and exercised by the holders of more than 50% of the principal amount of outstanding Debentures in the case of an Ordinary Resolution and not less than 66  $\frac{2}{3}$ % of the principal amount of all the outstanding Debentures in the case of an Extraordinary Resolution and, if the meeting at which such actions might be taken would be a Serial Meeting, by the holders of more than 50% of the principal amount of outstanding Debentures in the case of an Ordinary Resolution and not less than 66  $\frac{2}{3}$ % of the principal amount of the Debentures then outstanding in the case of an Extraordinary Resolution of each especially affected series, by an instrument in writing signed in one or more counterparts and the expression "Extraordinary Resolution" when used in this Indenture shall include an instrument so signed.

#### 13.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 13.15 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

#### 13.17 Evidence of Rights Of Debentureholders

- (a) Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor signed or executed by such Debentureholders.
- (b) The Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

#### 13.18 Concerning Serial Meetings

If in the opinion of Counsel any business to be transacted at any meeting, or any action to be taken or power to be exercised by instrument in writing under Section 13.15, does not adversely affect the rights of the Debentureholders of one or more series, the provisions of this Article 13 shall apply as if the Debentures of such series were not outstanding and no notice of any such meeting need be given to the Debentureholders of such series. Without limiting the generality of the foregoing, a proposal to modify or terminate any covenant or agreement which is effective only so long as Debentures of a particular series are outstanding shall be deemed not to adversely affect the rights of the Debentureholders of any other series.

#### 13.19 Record Dates

If the Trust shall solicit from the Debentureholders any request, demand, authorization, direction, notice, consent, waiver or other action, the Trust may, at its option, by or pursuant to a Written Direction of the Trust, fix in advance



a record date for the determination of such holders entitled to provide such request, demand, authorization, direction, notice, consent, waiver or other action, but the Trust shall have no obligation to do so. Any such record date shall be the record date specified in or pursuant to such Written Direction of the Trust.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after such record date, but only the holders of record at the close of business on such record date shall be deemed to be holders for the purposes of determining whether holders of the requisite proportion of Debentures then outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other act, and for this purpose the Debentures then outstanding shall be computed as of such record date.

## ARTICLE 14 NOTICES

### 14.1 Notice to Trust

Any notice to the Trust under the provisions of this Indenture shall be valid and effective if delivered to the Trust at: 500, 321 – 6<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3H3, Attention: Chief Financial Officer, and a copy delivered to Bennett Jones LLP, 4500, 855 – 2<sup>nd</sup> Street S.W., Calgary, Alberta T2P 4K7, Attention: David Phillips, or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given three days following the mailing thereof. The Trust may from time to time notify the Trustee in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Trust for all purposes of this Indenture.

### 14.2 Notice to Debentureholders

All notices to be given hereunder with respect to the Debentures shall be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned and shall be deemed to have been effectively given three days following the day of mailing. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Trust to give or mail any notice due to anything beyond the reasonable control of the Trust shall not invalidate any action or proceeding founded thereon.

If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Debentureholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Trust shall give such notice by publication at least once in the cities of Calgary and Toronto (or in such of those cities as, in the opinion of the Trustee, is sufficient in the particular circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.

Any notice given to Debentureholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required. All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of any persons interested in such Debenture.

### 14.3 Notice to Trustee

Any notice to the Trustee under the provisions of this Indenture shall be valid and effective if delivered to the Trustee at its principal office in the City of Calgary, at 600, 530 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3S8, Attention: Manager, Corporate Trust or if given by registered letter, postage prepaid, to such office and so addressed and, if mailed, shall be deemed to have been effectively given three days following the mailing thereof.

### 14.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Trustee or the Trust, as applicable, would reasonably be unlikely to reach its destination by the time notice by mail is deemed to

have been given pursuant to Sections 14.1 or 14.3, as applicable, such notice shall be valid and effective only if delivered at the appropriate address in accordance with this Sections 14.1 or 14.3, as applicable.

## ARTICLE 15 CONCERNING THE TRUSTEE

### 15.1 No Conflict of Interest

The Trustee represents to the Trust that at the date of execution and delivery by it of this Indenture there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder but if, notwithstanding the provisions of this Section 15.1, such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Debentures issued hereunder, shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises but the Trustee shall, within 30 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 15.2.

### 15.2 Replacement of Trustee

The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Trust 90 days notice in writing or such shorter notice as the Trust may accept as sufficient. If at any time a material conflict of interest exists in the Trustee's role as a fiduciary hereunder the Trustee shall, within 30 days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in this Section 15.2. The validity and enforceability of this Indenture and of the Debentures issued hereunder shall not be affected in any manner whatsoever by reason only that such a material conflict of interest exists. In the event of the Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Trust shall forthwith appoint a new Trustee unless a new Trustee has already been appointed by the Debentureholders. Failing such appointment by the Trust, the retiring Trustee or any Debentureholder may apply to a Judge of the Court of Queen's Bench of Alberta, on such notice as such Judge may direct at the Trust's expense, for the appointment of a new Trustee but any new Trustee so appointed by the Trust or by the Court shall be subject to removal as aforesaid by the Debentureholders and the appointment of such new Trustee shall be effective only upon such new Trustee becoming bound by this Indenture. Any new Trustee appointed under any provision of this Section 15.2 shall be a corporation authorized to carry on the business of a trust company in all of the provinces and territories of Canada. On any new appointment the new Trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Trustee.

Any company into which the Trustee may be merged or, with or to which it may be consolidated, amalgamated or sold, or any company resulting from any merger, consolidation, sale or amalgamation to which the Trustee shall be a party, shall be the successor trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Trustee or of the Trust, the Trustee ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by such Trustee to the successor Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Trust be required by any new Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Trustee, be made, executed, acknowledged and delivered by the Trust.

### 15.3 Duties of Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

#### 15.4 Reliance Upon Declarations, Opinions, Etc.

In the exercise of its rights, duties and obligations hereunder the Trustee may, if acting in good faith, rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 15.5, if applicable, and with any other applicable requirements of this Indenture. The Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Trustee may rely on an opinion of Counsel satisfactory to the Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Trust.

#### 15.5 Evidence and Authority to Trustee, Opinions, Etc.

The Trust shall furnish to the Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Trust or the Trustee under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the certification and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Trustee at the request of or on the application of the Trust, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished to the Trustee in accordance with the terms of this Section 15.5, or (b) the Trustee, in the exercise of its rights and duties under this Indenture, gives the Trust written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of:

- (a) a certificate made by any one officer or director of the Administrator, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;
- (b) an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and
- (c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the Auditors of the Trust whom the Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.

Whenever such evidence relates to a matter other than the certificates and delivery of Debentures and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a trustee, officer or employee of the Trust or the Administrator, as the case may be, it shall be in the form of a statutory declaration. Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section 15.5.

Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in the Indenture shall include (a) a statement by the person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein, and (d) a statement whether in the opinion of such person the conditions precedent in question have been complied with or satisfied.

The Trust shall furnish or cause to be furnished to the Trustee at any time if the Trustee reasonably so requires, an Officer's Certificate that the Trust has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or

otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance. The Trust shall, whenever the Trustee so requires, furnish the Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Trustee as to any action or step required or permitted to be taken by the Trust or as a result of any obligation imposed by this Indenture.

#### **15.6 Officer's Certificates Evidence**

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Trustee, if acting in good faith, may rely upon an Officer's Certificate.

#### **15.7 Experts, Advisers and Agents**

The Trustee may:

- (a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuer, engineer, surveyor, appraiser or other expert, whether obtained by the Trustee or by the Trust, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and
- (b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Trustee may, but need not be, solicitors for the Trust.

#### **15.8 Trustee May Deal in Debentures**

Subject to Sections 15.1 and 15.3, the Trustee may, in its personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Trust or otherwise, without being liable to account for any profits made thereby.

#### **15.9 Investment of Monies Held by Trustee**

Unless otherwise provided in this Indenture, any monies held by the Trustee, which, under the trusts of this Indenture, may or ought to be invested or which may be on deposit with the Trustee or which may be in the hands of the Trustee, may be invested and reinvested in the name or under the control of the Trustee in securities in which, under the laws of the Province of Alberta, trustees are authorized to invest trust monies, provided that such securities are expressed to mature within two years or such shorter period selected to facilitate any payments expected to be made under this Indenture, after their purchase by the Trustee, and unless and until the Trustee shall have declared the principal of and premium (if any) and interest on the Debentures to be due and payable, the Trustee shall so invest such monies at the Written Direction of the Trust given in a reasonably timely manner. Pending the investment of any monies as hereinbefore provided, such monies may be deposited in the name of the Trustee in any chartered bank of Canada or, with the consent of the Trust, in the deposit department of the Trustee or any other loan or trust company authorized to accept deposits under the laws of Canada or any province or territories thereof at the rate of interest, if any, then current on similar deposits. The Trust shall receive the Trustee's prevailing rate for all monies held by it, as may change from time to time.

Unless and until the Trustee shall have declared the principal of and premium (if any) and interest on the Debentures to be due and payable, the Trustee shall pay over to the Trust all interest received by the Trustee in respect of any investments or deposits made pursuant to the provisions of this Section.

#### **15.10 Trustee Not Ordinarily Bound**

Except as provided in Section 8.2 and as otherwise specifically provided herein, the Trustee shall not, subject to Section 15.3, be bound to give notice to any person of the execution hereof, nor to do, observe or perform or see to the observance or performance by the Trust of any of the obligations herein imposed upon the Trust or of the covenants on the part of the Trust herein contained, nor in any way to supervise or interfere with the conduct of the Trust's business, unless the Trustee shall have been required to do so in writing by the holders of not less than 25% of the aggregate principal amount of the Debentures then outstanding or by any Extraordinary Resolution of the Debentureholders passed in accordance with the provisions contained in Article 13, and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

#### **15.11 Trustee Not Required to Give Security**

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

#### **15.12 Trustee Not Bound to Act on Trust's Request**

Except as in this Indenture otherwise specifically provided, the Trustee shall not be bound to act in accordance with any direction or request of the Trust until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be empowered to act upon any such copy purporting to be authenticated and believed by the Trustee to be genuine.

#### **15.13 Conditions Precedent to Trustee's Obligations to Act Hereunder**

The obligation of the Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Trustee and of the Debentureholders hereunder shall be conditional upon the Debentureholders furnishing when required by notice in writing by the Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.

The Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Trustee the Debentures held by them for which Debentures the Trustee shall issue receipts.

#### **15.14 Authority to Carry on Business**

The Trustee represents to the Trust that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in each of the provinces and territories of Canada but if, notwithstanding the provisions of this Section 5.14, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in any of the provinces and territories of Canada, either become so authorized or resign in the manner and with the effect specified in Section 15.2.

#### **15.15 Compensation and Indemnity**

- (a) The Trust shall pay to the Trustee from time to time compensation for its services hereunder as agreed separately by the Trust and the Trustee, and shall pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of its duties under this Indenture (including the reasonable and

documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Trustee under this Indenture shall be finally and fully performed. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.

- (b) The Trust hereby indemnifies and saves harmless the Trustee and its directors, officers and employees from and against any and all loss, damages, charges, expenses, claims, demands, actions or liability whatsoever which may be brought against the Trustee or which it may suffer or incur as a result of or arising out of the performance of its duties and obligations hereunder save only in the event of the gross negligence, or the wilful misconduct or bad faith of the Trustee. This indemnity will survive the termination or discharge of this Indenture and the resignation or removal of the Trustee. The Trustee shall notify the Trust promptly of any claim for which it may seek indemnity. The Trust shall defend the claim and the Trustee shall co-operate in the defence. The Trustee may have separate Counsel and the Trust shall pay the reasonable fees and expenses of such Counsel. The Trust need not pay for any settlement made without its consent, which consent must not be unreasonably withheld. This indemnity shall survive the resignation or removal of the Trustee or the discharge of this Indenture.
- (c) The Trust need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through gross negligence or bad faith.

#### 15.16 Acceptance of Trust

The Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

#### 15.17 Third Party Interests

Each party to this Indenture (in this paragraph referred to as a "representing party") hereby represents to the Trustee that any account to be opened by, or interest to held by, the Trustee in connection with this Indenture, for or to the credit of such representing party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such representing party hereby agrees to complete, execute and deliver forthwith to the Trustee a declaration, in the Trustee's prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

#### 15.18 Anti-Money Laundering

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, acting reasonably, determines that such act might cause it to be in noncompliance with any applicable anti-money laundering or anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation or regulation or guideline, then it shall have the right to resign on 10 days' prior written notice sent to the Trust provided that (i) the Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Trustee's satisfaction within such 10-day period, then such resignation shall not be effective.

#### 15.19 Privacy Laws

The parties acknowledge that the Trustee may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this Agreement and other services that may be requested from time to time;

- (b) to help the Trustee manage its servicing relationships with such individuals;
- (c) to meet the Trustee's legal and regulatory requirements; and
- (d) if social insurance numbers are collected by the Trustee, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party acknowledges and agrees that the Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Indenture for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Trustee shall make available on its website or upon request, including revisions thereto. The Trustee may transfer some of that personal information to service providers in the United States for data processing and/or storage. Further, each party agrees that it shall not provide or cause to be provided to the Trustee any personal information relating to an individual who is not a party to this Indenture unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

#### 15.20 Force Majeure

Neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, general mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 15.20.

### ARTICLE 16 SUPPLEMENTAL INDENTURES

#### 16.1 Supplemental Indentures

Subject to any approval that may be required pursuant to the requirements of the TSX, from time to time the Trustee and, when authorized by a resolution of the directors of Trust, the Trust, may, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter shall form part hereof, for any one or more of the following purposes:

- (a) providing for the creation and issuance of Additional Debentures under this Indenture and establishing the terms thereof;
- (b) adding to the covenants of the Trust or otherwise amending the terms hereof if in the opinion of the Trustee, relying on the opinion of Counsel, such addition or amendment will not be prejudicial to the rights of the Debentureholders generally;
- (c) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Trustee relying on an opinion of Counsel will not be prejudicial to the rights of the Debentureholders generally;
- (d) evidencing the succession, or successive successions, of others to the Trust and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;
- (e) giving effect to any Extraordinary Resolution passed as provided in Article 13; and
- (f) for any other purpose not inconsistent with the terms of this Indenture.

Unless the supplemental indenture requires the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, by Extraordinary Resolution, the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, shall not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Trust and the Trustee may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Debentures into the United States in order to ensure that such issuances can be made in accordance with applicable law in the United States without the consent or approval of the Debentureholders. Further, the Trust and the Trustee may without the consent or concurrence of the Debentureholders or the holders of a particular series of Debentures, as the case may be, by supplemental indenture or otherwise, make any changes or corrections in this Indenture which (a) in the opinion of the Trustee or its counsel or Counsel is of a format, minor or technical nature, or that (b) it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained herein or in any indenture supplemental hereto or any Written Direction of the Trust provided for the issue of Debentures, providing that in the opinion of the Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders and Senior Creditors are in no way prejudiced thereby.

#### ARTICLE 17 EXECUTION AND FORMAL DATE

##### 17.1 Execution

This Indenture may be simultaneously executed by facsimile in counterparts, each of which when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof.

##### 17.2 Contracts of the Trust

- (a) The directors of the Administrator, in incurring any debts, liabilities or obligations, or in taking or omitting any other actions for or in connection with the affairs of the Trust are, and will be conclusively deemed to be, acting for and on behalf of the Trust, and not in their own personal capacities. None of the directors of the Administrator will be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses (including legal expenses) against or with respect to the Trust or in respect to the affairs of the Trust. No property or assets of the directors, owned in their personal capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations under this Indenture or the Debentures. No recourse may be had or taken, directly or indirectly, against the directors in their personal capacity. The Trust will be solely liable therefor and resort will be had solely to the property and assets of the Trust for payment or performance thereof.
- (b) No holder of Units as such will be subject to any personal liability whatsoever, whether extra-contractually, contractually or otherwise, to any party to this Indenture or pursuant to the Debentures in connection with the obligations or the affairs of the Trust or the acts or omissions of the directors, whether under this Indenture, the Debentures or otherwise, and the other parties to this Indenture and the holders of the Debentures will look solely to the property and assets of the Trust for satisfaction of claims of any nature arising out of or in connection therewith and the property and assets of the Trust only will be subject to levy or execution.

##### 17.3 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of June 4, 2013 irrespective of the actual date of execution hereof.

*[Remainder of this page has been intentionally left blank.]*



IN WITNESS whereof the parties hereto have executed these presents under their respective corporate seals and the hands of their proper officers in that behalf.

**ARGENT ENERGY LTD., as Administrator of  
ARGENT ENERGY TRUST**

By: (signed) "Sean Bovingdon"  
Name: Sean Bovingdon  
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF  
CANADA**

By: (signed) "Shannon Grover"  
Name: Shannon Grover  
Title: Corporate Trust Officer

By: (signed) "Laura Leong"  
Name: Laura Leong  
Title: Corporate Trust Officer

SCHEDULE "A"  
TO THE CONVERTIBLE DEBENTURE INDENTURE BETWEEN  
ARGENT ENERGY TRUST  
AND  
COMPUTERSHARE TRUST COMPANY OF CANADA  
FORM OF INITIAL DEBENTURE

**FORM OF GLOBAL DEBENTURE**

This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to Argent Energy Trust (the "Issuer") or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & Co., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & Co., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.

CUSIP [•]  
ISIN CA [•]

No. ●

\$●

**ARGENT ENERGY TRUST**

(A trust established under the laws of Alberta)

**6.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE  
DUE JUNE 30, 2018**

**ARGENT ENERGY TRUST** (the "Trust" or the "Issuer") for value received hereby acknowledges itself indebted and, subject to the provisions of the convertible debenture indenture (the "Indenture") dated as of June 4, 2013 between the Trust and Computershare Trust Company of Canada (the "Trustee"), promises to pay to the registered holder hereof on June 30, 2018 (the "Maturity Date") or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of ● dollars (\$●) in lawful money of Canada on presentation and surrender of this Initial Debenture at the main branch of the Trustee in Calgary, Alberta or in Toronto, Ontario in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 6.00% per annum (based on a year of 365 days), in like money, in arrears in equal (with the exception of the first interest payment which will include interest from June 4, 2013 as set forth below) semi-annual instalments (less any tax required by law to be deducted) on June 30 and December 31 in each year commencing on December 31, 2013 and the last payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date or the earlier date of redemption, repayment or conversion) to fall due on the Maturity Date or the earlier date of redemption, repayment or conversion and, should the Trust at any time make default in the payment of any principal, premium, if any, or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. For certainty, the first interest payment will include interest accrued from June 4, 2013 to, but excluding December 31, 2013, which will be equal to \$34.52 for each \$1,000 principal amount of the Initial Debentures. The record dates for the payment of interest on the Initial Debentures will be June 15 and December 15 in each year (or the first Business Day prior to such date if not a Business Day).

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the mailing of such cheque shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Initial Debenture.

This Initial Debenture is one of the 6.00% Convertible Unsecured Subordinated Debentures (referred to herein as the "Initial Debenture") of the Trust issued or issuable in one or more series under the provisions of the Indenture. The Initial Debentures authorized for issue immediately are limited to an aggregate principal amount of \$86,250,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Initial Debentures are or are to be issued and held and the rights and remedies of the holders of the Initial Debentures and of the Trust and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Initial Debenture by acceptance hereof assents.

The Initial Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

Any part, being \$1,000 or an integral multiple thereof, of the principal of this Initial Debenture, provided that the principal amount of this Initial Debenture is in a denomination in excess of \$1,000, is convertible, at the option of the holder hereof, upon surrender of this Initial Debenture at the principal office of the Trustee in Calgary, Alberta or in Toronto, Ontario, at any time prior to the close of business on the Maturity Date or, if this Initial Debenture is called for redemption on or prior to such date, then, to the extent so called for redemption, up to but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Initial Debenture or, if called for repurchase pursuant to a Change of Control (as defined in the Indenture) on the Business Day immediately prior to the payment date, into Units (without adjustment for interest accrued hereon or for dividends or distributions on Units issuable upon conversion) at a conversion price of \$13.90 (the "Conversion Price") per Unit, being a rate of approximately 71.9424 Units for each \$1,000 principal amount of Initial Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted during the five Business Days preceding and including June 30 and December 31 in each year, commencing December 31, 2013, as the registers of the Trustee will be closed during such periods. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Units will be issued on any conversion but in lieu thereof, the Trust will satisfy such fractional interest by a cash payment equal to the Current Market Price of such fractional interest determined in accordance with the Indenture. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Units in respect of the Debentures so surrendered for conversion shall not become the holder or holders of record of such Units until the Business Day following such Interest Payment Date.

This Initial Debenture may be redeemed at the option of the Trust on the terms and conditions set out in the Indenture at the Redemption Price therein and herein set out provided that this Initial Debenture is not redeemable before June 30, 2016, except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On or after June 30, 2016 and prior to the Maturity Date, and provided that the Current Market Price of the Units of the Trust is at least 125% of the Conversion Price of the Initial Debentures, the Initial Debentures are redeemable in whole or in part from time to time at the option of the Trust at a price equal to the principal amount of the Debenture plus accrued and unpaid interest and otherwise on the terms and conditions described in the Indenture. In connection with the redemption of the Initial Debentures, the Trust may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy its obligation to pay all or any portion of the applicable Redemption Price by the issue of that number of Units obtained by dividing the applicable Redemption Price by 95% of the volume weighted average trading price of the Units on the Toronto Stock Exchange ("TSX") or other stock exchange on which the Debentures may be listed for the 20 consecutive trading days ending on the fifth trading day preceding the Redemption Date.

Upon the occurrence of a Change of Control of the Trust, the Trust is required to make an offer to purchase all of the Initial Debentures at a price equal to 100% of the principal amount of such Initial Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the Initial Debentures are so repurchased (the "Change of Control Purchase Offer"). If 90% or more of the principal amount of all Debentures outstanding on the date the Trust provides notice of a Change of Control to the Trustee have been tendered for purchase pursuant to the Change of Control Purchase Offer, the Trust has the right to redeem all the remaining outstanding Initial Debentures on the same date and at the same price.

If an offer is made for the Initial Debentures and 90% or more of the principal amount of all the Initial Debentures (other than Initial Debentures held at the date of the offer by or on behalf of the Offeror, associates or affiliates of

the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Initial Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Initial Debentures.

The Trust may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval and provided that no Event of Default shall have occurred and be continuing, elect to satisfy the obligation to repay all or any portion of the principal amount of this Initial Debenture due on the Maturity Date, together with all accrued and unpaid interest thereon, by the issue of that number of Freely Tradable Units obtained by dividing the principal amount of this Initial Debenture (or that portion to be paid for in Units pursuant to the exercise by the Trust of the Unit Repayment Right), together with all accrued and unpaid interest thereon, by 95% of the volume weighted average trading price of the Units on the TSX or other stock exchange on which the Debentures may be listed for the 20 consecutive trading days ending on the fifth trading day preceding the Maturity Date.

The indebtedness evidenced by this Initial Debenture, and by all other Initial Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Trust, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment in full of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Initial Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Units and officers, directors and employees of the Trust in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Initial Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Calgary, Alberta or the City of Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Trust with the approval of the Trustee may designate. No transfer of this Initial Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Initial Debenture for cancellation. Thereupon a new Initial Debenture or Initial Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Initial Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture. The Initial Debentures are governed by the Indenture. If any of the provisions of this Initial Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern. Capitalized words or expressions used in this Initial Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

IN WITNESS WHEREOF ARGENT ENERGY TRUST has caused this Debenture to be signed by its authorized representatives as of the \_\_\_ day of \_\_\_\_\_, 2013.

**ARGENT ENERGY LTD., as Administrator of  
ARGENT ENERGY TRUST**

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

**(FORM OF TRUSTEE'S CERTIFICATE)**

This Initial Debenture is one of the 6.00% Convertible Unsecured Subordinated Debentures due June 30, 2018 referred to in the Indenture within mentioned.

**COMPUTERSHARE TRUST COMPANY OF CANADA**

By: \_\_\_\_\_  
(Authorized Officer)

**(FORM OF REGISTRATION PANEL)**

(No writing hereon except by Trustee or other registrar)

| Date of Registration | In Whose Name Registered | Signature of Trustee or Registrar |
|----------------------|--------------------------|-----------------------------------|
|                      |                          |                                   |
|                      |                          |                                   |
|                      |                          |                                   |

**FORM OF ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_, whose address and social insurance number, if applicable, are set forth below, this Initial Debenture (or \$ \_\_\_\_\_ principal amount hereof\*) of ARGENT ENERGY TRUST standing in the name(s) of the undersigned in the register maintained by the Trust with respect to such Initial Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Initial Debenture in such register, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Address of Transferee: \_\_\_\_\_  
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: \_\_\_\_\_

\*If less than the full principal amount of the within Initial Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold an Initial Debenture in a non-integral multiple of \$1,000, in which case such Initial Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Initial Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
2. The registered holder of this Initial Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Signature of transferring registered holder

\_\_\_\_\_  
Name of Institution





**SCHEDULE "B"**

**TO THE CONVERTIBLE DEBENTURE INDENTURE BETWEEN**

**ARGENT ENERGY TRUST**

**AND**

**COMPUTERSHARE TRUST COMPANY OF CANADA**

**FORM OF REDEMPTION NOTICE**

**SCHEDULE "B"**

**Form of Redemption Notice**

**ARGENT ENERGY TRUST**

**6.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES**

**REDEMPTION NOTICE**

To: Holders of 6.00% Convertible Unsecured Subordinated Debentures (the "Debentures") of Argent Energy Trust (the "Trust")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the convertible debenture indenture (the "Indenture") dated as of June 4, 2013 between the Trust and Computershare Trust Company of Canada (the "Trustee"), that the aggregate principal amount of \$● of the \$● of Debentures outstanding will be redeemed as of ● (the "Redemption Date"), upon payment of a redemption amount of \$● for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$● (the "Redemption Price"), and (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date (collectively, the "Total Redemption Price").

The Total Redemption Price will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

Computershare Trust Company of Canada  
600, 530 – 8<sup>th</sup> Avenue S.W.  
Calgary Alberta T2P 3S8

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Total Redemption Price shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Total Redemption Price pursuant to the Indenture.

[Pursuant to Section 4.6 of the Indenture, the Trust hereby irrevocably elects to satisfy its obligation to pay \$● of the Redemption Price payable to holders of Debentures in accordance with this notice by issuing and delivering to the holders that number of Freely Tradable Units obtained by dividing the Redemption Price by 95% of the Current Market Price of the Units.]

No fractional Units shall be delivered upon the exercise by the Trust of the above-mentioned redemption right but, in lieu thereof, the Trust shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Units on the Redemption Date (less any tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, the Trust shall, on the Redemption Date, make the delivery to the Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, of certificates representing the Freely Tradable Units to which holders are entitled together with the cash equivalent in lieu of fractional Units, cash for all accrued and unpaid interest up to, but excluding, the Redemption Date, and, if only a portion of the Debentures are to be redeemed by issuing Freely Tradable Units, cash representing the balance of the Redemption Price.

DATED:

**ARGENT ENERGY LTD., as Administrator of ARGENT ENERGY TRUST**

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(Authorized Director or Officer of Argent Energy Ltd.)

**SCHEDULE "C"**  
**TO THE CONVERTIBLE DEBENTURE INDENTURE BETWEEN**  
**ARGENT ENERGY TRUST**  
**AND**  
**COMPUTERSHARE TRUST COMPANY OF CANADA**  
**FORM OF MATURITY NOTICE**

**SCHEDULE "C"**

**Form of Maturity Notice**

**ARGENT ENERGY TRUST**

**6.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES**

**MATURITY NOTICE**

To: Holders of 6.00% Convertible Unsecured Subordinated Debentures (the "Debenture") of Argent Energy Trust (the "Trust")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.10(b) of the convertible debenture indenture (the "Indenture") dated as of June 4, 2013 between the Trust and Computershare Trust Company of Canada, as trustee (the "Trustee"), that the Debentures are due and payable as of June 30, 2018 (the "Maturity Date") and the Trust elects to satisfy its obligation to repay to holders of Debentures the principal amount of all of the Debentures outstanding on the Maturity Date, together with all accrued and unpaid interest thereon, by issuing and delivering to the holders that number of Freely Tradable Units equal to the number obtained by dividing such principal amount of the Debentures and accrued and unpaid interest thereon by 95% of the Current Market Price of Units on the Maturity Date.

No fractional Units shall be delivered on exercise by the Trust of the above mentioned repayment right but, in lieu thereof, the Trust shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Units on the Maturity Date (less any tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Maturity Date, the Trust shall, on the Maturity Date, make delivery to the Trustee, at its principal trust office in Calgary, Alberta for delivery to and on account of the holders, of certificates representing the Freely Tradable Units to which holders are entitled together with the cash equivalent in lieu of fractional Units, and if only a portion of the Debentures are to be repaid by issuing Freely Tradable Units, cash representing the balance of the principal amount and premium (if any) due on the Maturity Date.

DATED:

**ARGENT ENERGY LTD.,**  
as Administrator of **ARGENT ENERGY TRUST**

---

(Authorized Director or Officer of  
Argent Energy Ltd.)

**SCHEDULE "D"**  
**TO THE CONVERTIBLE DEBENTURE INDENTURE BETWEEN**  
**ARGENT ENERGY TRUST**  
**AND**  
**COMPUTERSHARE TRUST COMPANY OF CANADA**  
**FORM OF NOTICE OF CONVERSION**

**SCHEDULE "D"**

**Form of Notice of Conversion**

**CONVERSION NOTICE**

TO: ARGENT ENERGY TRUST

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 6.00% Convertible Unsecured Subordinated Debentures irrevocably elects to convert such Debentures (or \$● principal amount thereof\*) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures, and, if applicable, directs that the Units of Argent Energy Trust issuable upon a conversion be issued and delivered to the person indicated below. (If Units are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Registered Holder)

\* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be \$1,000 or integral multiples thereof). \_\_\_\_\_

NOTE: If Units are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

(Print name in which Units are to be issued, delivered and registered)

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

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City, Province and Postal Code)

Name of guarantor: \_\_\_\_\_

Authorized signature: \_\_\_\_\_

FIRST SUPPLEMENTAL CONVERTIBLE DEBENTURE INDENTURE

This First Supplemental Convertible Debenture Indenture is made as of the 31<sup>st</sup> day of October, 2013.

BETWEEN:

**ARGENT ENERGY TRUST**, an unincorporated limited purpose open-ended trust established pursuant to the laws of the Province of Alberta (hereinafter called "**Argent**" or the "**Trust**"), by its Administrator, Argent Energy Ltd. (hereinafter called the "**Administrator**")

AND

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company organized under the federal laws of Canada having an office in the City of Calgary, in the Province of Alberta (hereinafter called the "**Trustee**")

WHEREAS the Trust and the Trustee entered into a convertible debenture indenture dated as of the 4<sup>th</sup> day of June, 2013 (the "**Base Indenture**"), providing for the creation and issuance of an unlimited aggregate principal amount of Debentures (as defined in the Base Indenture), issuable in one or more series;

AND WHEREAS the Trust created and issued a first series of Debentures on June 4, 2013 designated as "6.00% Convertible Unsecured Subordinated Debentures due June 30, 2018" in an aggregate principal amount of eighty six million two hundred and fifty thousand dollars (\$86,250,000) pursuant to the Base Indenture (the "**Initial Debentures**");

AND WHEREAS Section 16.1 of the Base Indenture provides that the Trustee and the Trust may enter into indentures supplemental to the Base Indenture providing for the creation and issuance of Additional Debentures (as defined in the Base Indenture) under the Base Indenture and establishing the terms thereof;

AND WHEREAS the Trust desires to provide for the creation and issue of a series of Additional Debentures with the designation of "6.50% Convertible Unsecured Subordinated Debentures due December 31, 2018" (the "**6.50% Debentures**"), all upon the terms and conditions set forth in the Base Indenture as supplemented by this first supplemental convertible debenture indenture (the "**First Supplemental Indenture**");

AND WHEREAS all necessary acts and proceedings have been done and taken and all necessary resolutions have been passed to authorize the execution and delivery of this First Supplemental Indenture, to make the same effective and binding upon the Trust and the Trustee, and to make the 6.50% Debentures, when authenticated or certified by the Trustee and issued as provided in the Base Indenture and this First Supplemental Indenture, valid, binding and legal obligations of the Trust with the benefit and subject to the terms of the Base Indenture and this First Supplemental Indenture;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Trust and not by the Trustee;

NOW THEREFORE THIS INDENTURE WITNESSES that in consideration of the respective covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Trust and the Trustee covenant and agree, for the benefit of each other and for the equal and rateable benefit of the holders, as follows:

**ARTICLE 1**  
**DEFINITIONS, INTERPRETATION AND AMENDMENTS TO BASE INDENTURE**

**1.1 Definitions and Interpretations**

If any term or provision contained in this First Supplemental Indenture conflicts or is inconsistent with any term or provision of the Base Indenture, such terms or provisions of the Base Indenture shall be, solely as applied to the 6.50% Debentures, amended, varied, supplemented, modified, restated or replaced so as to be consistent with this First Supplemental Indenture. The provisions of this First Supplemental Indenture are applicable only to the 6.50% Debentures and not the Debentures of any other series.

In this First Supplemental Indenture, except as otherwise defined herein or unless the context otherwise requires, all terms defined in the Base Indenture and used but not defined in this First Supplemental Indenture (including the recitals hereto) shall have the meanings specified in the Base Indenture.

**1.2 Supplemental Indenture**

This First Supplemental Indenture shall, unless otherwise required, be subject to the interpretation provisions contained in Article 1 of the Base Indenture. When entered into by the parties, this First Supplemental Indenture shall be supplemental to, form part of and be read together with the Base Indenture as a single instrument, and all of the provisions of the Base Indenture, as amended, varied, supplemented, modified, restated or replaced by this First Supplemental Indenture, shall apply to the 6.50% Debentures. The Base Indenture is and shall remain in full force and effect with regards to all matters governing the Initial Debentures and with regards to all matters governing the 6.50% Debentures, except as the Base Indenture is amended, varied, supplemented, modified, restated or replaced by this Supplemental Indenture. Any references in the text of this First Supplemental Indenture to section numbers, article numbers, "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to the Base Indenture unless otherwise qualified.

In addition to the above, the notice contained in Schedule D to the Base Indenture shall apply equally in respect of the 6.50% Debentures, except that all references in such notices to "6.00% Convertible Unsecured Subordinated Debentures" shall be deemed to be amended to read "6.50% Convertible Unsecured Subordinated Debentures" in respect of any such notices to be delivered in respect of the 6.50% Debentures.

**ARTICLE 2**  
**THE 6.50% DEBENTURES**

**2.1 Form and Terms of 6.50% Debentures**

- (a) The 6.50% Debentures are authorized for issue immediately, are limited to an aggregate principal amount of \$69 million and shall be designated as "6.50% Convertible Unsecured Subordinated Debentures due December 31, 2018".
- (b) The 6.50% Debentures shall be dated as of the date of issue and shall mature December 31, 2018 (the "**Maturity Date**" for the 6.50% Debentures).
- (c) The 6.50% Debentures shall bear interest from October 31, 2013 at the rate of 6.50% per annum (based on a year of 365 days), payable in arrears in equal (with the exception of the first interest payment which will include interest from and including October 31, 2013) semi-annual payments in arrears on June 30 and December 31 in each year, the first such payment to fall due on December 31, 2013 and the last such payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date of the 6.50% Debentures or the earlier date of redemption or repayment of the 6.50% Debentures) to fall due on December 31, 2018 or the earlier date of redemption or repayment, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually, computed on the basis of a 365 day year. For certainty, the first interest payment will include



interest accrued from and including October 31, 2013 to, but excluding December 31, 2013, which will be equal to \$10.86 for each \$1,000 principal amount of 6.50% Debentures. The record dates for the payment of interest on the 6.50% Debentures will be June 15 and December 15 in each year (or the first Business Day prior to such date if not a Business Day).

- (d) The 6.50% Debentures will be redeemable in accordance with the terms of Article 4, provided that the 6.50% Debentures will not be redeemable before December 31, 2016, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as outlined herein. On or after December 31, 2016 and prior to the Maturity Date, provided that the Current Market Price on the date upon which the Redemption Notice is given is not less than 125% of the Conversion Price in respect of the 6.50% Debentures, the 6.50% Debentures may be redeemed at the option of the Trust in whole or in part from time to time on notice as provided for in Section 4.3 at a Redemption Price equal to 100% of their principal amount plus accrued and unpaid interest thereon up to (but excluding) the Redemption Date. The Redemption Notice for the 6.50% Debentures shall be substantially in the form of Schedule B to this First Supplemental Indenture. In connection with the redemption of the 6.50% Debentures, the Trust may, at its option and subject to the provisions of Section 4.6 and subject to regulatory approval, elect to satisfy its obligation to pay all or a portion of the aggregate Redemption Price of the 6.50% Debentures to be redeemed by issuing and delivering to the holders of such 6.50% Debentures, such number of Freely Tradable Units as is obtained by dividing the aggregate Redemption Price by 95% of the Current Market Price in effect on the Redemption Date. If the Trust elects to exercise such option, it shall so specify and provide details of such election in the Redemption Notice.
- (e) The 6.50% Debentures will be subordinated to the Senior Indebtedness of the Trust in accordance with the provisions of Article 5. In accordance with Section 2.12, the 6.50% Debentures will rank *pari passu* with each other series of Debentures issued under the Base Indenture (including the Initial Debentures) or under indentures supplemental to the Base Indenture (regardless of their actual date or terms of issue) and, except as prescribed by law, with all other present and future subordinated and unsecured indebtedness of the Trust (including the Initial Debentures) other than Senior Indebtedness.
- (f) Upon and subject to the provisions and conditions of Article 6 and Section 3.7, the holder of each 6.50% Debenture shall have the right at such holder's option, prior to the close of business on the earlier of: (i) the Business Day immediately preceding the Maturity Date of the 6.50% Debentures; (ii) if the 6.50% Debentures are called for redemption, the Business Day immediately preceding the date specified by the Trust for redemption of the 6.50% Debentures; and (iii) if subject to repurchase pursuant to a Change of Control, the Business Day immediately preceding the date specified by the Trust for repurchase of the 6.50% Debentures, subject to the satisfaction of certain conditions, by notice to the holders of 6.50% Debentures in accordance with Section 2.1(d) of this First Supplemental Indenture and Section 4.3 (the earlier of which will be the "**Time of Expiry**" for the purposes of Article 6 in respect of the 6.50% Debentures), to convert any part, being \$1,000 or an integral multiple thereof, of the principal amount of a Debenture into Freely Tradable Units at the Conversion Price in effect on the Date of Conversion. To the extent a redemption is a redemption in part only of the 6.50% Debentures, such right to convert, if not exercised prior to the applicable Time of Expiry, shall survive as to any 6.50% Debentures not redeemed or converted and be applicable to the next succeeding Time of Expiry. Notwithstanding the foregoing, no 6.50% Debentures may be converted on an Interest Payment Date or during the five Business Days preceding June 30 and December 31 each year commencing December 31, 2013.

The Conversion Price in effect on the date hereof for each Unit to be issued upon the conversion of 6.50% Debentures shall be equal to \$12.50 per unit such that 80 Units shall be issued for each \$1,000 principal amount of 6.50% Debentures so converted, subject to adjustments for fractional interests in accordance with Section 6.6. Except as provided below, no adjustment in the number of Units to be issued upon conversion will be made for dividends or distributions on Units issuable upon conversion, the record date for the payment of which precedes the date upon which the

holder becomes a holder of Units in accordance with Article 6, or for interest accrued on 6.50% Debentures surrendered. The Conversion Price applicable to, and the Units, securities or other property receivable on the conversion of the 6.50% Debentures is subject to adjustment pursuant to the provisions of Section 2.1(k) of this First Supplemental Indenture and Section 6.5.

Subject to the paragraph immediately below, holders converting their 6.50% Debentures will receive, in addition to the applicable number of Units, accrued and unpaid interest (less any taxes required to be deducted) in respect of the 6.50% Debentures surrendered for conversion up to but excluding the Date of Conversion from, and including, the most recent Interest Payment Date in accordance with Section 6.4(e). For clarity, payment of such interest, whether in cash or by delivery of Freely Tradable Units pursuant to the exercise of the Unit Interest Payment Election, may, at the option of the Trust, be paid on the next regularly scheduled Interest Payment Date following the Date of Conversion.

Holders of 6.50% Debentures surrendered for conversion during the period from the close of business on any regular record date for the payment of interest on the 6.50% Debentures to the opening of business on the next succeeding Interest Payment Date will receive the full equal semi-annual interest payable on such 6.50% Debentures on the corresponding Interest Payment Date notwithstanding the conversion prior to the Interest Payment Date, and such 6.50% Debentures, upon conversion, must be accompanied by funds from the Trust equal to the amount of such payment, unless such 6.50% Debentures have been called for redemption, in which case no such payment by the Trust will be required. In the event that a holder of Debentures exercises their conversion right following a Redemption Notice by the Trust and during the period from the close of business on any regular record date for the payment of interest on the 6.50% Debentures to the opening of business on the next succeeding Interest Payment Date, such holder will be entitled to receive accrued and unpaid interest, in addition to the applicable number of Units to be received on conversion, for the period from the last Interest Payment Date to (but excluding) the date of conversion.

The Conversion Price will not be adjusted for accrued interest.

Notwithstanding any other provisions of the Base Indenture and this First Supplemental Indenture, if a 6.50% Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Units in respect of the 6.50% Debenture so surrendered for conversion shall not become the holder or holders of record of such Units until the Business Day following such Interest Payment Date.

A 6.50% Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Purchase Offer pursuant to the provisions of Section 2.1(j) of this First Supplemental Indenture may be surrendered for conversion only if such notice is withdrawn by the Trust in accordance with the Base Indenture and this First Supplemental Indenture.

- (g) On redemption or maturity of the 6.50% Debentures, the Trust may, at its option and subject to the provisions of Section 4.6 and Section 4.10, as applicable, and subject to regulatory approval, elect to satisfy its obligation to pay all or a portion of the aggregate principal amount of the 6.50% Debentures due on redemption or maturity, together with all accrued but unpaid interest thereon, by issuing and delivering to such holders of 6.50% Debentures Freely Tradable Units pursuant to the provisions of Sections 4.6 and 4.10, as applicable. If the Trust elects to exercise such option, it shall provide details in the Redemption Notice or deliver a maturity notice (the "**Maturity Notice**") to the holders of the 6.50% Debentures in substantially the form of Schedule C to this First Supplemental Indenture and provide the necessary details.
- (h) The 6.50% Debentures shall be issued in denominations of \$1,000 and integral multiples of \$1,000. Each 6.50% Debenture and the certificate of the Trustee endorsed thereon shall be issued in substantially the form set out in Schedule A to this First Supplemental Indenture, with such insertions, omissions, substitutions or other variations as shall be required or permitted by the

Base Indenture and this First Supplemental Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Base Indenture and this First Supplemental Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Board of Directors, on behalf of the Trust, executing such 6.50% Debenture in accordance with Section 2.7, as conclusively evidenced by their execution of an 6.50% Debenture. Each 6.50% Debenture shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, an 6.50% Debenture may be in such other form or forms as may, from time to time, be, approved by a resolution of the Board of Directors, or as specified in an Officer's Certificate. The 6.50% Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

The 6.50% Debentures shall be issued as a Global Debenture and the Global Debenture will be registered in the name of the Depository (or any nominee of the Depository) which, as of the date hereof, shall be CDS. No Beneficial Holder will receive definitive certificates representing their interest in Debentures except as provided in this Section 2.1(h) of this First Supplemental Indenture and Section 3.2. A Global Debenture may be exchanged for Debentures in registered form that are not Global Debentures, or transferred to and registered in the name of a person other than the Depository for such Global Debentures or a nominee thereof, as provided in Section 3.2. Notwithstanding anything contained in the Base Indenture or this First Supplemental Indenture, the Trust may, at its option, require prior to conversion of the 6.50% Debentures that a Beneficial Holder exchange its position in a Global Debenture for a definitive certificate.

- (i) Upon and subject to the provisions of Article 10, and provided no Event of Default has occurred and is continuing, the Trust may elect, from time to time, to satisfy its Interest Obligation on the 6.50% Debentures on any Interest Payment Date (including, for greater certainty, following conversion or upon maturity or redemption) by delivering Units to the Trustee pursuant to the Unit Interest Payment Election for sale through the facilities of a registered broker/dealer.
- (j) Within 30 days following the occurrence of a Change of Control, and subject to the provisions and conditions of this Section 2.1(j), the Trust shall be obligated to offer to purchase all of the 6.50% Debentures then outstanding. The terms and conditions of such obligation are set forth below:
  - (i) Within 30 days following the occurrence of a Change of Control, the Trust shall deliver to the Trustee, and the Trustee shall promptly deliver to the holders of the 6.50% Debentures, a notice stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control (a "**Change of Control Notice**") together with an offer in writing (the "**Change of Control Purchase Offer**") to purchase, on the Change of Control Purchase Date (as defined below), all (or any portion actually tendered to such offer in a minimum amount of \$1,000 principal amount and multiples thereof) of the 6.50% Debentures then outstanding from the holders thereof made in accordance with the requirements of Applicable Securities Legislation at a price per 6.50% Debenture equal to 100% of the principal amount thereof (the "**Offer Price**") plus accrued and unpaid interest on such 6.50% Debentures up to, but excluding, the Change of Control Purchase Date (collectively, the "**Total Offer Price**"). If such Change of Control Purchase Date is after a record date for the payment of interest on the 6.50% Debentures but on or prior to an Interest Payment Date, then the interest payable on such date will be paid to the holder of record of the Debentures on the relevant record date. The Change of Control Purchase Offer shall specify the date and time on which such offer shall expire. The "**Change of Control Purchase Date**" shall be the date that is 30 days after the date that the Change of Control Notice and Change of Control Purchase Offer are delivered or mailed to holders of 6.50% Debentures. The Trustee will promptly thereafter deliver, by prepaid courier or mail, the Change of Control Purchase Offer to the holders of all 6.50% Debentures then

outstanding, at their addresses appearing in the registers of holders of 6.50% Debentures maintained by the Trustee.

- (ii) If 90% or more in aggregate principal amount of 6.50% Debentures outstanding on the date the Trust provides the Change of Control Notice and the Change of Control Purchase Offer to holders of the 6.50% Debentures have been tendered for purchase pursuant to the Change of Control Purchase Offer on the expiration thereof, the Trust has the right upon written notice provided to the Trustee within 10 days following the expiration of the Change of Control Purchase Offer, to elect to redeem all the 6.50% Debentures remaining outstanding on the expiration of the Change of Control Purchase Offer at the Total Offer Price as at the Change of Control Purchase Date (the "90% Redemption Right") and on the other terms and conditions provided herein.
- (iii) Upon receipt of notice that the Trust has exercised or is exercising the 90% Redemption Right and is acquiring the remaining 6.50% Debentures, the Trustee shall as soon as reasonably practicable provide written notice to each Debentureholder that did not previously accept the Offer that:
  - (A) the Trust has exercised the 90% Redemption Right and is purchasing all outstanding 6.50% Debentures effective on the expiry of the Change of Control Purchase Offer at the Total Offer Price, and shall include a calculation of the amount payable to such holder as payment of the Total Offer Price as at the Change of Control Purchase Date;
  - (B) each such holder must transfer their 6.50% Debentures to the Trustee on the same terms as those holders that accepted the Change of Control Purchase Offer and must send their respective 6.50% Debentures, duly endorsed for transfer, to the Trustee within 10 days after the sending of such notice provided that with respect to a Global Debenture, the obligation to surrender an 6.50% Debenture to the Trustee shall be satisfied if the Trustee makes a notation on the Global Debenture of the principal amount thereof so transferred; and
  - (C) the rights of such holder under the terms of the 6.50% Debentures, the Base Indenture and this First Supplemental Indenture cease to be effective as of the date of expiry of the Change of Control Purchase Offer provided the Trust has, on or before the time of notifying the Trustee of the exercise of the 90% Redemption Right, paid the aggregate Total Offer Price to, or to the order of, the Trustee and thereafter the 6.50% Debentures shall not be considered to be outstanding and the holder shall not have any right except to receive such holder's Total Offer Price upon surrender and delivery of such holder's 6.50% Debentures in accordance with the Base Indenture and this First Supplemental Indenture.
- (iv) The Trust shall, on or before 11:00 a.m. (Calgary time), on the Business Day immediately prior to the Change of Control Purchase Date, deposit with the Trustee or any paying agent to the order of the Trustee, such sums of money as may be sufficient to pay the aggregate Total Offer Price of the 6.50% Debentures to be purchased or redeemed by the Trust on the Change of Control Purchase Date (less any tax required by law to be deducted), provided the Trust may elect to satisfy this requirement by providing the Trustee with a certified cheque or wire transfer or such other means as may be acceptable to the Trustee, for such amounts required under this Section 2.1(j)(iv) post-dated to the date of expiry of the Change of Control Purchase Offer. The Trust shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such purchase. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such 6.50% Debentures, the Total Offer Price to which they are entitled (less

any tax required by law to be deducted) on the Trust's purchase. All 6.50% Debentures in respect of which payment of the Total Offer Price has been made shall be cancelled by the Trustee.

- (v) In the event that one or more of such 6.50% Debentures being purchased in accordance with this Section 2.1(j) becomes subject to purchase in part only, upon surrender of such 6.50% Debentures for payment of the Total Offer Price, the Trust shall execute and the Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order, one or more new 6.50% Debentures for the portion of the principal amount of the 6.50% Debentures not purchased.
  - (vi) 6.50% Debentures for which holders have accepted the Change of Control Purchase Offer and 6.50% Debentures which the Trust has elected to redeem in accordance with this Section 2.1(j) shall become due and payable at the Total Offer Price on the Change of Control Purchase Date, in the same manner and with the same effect as if it were the date of maturity specified in such 6.50% Debentures, anything therein or herein to the contrary notwithstanding, and from and after the Change of Control Purchase Date, if the money necessary to purchase or redeem, or the Units necessary to purchase or redeem, the 6.50% Debentures shall have been deposited as provided in this Section 2.1(j) and affidavits or other proofs satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the 6.50% Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.
  - (vii) In case the holder of any 6.50% Debenture to be purchased or redeemed in accordance with this Section 2.1(j) shall fail on or before the Change of Control Purchase Date so to surrender such holder's 6.50% Debenture or shall not within such time accept payment of the monies payable, to take delivery of certificates representing such Units issuable in respect thereof, or give such receipt therefor, if any, as the Trustee may require, such monies may be set aside in trust, or such certificates may be held in trust, without interest, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum of money or the Units so set aside and the Debentureholder shall have no other right except to receive payment of the monies so paid and deposited, or take delivery of the certificates so deposited, or both, upon surrender and delivery up of such holder's 6.50% Debenture. In the event that any money or certificates representing Units required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on 6.50% Debentures issued hereunder shall remain so deposited for a period of three years less a day from the Change of Control Purchase Date, then such monies, or certificates representing Units, together with any accumulated interest thereon, or any distributions paid thereon, shall at the end of such period be paid over or delivered over by the Trustee or such depository or paying agent to the Trust and the Trustee shall not be responsible to Debentureholders for any amounts owing to them.
  - (viii) Subject to the provisions above related to 6.50% Debentures purchased in part, all 6.50% Debentures redeemed and paid under this Section 2.1(j) shall forthwith be delivered to the Trustee and cancelled and thereafter no longer considered to be outstanding and no 6.50% Debentures shall be issued in substitution therefor.
- (k) In addition to the requirements of Section 2.1(j) of this First Supplemental Indenture in respect of a Change of Control, the following provisions shall apply in respect of the occurrence of a Cash Change of Control occurring on or before the Maturity Date:

- (i) In the event of the occurrence of a Cash Change of Control, then subject to regulatory approval, during the period (the "**Cash Change of Control Conversion Period**") beginning 10 days before the anticipated effective date of the Change of Control (the "**Effective Date**") and ending on the date that is 30 days after the Change of Control Notice and Change of Control Purchase Offer are delivered to holders of 6.50% Debentures in accordance with Section 2.1(j) of this First Supplemental Indenture, holders of 6.50% Debentures will be entitled to convert their 6.50% Debentures, in whole or in part, and receive, in addition to the number of Units (or cash or other property or securities in substitution therefor) that such holders are entitled to receive upon such conversion in accordance with the provisions and conditions of Sections 2.1(f), 2.1(k)(v) and 2.1(k)(vi) of this First Supplemental Indenture and Article 6, an additional number of Units (or cash or other property or securities in substitution therefor) per \$1,000 principal amount of 6.50% Debentures converted as set forth below (the "**Make Whole Premium**").
- (ii) The number of additional Units per \$1,000 principal amount of 6.50% Debentures constituting the Make Whole Premium (the "**Make Whole Premium Units**") shall be determined by reference to the table following subsection (iii) below, based on the Effective Date and the price (the "**Unit Price**") paid per Unit in the transaction constituting the Change of Control. If holders of Units receive (or are entitled and able in all circumstances to receive) only cash in the transaction constituting the Change of Control, the Unit Price shall be the cash amount paid per Unit. Otherwise, the Unit Price shall be equal to the Current Market Price of the Units on the day immediately preceding the Effective Date.
- (iii) The following table shows the number of Make Whole Premium Units for each hypothetical Unit Price and Effective Date set forth below, expressed as additional Units per \$1,000 principal amount of 6.50% Debentures. For the avoidance of doubt, the Trust shall not be obliged to pay the Make Whole Premium otherwise than by issuance of the applicable number of Units (or cash or other property or securities in substitution therefore) in excess of the number of Units (or cash or other property or securities in substitution therefore) to which holders would otherwise have been entitled at the Conversion Price upon conversion of the 6.50% Debentures in accordance with the provisions and conditions of Section 2.1(f) of this First Supplemental Indenture and Article 6. If the Unit Price or Effective Date are not set forth on the table then: (i) if the actual Unit Price on the Effective Date is between two Unit Prices on the table or the Effective Date is between two Effective Dates on the table, the number of Make Whole Premium Units will be determined by a straight-line interpolation between the amounts set forth for the two Unit Prices and the two Effective Dates on the table based on a 365-day year, as applicable, (ii) if the Unit Price on the Effective Date exceeds \$16.00 per Unit, subject to adjustment as set forth herein, the number of Make Whole Premium Units to be issued will be zero, and (iii) if the Unit Price on the Effective Date is less than \$9.38 per Unit, subject to adjustment as set forth herein, the number of Make Whole Premium Units to be issued will be zero.

**Make Whole Premium Upon a Cash Change of Control  
(Number of Additional Units per \$1,000 6.50% Debenture)**

| Effective Date  | Unit Price (\$) |        |         |         |         |         |         |         |         |         |         |
|-----------------|-----------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                 | \$9.38          | \$9.50 | \$10.00 | \$10.50 | \$11.00 | \$12.00 | \$12.50 | \$13.00 | \$14.00 | \$15.00 | \$16.00 |
| 31-October-13   | 26.610          | 25.464 | 21.028  | 17.105  | 13.660  | 8.102   | 5.942   | 4.163   | 1.651   | 0.334   | 0.000   |
| 31-December-14  | 26.610          | 25.263 | 20.262  | 16.186  | 12.596  | 6.772   | 4.512   | 2.678   | 0.428   | 0.009   | 0.000   |
| 31-December -15 | 26.610          | 25.263 | 20.000  | 15.310  | 11.719  | 5.979   | 3.805   | 2.086   | 0.161   | 0.000   | 0.000   |

| Effective Date   | Unit Price (\$) |        |         |         |         |         |         |         |         |         |         |
|------------------|-----------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                  | \$9.38          | \$9.50 | \$10.00 | \$10.50 | \$11.00 | \$12.00 | \$12.50 | \$13.00 | \$14.00 | \$15.00 | \$16.00 |
| 31- December -16 | 26,610          | 25,263 | 20,000  | 15,238  | 11,342  | 5,530   | 3,381   | 1,732   | 0,096   | 0,000   | 0,000   |
| 31- December -17 | 26,610          | 25,263 | 20,000  | 15,238  | 11,031  | 4,964   | 2,810   | 1,256   | 0,039   | 0,000   | 0,000   |
| 31- December -18 | 26,610          | 25,263 | 20,000  | 15,238  | 10,909  | 3,333   | 0,000   | 0,000   | 0,000   | 0,000   | 0,000   |

- (iv) The Unit Prices set forth in the table above will be adjusted as of any date on which the Conversion Price of the 6.50% Debentures is adjusted. The adjusted Unit Prices will equal the Unit Prices applicable immediately preceding such adjustment multiplied by a fraction, the denominator of which is the Conversion Price immediately preceding the adjustment giving rise to the Unit Price adjustment and the numerator of which is the Conversion Price as so adjusted. The number of additional Make Whole Premium Units set forth in the table above will be adjusted in the same manner as the Conversion Price as set forth in Section 6.5, other than as a result of an adjustment of the Conversion Price by adding the Make Whole Premium as described above. The provisions of Section 6.11 shall be applicable in connection with determinations under this Section 2.1(k).
- (v) Notwithstanding the foregoing, if the Date of Conversion of any 6.50% Debentures occurs during the period beginning on the 10th trading day prior to the Effective Date and ending at the close of business on the Effective Date, the holders of such 6.50% Debentures shall, on conversion of their 6.50% Debentures, only be entitled to receive, in addition to the number of Units which holders would otherwise have been entitled, that number of Make Whole Premium Units (as may be adjusted pursuant to Section 6.5 on the Business Day immediately following the Effective Date and, for greater certainty, only if the Change of Control occurs.
- (vi) The Make Whole Premium Units shall be deemed to have been issued upon conversion of 6.50% Debentures on the Business Day immediately following the Effective Date. Section 6.5 shall apply to such conversion and, for greater certainty, the former holders of 6.50% Debentures in respect of which the Make Whole Premium Units are issuable shall be entitled to receive and shall accept, in lieu of the Make Whole Premium Units, the number of units or other securities or cash or other property of the Trust or of the Person or other entity resulting from the transaction that constitutes the Cash Change of Control that such holders would have been entitled to receive if such holders had been the registered holders of the applicable number of Make Whole Premium Units on the Effective Date.
- (vii) Except as otherwise provided in this Section 2.1(k), all other provisions of the Base Indenture applicable to a conversion of Debentures shall apply to a conversion of 6.50% Debentures during the Cash Change of Control Conversion Period.
- (l) The Trustee shall be provided with the documents and instruments referred to in Sections 2.5(b), (c) and (d) with respect to the 6.50% Debentures prior to the issuance of the 6.50% Debentures.

**ARTICLE 3  
ADDITIONAL MATTERS**

**3.1 Confirmation of Base Indenture**

On the date hereof, the Base Indenture shall be supplemented in accordance with this First Supplemental Indenture, and this First Supplemental Indenture shall form part of the Base Indenture for all purposes, and the holder of every 6.50% Debenture heretofore or hereafter authenticated and delivered under the Base Indenture shall be bound

thereby. The Base Indenture, as supplemented by this First Supplemental Indenture, shall remain in full force and effect as supplemented by this First Supplemental Indenture and is in all respects confirmed.

### **3.2 Acceptance of Trusts**

The Trustee hereby accepts the trusts in the Base Indenture, as amended and supplemented by this First Supplemental Indenture, and agrees to perform the same upon the terms and conditions and subject to the provisions set forth in the Indenture as supplemented by this First Supplemental Indenture.

### **3.3 Further Assurances**

The parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this First Supplemental Indenture, and each party shall provide such further documents or instruments required by the other party as may be reasonably necessary or desirable to effect the purpose of this First Supplemental Indenture and carry out its provisions.

### **3.4 Counterparts**

This First Supplemental Indenture may be simultaneously executed by facsimile in counterparts, each of which when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof.

### **3.5 Contracts of the Trust**

- (a) The directors of the Administrator, in incurring any debts, liabilities or obligations, or in taking or omitting any other actions for or in connection with the affairs of the Trust are, and will be conclusively deemed to be, acting for and on behalf of the Trust, and not in their own personal capacities. None of the directors of the Administrator will be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses (including legal expenses) against or with respect to the Trust or in respect to the affairs of the Trust. No property or assets of the directors, owned in their personal capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations under the Base Indenture, this First Supplemental Indenture or the Debentures. No recourse may be had or taken, directly or indirectly, against the directors in their personal capacity. The Trust will be solely liable therefor and resort will be had solely to the property and assets of the Trust for payment or performance thereof.
- (b) No holder of Units as such will be subject to any personal liability whatsoever, whether extra-contractually, contractually or otherwise, to any party to the Base Indenture or this First Supplemental Indenture or pursuant to the Debentures in connection with the obligations or the affairs of the Trust or the acts or omissions of the directors, whether under the Base Indenture, the First Supplemental Indenture, the Debentures or otherwise, and the other parties to the Base Indenture, the First Supplemental Indenture and the holders of the Debentures will look solely to the property and assets of the Trust for satisfaction of claims of any nature arising out of or in connection therewith and the property and assets of the Trust only will be subject to levy or execution.

### **3.6 Formal Date**

For the purpose of convenience this First Supplemental Indenture may be referred to as bearing the formal date of October 31, 2013 irrespective of the actual date of execution hereof.

*[Remainder of this page has been intentionally left blank.]*



IN WITNESS WHEREOF the parties hereto have executed these presents under their respective corporate seals and the hands of their proper officers in that behalf.

**ARGENT ENERGY LTD., as Administrator of  
ARGENT ENERGY TRUST**

By: (signed) "Sean Bovingdon"  
Name: Sean Bovingdon  
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF  
CANADA**

By: (signed) "Shannon Grover"  
Name: Shannon Grover  
Title: Corporate Trust Officer

By: (signed) "Pui Hong"  
Name: Pui Hong  
Title: Corporate Trust Officer

**SCHEDULE "A"**

**TO THE FIRST SUPPLEMENTAL CONVERTIBLE DEBENTURE INDENTURE BETWEEN**

**ARGENT ENERGY TRUST**

**AND**

**COMPUTERSHARE TRUST COMPANY OF CANADA**

**FORM OF 6.50% DEBENTURE**

**FORM OF GLOBAL DEBENTURE**

This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to Argent Energy Trust (the "Issuer") or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & Co., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & Co., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.

CUSIP 04014GAB6  
ISIN CA 04014GAB64

No. ●

● \$

**ARGENT ENERGY TRUST**

(A trust established under the laws of Alberta)

**6.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE  
DUE DECEMBER 31, 2018**

**ARGENT ENERGY TRUST** (the "Trust" or the "Issuer") for value received hereby acknowledges itself indebted and, subject to the provisions of the convertible debenture indenture (the "Base Indenture") dated as of June 4, 2013 between the Trust and Computershare Trust Company of Canada (the "Trustee"), as supplemented by the first supplemental convertible debenture indenture dated October 31, 2013 between the Trust and the Trustee (the "First Supplemental Indenture" and collectively with the Base Indenture, the "Indenture"), promises to pay to the registered holder hereof on December 31, 2018 (the "Maturity Date") or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of ● dollars (\$●) in lawful money of Canada on presentation and surrender of this 6.50% Debenture (as defined below) at the main branch of the Trustee in Calgary, Alberta or in Toronto, Ontario in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 6.50% per annum (based on a year of 365 days), in like money, in arrears in equal (with the exception of the first interest payment which will include interest from October 31, 2013 as set forth below) semi-annual instalments (less any tax required by law to be deducted) on June 30 and December 31 in each year commencing on December 31, 2013 and the last payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date or the earlier date of redemption, repayment or conversion) to fall due on the Maturity Date or the earlier date of redemption, repayment or conversion and, should the Trust at any time make default in the payment of any principal, premium, if any, or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. For certainty, the first interest payment will include interest accrued from October 31, 2013 to, but excluding December 31, 2013, which will be equal to \$10.86 for each \$1,000 principal amount of the 6.50% Debentures. The record dates for the payment of interest on the 6.50% Debentures will be June 15 and December 15 in each year (or the first Business Day prior to such date if not a Business Day).

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the mailing of such cheque shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this 6.50% Debenture.

This 6.50% Debenture is one of the 6.50% Convertible Unsecured Subordinated Debentures (referred to herein as the "6.50% Debenture") of the Trust issued or issuable in one or more series under the provisions of the Indenture. The 6.50% Debentures authorized for issue immediately are limited to an aggregate principal amount of \$69,000,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the 6.50% Debentures are or are to be issued and held and the rights and remedies of the holders of the 6.50% Debentures and of the Trust and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this 6.50% Debenture by acceptance hereof assents.

The 6.50% Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

Any part, being \$1,000 or an integral multiple thereof, of the principal of this 6.50% Debenture, provided that the principal amount of this 6.50% Debenture is in a denomination in excess of \$1,000, is at the option of the holder hereof, upon surrender of this 6.50% Debenture at the principal office of the Trustee in Calgary, Alberta or in Toronto, Ontario at any time prior to the close of business on the earlier of: (i) the Business Day immediately preceding the Maturity Date; (ii) if this 6.50% Debenture is called for redemption, the Business Day immediately preceding the date specified for redemption of this 6.50% Debenture; and (iii) if subject to repurchase pursuant to a Change of Control (as defined in the Indenture), the Business Day immediately preceding the date specified by the Trust for repurchase of this 6.50% Debenture; convertible into Units (without adjustment for interest accrued hereon or for dividends or distributions on Units issuable upon conversion) at a conversion price of \$12.50 (the "Conversion Price") per Unit, being a rate of 80 Units for each \$1,000 principal amount of 6.50% Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted on an Interest Payment Date or during the five Business Days preceding and including June 30 and December 31 in each year, commencing December 31, 2013, as the registers of the Trustee will be closed during such periods. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Units will be issued on any conversion but in lieu thereof, the Trust will satisfy such fractional interest by a cash payment equal to the Current Market Price of such fractional interest determined in accordance with the Indenture. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Units in respect of the Debentures so surrendered for conversion shall not become the holder or holders of record of such Units until the Business Day following such Interest Payment Date.

This 6.50% Debenture may be redeemed at the option of the Trust on the terms and conditions set out in the Indenture at the Redemption Price therein and herein set out provided that this 6.50% Debenture is not redeemable before December 31, 2016, except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On or after December 31, 2016 and prior to the Maturity Date, and provided that the Current Market Price of the Units of the Trust is at least 125% of the Conversion Price of the 6.50% Debentures, the 6.50% Debentures are redeemable in whole or in part from time to time at the option of the Trust at a price equal to the principal amount of the 6.50% Debenture plus accrued and unpaid interest and otherwise on the terms and conditions described in the Indenture. In connection with the redemption of the 6.50% Debentures, the Trust may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy its obligation to pay all or any portion of the applicable Redemption Price by the issue of that number of Units obtained by dividing the applicable Redemption Price by 95% of the volume weighted average trading price of the Units on the Toronto Stock Exchange ("TSX") or other stock exchange on which the 6.50% Debentures may be listed for the 20 consecutive trading days ending on the fifth trading day preceding the Redemption Date.

Upon the occurrence of a Change of Control of the Trust, the Trust is required to make an offer to purchase all of the 6.50% Debentures at a price equal to 100% of the principal amount of such 6.50% Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the 6.50% Debentures are so repurchased (the "Change of Control Purchase Offer"). If 90% or more of the principal amount of all 6.50% Debentures outstanding on the date the Trust provides notice of a Change of Control to the Trustee have been tendered for purchase pursuant to the Change of Control Purchase Offer, the Trust has the right to redeem all the remaining outstanding 6.50% Debentures on the same date and at the same price.

If an offer is made for the 6.50% Debentures and 90% or more of the principal amount of all the 6.50% Debentures (other than 6.50% Debentures held at the date of the offer by or on behalf of the Offeror, associates or affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the

Offeror will be entitled to acquire the 6.50% Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the 6.50% Debentures.

The Trust may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval and provided that no Event of Default shall have occurred and be continuing, elect to satisfy the obligation to repay all or any portion of the principal amount of this 6.50% Debenture due on the Maturity Date, together with all accrued and unpaid interest thereon, by the issue of that number of Freely Tradable Units obtained by dividing the principal amount of this 6.50% Debenture (or that portion to be paid for in Units pursuant to the exercise by the Trust of the Unit Repayment Right), together with all accrued and unpaid interest thereon, by 95% of the volume weighted average trading price of the Units on the TSX or other stock exchange on which the 6.50% Debentures may be listed for the 20 consecutive trading days ending on the fifth trading day preceding the Maturity Date.

The indebtedness evidenced by this 6.50% Debenture, and by all other 6.50% Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Trust, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment in full of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this 6.50% Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Units and officers, directors and employees of the Trust in respect of any obligation or claim arising out of the Indenture or this Debenture.

This 6.50% Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Calgary, Alberta or the City of Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Trust with the approval of the Trustee may designate. No transfer of this 6.50% Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this 6.50% Debenture for cancellation. Thereupon a new 6.50% Debenture or 6.50% Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This 6.50% Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture. The 6.50% Debentures are governed by the Indenture. If any of the provisions of this 6.50% Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern. Capitalized words or expressions used in this 6.50% Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

IN WITNESS WHEREOF ARGENT ENERGY TRUST has caused this Debenture to be signed by its authorized representatives as of the \_\_\_ day of \_\_\_\_\_, 2013.

**ARGENT ENERGY LTD., as Administrator of  
ARGENT ENERGY TRUST**

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

**(FORM OF TRUSTEE'S CERTIFICATE)**

This 6.50% Debenture is one of the 6.50% Convertible Unsecured Subordinated Debentures due December 31, 2018 referred to in the Indenture within mentioned.

**COMPUTERSHARE TRUST COMPANY OF CANADA**

By: \_\_\_\_\_  
(Authorized Officer)

**(FORM OF REGISTRATION PANEL)**

(No writing hereon except by Trustee or other registrar)

| Date of Registration | In Whose Name Registered | Signature of Trustee or Registrar |
|----------------------|--------------------------|-----------------------------------|
|                      |                          |                                   |
|                      |                          |                                   |
|                      |                          |                                   |

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_, whose address and social insurance number, if applicable, are set forth below, this 6.50% Debenture (or \$\_\_\_\_\_ principal amount hereof\*) of ARGENT ENERGY TRUST standing in the name(s) of the undersigned in the register maintained by the Trust with respect to such 6.50% Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such 6.50% Debenture in such register, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Address of Transferee: \_\_\_\_\_  
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: \_\_\_\_\_

\*If less than the full principal amount of the within 6.50% Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold an 6.50% Debenture in a non-integral multiple of \$1,000, in which case such portion of the 6.50% Debenture in an amount less than \$1,000 is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this 6.50% Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
2. The registered holder of this 6.50% Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this 6.50% Debenture.

Signature of Guarantor:

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Signature of transferring registered holder

\_\_\_\_\_  
Name of Institution





**SCHEDULE "B"**

**TO THE FIRST SUPPLEMENTAL CONVERTIBLE DEBENTURE INDENTURE BETWEEN**

**ARGENT ENERGY TRUST**

**AND**

**COMPUTERSHARE TRUST COMPANY OF CANADA**

**FORM OF REDEMPTION NOTICE**

**Form of Redemption Notice**

**ARGENT ENERGY TRUST**

**6.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES**

**REDEMPTION NOTICE**

To: Holders of 6.50% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of Argent Energy Trust (the "**Trust**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the convertible debenture indenture (the "**Base Indenture**") dated as of June 4, 2013 between the Trust and Computershare Trust Company of Canada (the "**Trustee**"), as supplemented by the first supplemental convertible debenture indenture dated October 31, 2013 between the Trust and the Trustee (the "**First Supplemental Indenture**" and collectively with the Base Indenture, the "**Indenture**"), that the aggregate principal amount of \$● of the \$● of Debentures outstanding will be redeemed as of ● (the "**Redemption Date**"), upon payment of a redemption amount of \$● for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$● (the "**Redemption Price**"), and (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date (collectively, the "**Total Redemption Price**").

The Total Redemption Price will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

Computershare Trust Company of Canada  
600, 530 – 8<sup>th</sup> Avenue S.W.  
Calgary Alberta T2P 3S8

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Total Redemption Price shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Total Redemption Price pursuant to the Indenture.

[Pursuant to Section 4.6 of the Base Indenture, the Trust hereby irrevocably elects to satisfy its obligation to pay \$● of the Redemption Price payable to holders of Debentures in accordance with this notice by issuing and delivering to the holders that number of Freely Tradable Units obtained by dividing the Redemption Price by 95% of the Current Market Price of the Units.]

No fractional Units shall be delivered upon the exercise by the Trust of the above-mentioned redemption right but, in lieu thereof, the Trust shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Units on the Redemption Date (less any tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, the Trust shall, on the Redemption Date, make the delivery to the Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, of certificates representing the Freely Tradable Units to which holders are entitled together with the cash equivalent in lieu of fractional Units, cash for all accrued and unpaid interest up to, but excluding, the Redemption Date, and, if only a portion of the Debentures are to be redeemed by issuing Freely Tradable Units, cash representing the balance of the Redemption Price.

DATED:

**ARGENT ENERGY LTD., as Administrator of ARGENT ENERGY TRUST**

---

(Authorized Director or Officer of Argent Energy Ltd.)

**SCHEDULE "C"**

**TO THE FIRST SUPPLEMENTAL CONVERTIBLE DEBENTURE INDENTURE BETWEEN**

**ARGENT ENERGY TRUST**

**AND**

**COMPUTERSHARE TRUST COMPANY OF CANADA**

**FORM OF MATURITY NOTICE**

**Form of Maturity Notice**

**ARGENT ENERGY TRUST**

**6.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES**

**MATURITY NOTICE**

**To:** Holders of 6.50% Convertible Unsecured Subordinated Debentures (the "**Debenture**") of Argent Energy Trust (the "**Trust**")

**Note:** All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.10(b) of the convertible debenture indenture (the "**Base Indenture**") dated as of June 4, 2013 between the Trust and Computershare Trust Company of Canada (the "**Trustee**"), as supplemented by the first supplemental convertible debenture indenture dated October 31, 2013 between the Trust and the Trustee (the "**First Supplemental Indenture**" and collectively with the Base Indenture, the "**Indenture**"), that the Debentures are due and payable as of June 30, 2018 (the "**Maturity Date**") and the Trust elects to satisfy its obligation to repay to holders of Debentures the principal amount of all of the Debentures outstanding on the Maturity Date, together with all accrued and unpaid interest thereon, by issuing and delivering to the holders that number of Freely Tradable Units equal to the number obtained by dividing such principal amount of the Debentures and accrued and unpaid interest thereon by 95% of the Current Market Price of Units on the Maturity Date.

No fractional Units shall be delivered on exercise by the Trust of the above mentioned repayment right but, in lieu thereof, the Trust shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Units on the Maturity Date (less any tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Maturity Date, the Trust shall, on the Maturity Date, make delivery to the Trustee, at its principal trust office in Calgary, Alberta for delivery to and on account of the holders, of certificates representing the Freely Tradable Units to which holders are entitled together with the cash equivalent in lieu of fractional Units, and if only a portion of the Debentures are to be repaid by issuing Freely Tradable Units, cash representing the balance of the principal amount and premium (if any) due on the Maturity Date.

DATED:

**ARGENT ENERGY LTD.,**  
as Administrator of **ARGENT ENERGY TRUST**

---

(Authorized Director or Officer of  
Argent Energy Ltd.)

# EXHIBIT 11

Search ID#: Z07543609

Transmitting Party

BENNETT JONES SERVICES LIMITED PARTNERSHIP

4500 855 2 ST SW  
CALGARY, AB T2P4K7

Party Code: 50057819

Phone #: 403 298 3375

Reference #: 68859.14/SZ/mc

Search ID #: Z07543609

Date of Search: 2016-Jan-20

Time of Search: 09:39:04

Business Debtor Search For:

ARGENT ENERGY (US) HOLDINGS INC.

Inexact Result(s) Only Found

**NOTE:**

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.

THIS IS EXHIBIT " 11 "  
referred to in the Affidavit of Declaration

Sean Bovington

Sworn before me this 16<sup>th</sup>

day of February A.D. 20 16

M. Meyer

A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor



Search ID#: Z07543609

**Note:**

The following is a list of matches closely approximating your Search Criteria,  
which is included for your convenience and protection.

| <b>Debtor Name / Address</b>  | <b>Reg. #</b> |
|---|---------------|
| ARGENT ENERGY (CANADA) HOLDINGS INC.<br>Suite 500, 321 - 6th Avenue SW<br>Calgary, AB T2P 3H3 | 12080823109   |

**SECURITY AGREEMENT**

| <b>Debtor Name / Address</b>  | <b>Reg. #</b> |
|---|---------------|
| ARGENT ENERGY (CANADA) HOLDINGS INC.<br>Suite 500, 321 - 6th Avenue SW<br>Calgary, AB T2P 3H3 | 12080823139   |

**LAND CHARGE**

| <b>Debtor Name / Address</b>   | <b>Reg. #</b> |
|--|---------------|
| ARGENT ENERGY INC.<br>510-5 STREET, SW SUITE 1800<br>CALGARY, AB T2P 3S2 | 06110102248   |

**LAND CHARGE**

| <b>Debtor Name / Address</b>   | <b>Reg. #</b> |
|--|---------------|
| ARGENT ENERGY TRUST<br>600, 530 - 8th Avenue S.W.<br>Calgary, AB T2P 3S8 | 12051512416   |

**SECURITY AGREEMENT**

| <b>Debtor Name / Address</b>   | <b>Reg. #</b> |
|--|---------------|
| ARGENT ENERGY TRUST<br>Suite 500, 321 - 6th Avenue SW<br>Calgary, AB T2P 3H3 | 12080823209   |

**SECURITY AGREEMENT**

| <b>Debtor Name / Address</b> | <b>Reg. #</b> |
|------------------------------|---------------|
|                              | 12080823229   |

Search ID#: Z07543609

ARGENT ENERGY TRUST  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

**LAND CHARGE**

**Debtor Name / Address**

**Reg. #**

ARGENT ENERGY TRUST TRUST  
600, 530 - 8th Avenue S.W.  
Calgary, AB T2P 3S8

12051512416

**SECURITY AGREEMENT**

**Debtor Name / Address**

**Reg. #**

ARGENT ENERGY TRUST TRUST  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

12080823209

**SECURITY AGREEMENT**

**Debtor Name / Address**

**Reg. #**

ARGENT ENERGY TRUST TRUST  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

12080823229

**LAND CHARGE**

Result Complete



Search ID#: Z07543605

**Transmitting Party**

BENNETT JONES SERVICES LIMITED PARTNERSHIP  
4500 855 2 ST SW  
CALGARY, AB T2P4K7

Party Code: 50057819  
Phone #: 403 298 3375  
Reference #: 68859.14/SZ/mc

Search ID #: Z07543605

Date of Search: 2016-Jan-20

Time of Search: 09:38:20

**Business Debtor Search For:**

ARGENT ENERGY (CANADA) LTD.

Inexact Result(s) Only Found

**NOTE:**

A complete Search may result in a Report of Exact and Inexact Matches.  
Be sure to read the reports carefully.



Search ID#: Z07543605

**Note:**

The following is a list of matches closely approximating your Search Criteria,  
which is included for your convenience and protection.

**Debtor Name / Address**

ARGENT ENERGY (CANADA) HOLDINGS INC.  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

**Reg. #**

12080823109

**SECURITY AGREEMENT**

**Debtor Name / Address**

ARGENT ENERGY (CANADA) HOLDINGS INC.  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

**Reg. #**

12080823139

**LAND CHARGE**

**Debtor Name / Address**

ARGENT ENERGY INC.  
510-5 STREET, SW SUITE 1800  
CALGARY, AB T2P 3S2

**Reg. #**

06110102248

**LAND CHARGE**

**Debtor Name / Address**

ARGENT ENERGY TRUST  
600, 530 - 8th Avenue S.W.  
Calgary, AB T2P 3S8

**Reg. #**

12051512416

**SECURITY AGREEMENT**

**Debtor Name / Address**

ARGENT ENERGY TRUST  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

**Reg. #**

12080823209

**SECURITY AGREEMENT**

**Debtor Name / Address**

**Reg. #**

12080823229

Search ID#: Z07543605

ARGENT ENERGY TRUST  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

**LAND CHARGE**

**Debtor Name / Address**

**Reg. #**

ARGENT ENERGY TRUST TRUST  
600, 530 - 8th Avenue S.W.  
Calgary, AB T2P 3S8

12051512416

**SECURITY AGREEMENT**

**Debtor Name / Address**

**Reg. #**

ARGENT ENERGY TRUST TRUST  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

12080823209

**SECURITY AGREEMENT**

**Debtor Name / Address**

**Reg. #**

ARGENT ENERGY TRUST TRUST  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

12080823229

**LAND CHARGE**

Result Complete

Search ID#: Z07543589

**Transmitting Party**

BENNETT JONES SERVICES LIMITED PARTNERSHIP

4500 855 2 ST SW  
CALGARY, AB T2P4K7

Party Code: 50057819  
Phone #: 403 298 3375  
Reference #: 68859.14/SZ/mc

Search ID #: Z07543589

Date of Search: 2016-Jan-20

Time of Search: 09:36:31

**Business Debtor Search For:**

ARGENT ENERGY TRUST

Both Exact and Inexact Result(s) Found

**NOTE:**

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z07543589

**Business Debtor Search For:**

ARGENT ENERGY TRUST

Search ID #: Z07543589

Date of Search: 2016-Jan-20

Time of Search: 09:36:31

---

Registration Number: 12051512416

Registration Type: SECURITY AGREEMENT

Registration Date: 2012-May-15

Registration Status: Current

Expiry Date: 2022-May-15 23:59:59

---

Exact Match on: Debtor No: 1

Inexact Match on: Debtor No: 2

---

**Debtor(s)**

**Block**

1 ARGENT ENERGY TRUST  
600, 530 - 8th Avenue S.W.  
Calgary, AB T2P 3S8

**Status**

Current

**Block**

2 ARGENT ENERGY TRUST TRUST  
600, 530 - 8th Avenue S.W.  
Calgary, AB T2P 3S8

**Status**

Current

**Secured Party / Parties**

**Block**

1 CANADIAN IMPERIAL BANK OF COMMERCE  
2nd Floor, 309 - 8th Avenue SW  
Calgary, AB T2P 1C6

**Status**

Current

**Collateral: General**

**Block**

**Description**

1 Account no. 8821313 maintained by the Debtor with the Secured Party (including any replacement account thereof, the "Account") and all monies now or at any time or from time to time hereafter on deposit in the Account, and all investments made from time to time with the monies from such Account, including all renewals thereof, accretions thereto, substitutions thereof, and all interest, income and revenue arising therefrom or by virtue thereof.

**Status**

Current

Search ID#: Z07543589

2 Proceeds: goods, investment property, documents of title, chattel paper, instruments,  
money and intangibles.

Current



Search ID#: Z07543589

**Business Debtor Search For:**

ARGENT ENERGY TRUST

Search ID #: Z07543589

Date of Search: 2016-Jan-20

Time of Search: 09:36:31

---

Registration Number: 12080823209

Registration Type: SECURITY AGREEMENT

Registration Date: 2012-Aug-08

Registration Status: Current

Expiry Date: 2022-Aug-08 23:59:59

---

Exact Match on: Debtor No: 1

Inexact Match on: Debtor No: 2

---

**Debtor(s)**

**Block**

1 ARGENT ENERGY TRUST  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

**Status**

Current

**Block**

2 ARGENT ENERGY TRUST TRUST  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

**Status**

Current

**Secured Party / Parties**

**Block**

1 THE BANK OF NOVA SCOTIA  
700 - 2nd St. S.W., Suite 2000  
Calgary, AB T2P 2W1

**Status**

Current

**Collateral: General**

**Block**

**Description**

1 All of the Debtor's present and after-acquired personal property.

**Status**

Current

Search ID#: Z07543589

**Business Debtor Search For:**

ARGENT ENERGY TRUST

Search ID #: Z07543589

Date of Search: 2016-Jan-20

Time of Search: 09:36:31

---

Registration Number: 12080823229

Registration Type: LAND CHARGE

Registration Date: 2012-Aug-08

Registration Status: Current

Registration Term: Infinity

---

Exact Match on: Debtor No: 1

Inexact Match on: Debtor No: 2

---

**Debtor(s)**

**Block**

1 ARGENT ENERGY TRUST  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

**Status**

Current

**Block**

2 ARGENT ENERGY TRUST TRUST  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

**Status**

Current

**Secured Party / Parties**

**Block**

1 THE BANK OF NOVA SCOTIA  
700 - 2nd St. S.W., Suite 2000  
Calgary, AB T2P 2W1

**Status**

Current



Search ID#: Z07543589

**Note:**

The following is a list of matches closely approximating your Search Criteria,  
which is included for your convenience and protection.

**Debtor Name / Address**

**Reg. #**

ARGENT ENERGY (CANADA) HOLDINGS INC.  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

12080823109

**SECURITY AGREEMENT**

**Debtor Name / Address**

**Reg. #**

ARGENT ENERGY (CANADA) HOLDINGS INC.  
Suite 500, 321 - 6th Avenue SW  
Calgary, AB T2P 3H3

12080823139

**LAND CHARGE**

**Debtor Name / Address**

**Reg. #**

ARGENT ENERGY INC.  
510-5 STREET, SW SUITE 1800  
CALGARY, AB T2P 3S2

06110102248

**LAND CHARGE**

Result Complete



# EXHIBIT 12

## TEXAS SECRETARY of STATE CARLOS H. CASCOS

[UCC](#) | [Business Organizations](#) | [Trademarks](#) | [Notary](#) | [Account](#) | [Help/Fees](#) | [Briefcase](#) | [Logout](#)

### Debtor Name Search

This debtor name search was performed on 01/26/2016 02:24 PM with the following search parameters:

DEBTOR NAME: ARGENT ENERGY (US) HOLDINGS INC.

CITY: [Not Specified]

---

No records exist which match the criteria you have entered.

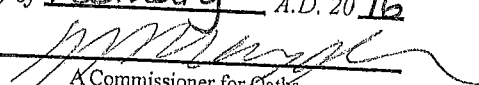
---

[Order Certificate](#) [New Search](#)

---

#### Instructions:

- Press 'New Search' if you wish to perform another web inquiry.
- Press 'Previous' or 'Next' to scroll through the results of this inquiry.
- Enter the page number and click 'GO' button to view the desired page.
- Press 'Order Search Certificate' if you wish to order a search certificate with the parameters entered for this web inquiry.
- If you wish to order only selected filings for this debtor, check by the filings and press 'Order Selected Filings'.
- Checked filings will be retained from page to page as you scroll through the results of this inquiry.
- If an order for a search certificate or selected filings is placed against this web inquiry, the web inquiry fee will be waived.
- Check 'Select All Filings' and press 'Order Selected Filings' if you wish to order copies of all filings and full filing history for the results of this web inquiry.
- To view a particular filing document, click on the image under 'View' for the desired document.

THIS IS EXHIBIT " 12 "  
referred to in the Affidavit of Declaration  
Sean Bovingdon  
Sworn before me this 16<sup>th</sup>  
day of February A.D. 20 16  
  
A Commissioner for Oaths  
in and for the Province of Alberta  
  
Kelsey Meyer  
Barrister & Solicitor



Date: 02/01/2016  
Reference: 0026610-00001  
Copies Requested: All Copies Excluding Lapsed Filings  
Page Limit: 30

Searched Through: 02/01/2016  
Subject: Argent Energy (US) Holdings, Inc.  
Jurisdiction: Secretary of State, WY  
Index Searched: Certified UCC/Federal Lien

| FILE DATE      | FILE # | TYPE OF FILING | SECURED PARTY |
|----------------|--------|----------------|---------------|
| NONE OF RECORD |        |                |               |

SEE ATTACHED CERTIFIED OR OTHER SEARCH PERFORMED BY FILING OFFICE.

Capitol Services, Inc. ★ PO Box 1831 ★ Austin, TX 78767 ★ (800)345-4647



9-9743033V

State of Wyoming • Secretary of State

Ed Murray

Business Division

2020 Carey Avenue, Suite 700, Cheyenne, WY 82002-0020

Phone 307-777-7311 • Fax 307-777-5339 • Email UCC@wyo.gov

UCC LIEN SEARCH REPORT

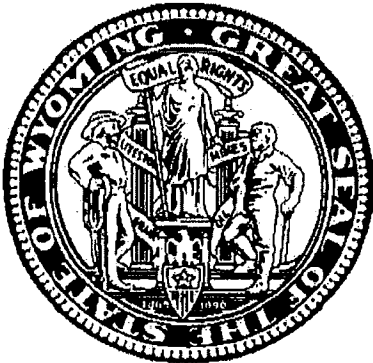
|   |  |
|---|--|
| SEND ACKNOWLEDGEMENT TO<br><b>CAPITOL SERVICES</b><br><br>USA | CONTACT NAME<br><b>PARRISH MADONIA</b><br>CONTACT PHONE<br><b>800-408-1262</b> |
|---|--|

SEARCH RESULTS INCLUDE FILINGS THROUGH 02/01/2016 11:50 AM

|   |   |
|---|---|
| SEARCH DATE<br><b>02/01/2016 11:50 AM</b>       | SEARCH CRITERIA<br><b>ARGENT ENERGY (US) HOLDINGS, INC.</b> |
| SEARCH BY<br><b>Debtor, Organization</b>        |   |
| QUERY TYPE<br><b>Standard RA9</b>               | RESULT TYPE<br><b>With Copies</b>                           |
| FILING TYPE<br><b>Active and Lapsed Filings</b> |   |

DOCUMENT ID      OLD DOCUMENT ID      INITIAL FILING DATE      LAPSE DATE      NAME

The undersigned filing officer hereby certifies that there are no active and lapsed financing statements, statements of amendment, notices of federal tax liens, severance tax liens, or producer lien notices which name the debtor listed above and specific city and which are on file in this office as of 02/01/2016 at 11:50 AM.



By: *Lisa Lytle* Filing Officer



# CAPITOL SERVICES

**Date:** 01/26/2016  
**Reference:** 0026610-00001  
**Copies Requested:** All Copies Excluding Lapsed Filings  
**Page Limit:** 30

**Searched Through:** 01/08/2016  
**Subject:** Argent Energy (US) Holdings, Inc.  
**Jurisdiction:** Secretary of State, DE  
**Index Searched:** Certified UCC/Federal Lien

| FILE DATE  | FILE #      | TYPE OF FILING      | SECURED PARTY                      |
|------------|-------------|---------------------|------------------------------------|
| 08/14/2012 | 20123133800 | Financing Statement | THE BANK OF NOVA SCOTIA<br>CALGARY |
| 07/07/2015 | 20152917762 | Amendment           |                                    |

SEE ATTACHED CERTIFIED OR OTHER SEARCH PERFORMED BY FILING OFFICE.

Capitol Services, Inc. ★ PO Box 1831 ★ Austin, TX 78767 ★ (800)345-4647



9-9743032U

# Delaware

Page 1

The First State

## CERTIFICATE

SEARCHED JANUARY 26, 2016 AT 9:33 A.M.  
FOR DEBTOR, ARGENT ENERGY (US) HOLDINGS, INC.

1 OF 1 FINANCING STATEMENT 20123133800

DEBTOR: EXPIRATION DATE: 08/14/2017  
ARGENT ENERGY (US) HOLDINGS INC.

650 N. SAM HOUSTON PKWY E., SUIT E 500  
ADDED 08-14-12

HOUSTON, TX 77060

SECURED: THE BANK OF NOVA SCOTIA

700-2ND ST. SW, STE. 2000  
ADDED 08-14-12

CALGARY, T2P2W-1

## F I L I N G H I S T O R Y

20123133800 FILED 08-14-12 AT 11:36 A.M. FINANCING STATEMENT

20152917762 FILED 07-07-15 AT 12:10 P.M. AMENDMENT

## E N D O F F I L I N G H I S T O R Y

THE UNDERSIGNED FILING OFFICER HEREBY CERTIFIES THAT THE ABOVE LISTING IS A RECORD OF ALL PRESENTLY EFFECTIVE FINANCING STATEMENTS, LAPSED FINANCING STATEMENTS, FEDERAL TAX LIENS AND UTILITY SECURITY



  
Jeffrey W. Butlock, Secretary of State

20160477466-UCC11  
SR# 20160388612

Authentication: 201727627  
Date: 01-26-16

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

# Delaware

Page 2

The First State

*INSTRUMENTS FILED IN THIS OFFICE WHICH NAME THE ABOVE DEBTOR, ARGENT ENERGY (US) HOLDINGS, INC. AS OF JANUARY 8, 2016 AT 11:59 P.M.*



  
Jeffrey W. Bullock, Secretary of State

20160477466-UCC11  
SR# 20160388612

Authentication: 201727627  
Date: 01-26-16

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



# UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

|  |            |
|--|------------|
| A. NAME & PHONE OF CONTACT AT FILER [optional]                                   |            |
|  | 8003166660 |
| B. SEND ACKNOWLEDGMENT TO: (Name and Address)                                    |            |
| CAPITOL SERVICES, INC.<br>1675 SOUTH STATE STREET, SUITE B<br><br>DOVER DE 19901 |            |

**DELAWARE DEPARTMENT OF STATE**  
**U.C.C. FILING SECTION**  
**FILED 11:36 AM 08/14/2012**  
**INITIAL FILING # 2012 3133800**  
  
**SRV: 120933511**

**1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names**

|  |                            |  |                                  |             |             |         |
|--|----------------------------|--|----------------------------------|-------------|-------------|---------|
| 1a. ORGANIZATION'S NAME                |                            |  |                                  |             |             |         |
| ARGENT ENERGY (US) HOLDINGS INC.       |                            |  |                                  |             |             |         |
| OR                                     | 1b. INDIVIDUAL'S LAST NAME |  | FIRST NAME                       | MIDDLE NAME | SUFFIX      |         |
| 1c. MAILING ADDRESS                    |                            |  | CITY                             | STATE       | POSTAL CODE | COUNTRY |
| 650 N. SAM HOUSTON PKWY E., SUIT E 500 |                            |  | HOUSTON                          | TX          | 77060       | US      |
| 1e. TYPE OF ORGANIZATION               |                            |  | 1f. JURISDICTION OF ORGANIZATION |             |             |         |
| CORPORATION                            |                            |  | DE                               |             |             |         |

**2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names**

|                          |                            |  |                                  |             |             |         |
|--------------------------|----------------------------|--|----------------------------------|-------------|-------------|---------|
| 2a. ORGANIZATION'S NAME  |                            |  |                                  |             |             |         |
| OR                       | 2b. INDIVIDUAL'S LAST NAME |  | FIRST NAME                       | MIDDLE NAME | SUFFIX      |         |
| 2c. MAILING ADDRESS      |                            |  | CITY                             | STATE       | POSTAL CODE | COUNTRY |
|                          |                            |  |                                  |             |             |         |
| 2e. TYPE OF ORGANIZATION |                            |  | 2f. JURISDICTION OF ORGANIZATION |             |             |         |
|                          |                            |  |                                  |             |             |         |

**3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)**

|                           |                            |  |            |             |             |         |
|---------------------------|----------------------------|--|------------|-------------|-------------|---------|
| 3a. ORGANIZATION'S NAME   |                            |  |            |             |             |         |
| THE BANK OF NOVA SCOTIA   |                            |  |            |             |             |         |
| OR                        | 3b. INDIVIDUAL'S LAST NAME |  | FIRST NAME | MIDDLE NAME | SUFFIX      |         |
| 3c. MAILING ADDRESS       |                            |  | CITY       | STATE       | POSTAL CODE | COUNTRY |
| 700-2ND ST. SW, STE. 2000 |                            |  | CALGARY    |             | T2P 2W1     | CA      |

**4. This FINANCING STATEMENT covers the following collateral:**

**ALL ASSETS OF DEBTOR, WHETHER TANGIBLE OR INTANGIBLE, WHETHER NOW OWNED OR  
HEREAFTER ACQUIRED OR COMING INTO EXISTENCE, AND WHEREVER LOCATED.**

|                                  |   |   |                                      |                                   |                                   |
|----------------------------------|---|---|--------------------------------------|-----------------------------------|-----------------------------------|
| 6.                               | <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) | 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional) | <input type="checkbox"/> All Debtors | <input type="checkbox"/> Debtor 1 | <input type="checkbox"/> Debtor 2 |
| 8. OPTIONAL FILER REFERENCE DATA |   |   |                                      |                                   |                                   |
| 074507.000004 - DE - STATE       |   |   |                                      |                                   |                                   |

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

DELAWARE DEPARTMENT OF STATE  
U.C.C. FILING SECTION  
FILED 12:10 PM 07/07/2015  
INITIAL FILING # 2012 3133800  
AMENDMENT # 2015 2917762  
SRV: 151016917

|  |
|--|
| A. NAME & PHONE OF CONTACT AT FILER (optional)<br><b>CAPITOL SERVICES, INC.</b>    |
| B. E-MAIL CONTACT AT FILER (optional)<br><b>TREVOR.WOMMACK@BGLLP.COM</b>           |
| C. SEND ACKNOWLEDGMENT TO: (Name and Address)<br><br><b>CAPITOL SERVICES, INC.</b> |

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER  
**20123133800 FILED ON 8/14/2012**

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  PARTY INFORMATION CHANGE:

Check one of these two boxes:

AND Check one of these three boxes to:

This Change affects  Debtor or  Secured Party of record

CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c

ADD name: Complete item 7a or 7b, and item 7c

DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

8.  COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral Indicate collateral.

**THE COLLATERAL IS AMENDED TO DELETE THE "ASSETS " DESCRIBED IN EACH ASSIGNMENT CONVEYANCE AND BILL OF SALE ATTACHED HERETO AS SCHEDULE I.**

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment) If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME

**THE BANK OF NOVA SCOTIA**

OR

9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

10. OPTIONAL FILER REFERENCE DATA:  
**074507.000007 - DE - STATE**

# EXHIBIT 13

**NOTICE OF EARLY TERMINATION AMOUNT AND SET-OFF**

TO: Argent Energy (US) Holdings Inc. ("**Argent**")  
Suite 500, 650 N. Sam Houston Parkway E.  
Houston, Texas 77060  
Attention: Vice President and Controller

COPY TO: Argent Energy Trust  
Suite 500, 321 – 6th Avenue S.W.  
Calgary, Alberta T2P 3H3  
Attention: Chief Financial Officer

RE: (1) 2002 Master Agreement dated as of June 24, 2013 between the undersigned (the "**Bank**") and Argent (including the Schedule thereto, the "**Master Agreement**")

(2) The Transaction evidenced by the Confirmation dated January 30, 2014 between Argent and the Bank, a copy of which Confirmation is attached hereto (the "**Subject Transaction**")

(3) Notice of Early Termination dated January 27, 2016 by the Bank to Argent in respect of the Subject Transaction (the "**Notice of Early Termination**")

DATE: January 28, 2016

WHEREAS:

- A. An "Event of Default" under and as defined in the Credit Agreement has occurred and is continuing (the "**CA E of D**") as a result of the failure of Argent to eliminate the Borrowing Base Shortfall (as defined in the Credit Agreement) referenced in the November 27, 2015 notice to Argent by the administration agent under the Credit Agreement within the BBS Cure Period (as defined in the Credit Agreement);
- B. The CA E of D constitutes an Event of Default under section 5(a)(vi)(1) of the Master Agreement (the "**Master Agreement E of D**"); and
- C. Pursuant to the Notice of Early Termination, the Bank designated January 28, 2016 as the Early Termination Date in respect of the Subject Transaction.

NOW THEREFORE, the Bank hereby:

- 1. gives Argent notice that the Subject Transaction has been terminated pursuant to the Master Agreement E of D and the Notice of Early Termination as at such Early Termination Date;

*This IS EXHIBIT " 13 "*  
*referred to in the Affidavit of Declaration.*

*Sean Bovingdon*  
Sworn before me this 16<sup>th</sup>

day of February A.D. 20 16

*[Signature]*  
A Commissioner for Oaths  
in and for the Province of Alberta  
Kelsey Meyer  
Barrister & Solicitor

2. gives Argent notice that the Bank has determined<sup>1</sup> the Early Termination Amount in respect of the Subject Transaction to be U.S.\$1,119,913.86, which Early Termination Amount is payable by the Bank to Argent; and
3. in accordance with section 6(f) of the Master Agreement, gives Argent notice that the Bank has set-off against the Early Termination Amount payable by the Bank an equal amount of Other Amounts owing by Argent to the Bank under the Credit Agreement.

In accordance with Section 12(a) of the Master Agreement, this notice is being sent by courier during normal business hours and will be deemed effective today.

This notice shall be governed by and construed in accordance with governing law specified in the Master Agreement.

The Bank reserves all rights and remedies provided to it in the Master Agreement or otherwise.

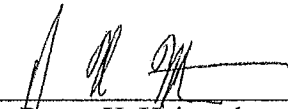
Capitalized terms used herein without express definition shall have the same meanings as set forth in the Master Agreement.

*[Remainder of Page Intentionally Left Blank]*

---

<sup>1</sup> Details of Bank's calculations are set out in the Calculation Sheet attached hereto.

**WELLS FARGO BANK, N.A.**

By:   
Name: Roger H. Heintzelman  
Title: Authorized Signatory

**CALCULATION SHEET**

**TOTAL PAYABLE BY WELLS FARGO TO ARGENT = \$1,119,913.86**

| <b><u>CALCULATION SUMMARY</u></b> |                                   |
|-----------------------------------|-----------------------------------|
| <b>CALCULATION PERIOD(S)</b>      | <b>VALUE (USD) TO WELLS FARGO</b> |
| January 2016                      | 0.00 <sup>1</sup>                 |
| February 2016                     | (108,518) <sup>2</sup>            |
| March – December 2016             | (1,011,395.86) <sup>3</sup>       |
| <b><u>Total:</u></b>              | <b><u>(1,119,913.86)</u></b>      |

1. The January 2016 Calculation Period was already settled by payment in January from Wells Fargo to Argent.
2. The value for the February 2016 Calculation Period has been calculated using the published NYMEX settlement price for the February contract:

$$(4.06 \text{ existing swap} - 2.189 \text{ Feb 16 settle}) \times 58,000 \text{ MMBtu} = \$ 108,518$$

3. The value for the March to December 2016 Calculation Periods has been calculated using the average of market quotes received on Early Termination Date:

| <b>Quote Provider</b> | <b>Quotes received</b> | <b>Quotes used to calculated average<sup>4</sup></b> | <b>Average value</b> |
|-----------------------|------------------------|--|----------------------|
| Dealer #1             | 1,005,226.00           | -  | 1,011,395.855        |
| Dealer #2             | 1,010,935.39           | 1,010,935.39   |                      |
| Dealer #3             | 1,011,856.32           | 1,011,856.32   |                      |
| Dealer #4             | 1,017,144.00           | -  |                      |

4. Average is calculated from quotes received after disregarding the highest and lowest quote.

**NOTICE OF EARLY TERMINATION AMOUNT AND SET-OFF**

TO: Argent Energy (US) Holdings Inc. ("**Argent**")

RE: (1) 2002 Master Agreement dated as of November 6, 2012 between the undersigned (the "**Bank**") and Argent (including the Schedule thereto, the "**Master Agreement**")

(2) The Transactions evidenced by the Confirmations between Argent and the Bank, copies of which Confirmations are attached hereto (the "**Subject Transaction[s]**")

(3) Notice of Early Termination dated January 27, 2016 by the Bank to Argent in respect of the Subject Transactions (the "**Notice of Early Termination**")

DATE: January 28, 2016

WHEREAS:

- A. An "Event of Default" under and as defined in the Credit Agreement has occurred and is continuing (the "**CA E of D**") as a result of the failure of Argent to eliminate the Borrowing Base Shortfall (as defined in the Credit Agreement) referenced in the November 27, 2015 notice to Argent by the administration agent under the Credit Agreement within the BBS Cure Period (as defined in the Credit Agreement);
- B. The CA E of D constitutes an Event of Default under section 5(a)(vi)(1) of the Master Agreement (the "**Master Agreement E of D**"); and
- C. Pursuant to the Notice of Early Termination, the Bank designated January 28, 2016 as the Early Termination Date in respect of the Subject Transactions.

NOW THEREFORE, the Bank hereby:

1. gives Argent notice that the Subject Transactions have been terminated pursuant to the Master Agreement E of D and the Notice of Early Termination as at such Early Termination Date;
2. gives Argent notice that the Bank has determined the Early Termination Amount in respect of the Subject Transactions to be US\$11,256,776.93 determined in accordance with the methodology set out in Exhibit A appended hereto, which Early Termination Amount is payable by the Bank to Argent; and
3. in accordance with section 6(f) of the Master Agreement, gives Argent notice that the Bank has set-off against the Early Termination Amount payable by the Bank an equal amount of Other Amounts owing by Argent to the Bank under the Credit Agreement.



Capitalized terms used herein without express definition shall have the same meanings as set forth in the Master Agreement.

**THE BANK OF NOVA SCOTIA**

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

Name:

John Pagazani

Title:

Director

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

Name:

James Cook

Title:

Senior Manager

## Exhibit A – Calculation Statement

**MARKET QUOTATIONS.** Scotia obtained the following Market Quotations on January 28, 2016:

| <u>Reference Market-maker</u>                            | <u>Quotation</u>                                       |
|--|--|
| Dealer #1  | USD 11,318,870.00                                      |
| Dealer #2  | USD 11,297,896.44                                      |
| Dealer #3  | USD 11,215,657.41                                      |
| Dealer #4  | USD 11,210,210.59                                      |
| <b>Settlement Amount (Market Quotation calculation):</b> | <b>USD 11,256,776.93 payable from Scotia to Argent</b> |

Note:

A positive Quotation reflects an amount that would be paid to Scotia by the Reference Market-maker in consideration of entering into replacement transactions in respect of the Subject Transactions that have the same economic terms of the Subject Transactions taking into account the creditworthiness of Scotia at the time of Quotation was provided and the terms of any relevant documentation, including credit support documentation, between Scotia and the relevant Reference Market-maker. The Quotations noted above pertain to the Subject Transactions taken as a single group of terminated transactions. An amount that would be paid by a Reference Market-maker translates into an amount payable by Scotia to Argent. To arrive at a commercially reasonable result, Scotia disregarded highest and lowest Quotations. The Settlement Amount noted above represents an arithmetic average of the remaining two Quotations.

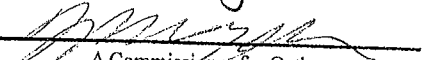
# EXHIBIT 14

THIS IS EXHIBIT " 17 "  
referred to in the Affidavit of Declaration

Sean Bovington

Sworn before me this 16<sup>th</sup>

day of February A.D. 2016

  
A Commissioner for Oaths  
in and for the Province of Alberta



ARGENT  
ENERGY TRUST

Kelsey Meyer  
Barrister & Solicitor

## ARGENT ENERGY TRUST INITIATES STRATEGIC REVIEW PROCESS

### FOR IMMEDIATE RELEASE

Calgary, Alberta, October 1, 2014 – **Argent Energy Trust** (“Argent” or the “Trust”) (TSX: AET.UN) announces a decision by its Board of Directors to initiate a process to explore a range of strategic alternatives to maximize unitholder value. The Board will oversee the strategic alternatives review process with the assistance of senior management and its appointed external financial advisor, BMO Capital Markets.

The Board will consider all alternatives to increase unitholder value, which include among other alternatives: a sale of a material portion of the assets of the Trust; a sale of the Trust, either in one transaction or in a combination of transactions; a merger or other business combination; or a joint venture or a farmout on a material portion of the assets. Following an extensive review of the Trust’s current unit price in the context of its operations, production and reserves, the Board has concluded that Argent trades at a substantial discount to the value of its underlying assets and is not getting recognition for the strategic direction implemented in April of this year which has resulted in a stabilized production base and a focus on debt repayment. The Board has determined that exploring strategic alternatives is the best course of action in order to maximize unitholder value.

The Board and its external financial advisor have not set a definitive schedule to complete this strategic review process. Argent does not intend to make any further announcements regarding the process unless and until the Board of Directors has approved a specific transaction or course of action or otherwise determines that disclosure of developments is appropriate. Argent cautions that there can be no assurances that this strategic review process will result in an acceptable transaction of any form.

In the meantime, the Trust’s monthly distribution of \$0.02 per unit remains intact.

### 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 budgets, forecasts, plans, projects, estimates, 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, realizable value of the Trust’s assets, the payment of cash distributions by the Trust, including the amount and timing of payment of cash distributions, ability to dispose of certain or all of its assets, completion of a strategic review process and ability for repayment of debt. With respect to forward-looking statements contained in this press release, assumptions have been made regarding, among other things, future oil and natural gas prices, future currency exchange and interest rates, the regulatory framework governing taxes in the US and Canada and the Trust’s status as a “mutual fund trust” and not a “SIFT trust”, and estimates of anticipated production from the Trust’s assets.

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. Argent cautions that its future oil, natural gas and natural gas liquids production, revenues, cash flows, liquidity, plans for future operations, expenses, outlook for oil and natural gas prices, timing and amount of future capital expenditures, and other forward-looking information is subject to all of the risks and uncertainties normally incident to the exploration for and development and production and sale of oil and gas.

These risks include, but are not limited to, oil and natural gas price volatility, Argent's access to cash flows and other sources of liquidity to fund its capital expenditures, its level of indebtedness, its ability to replace production, the impact of the current financial climate on Argent's anticipated business and financial condition, a lack of availability of or increases in costs of goods and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating future oil and gas production or reserves, economic conditions and other risks as described in documents and reports that Argent files with the securities commissions or similar authorities in applicable Canadian jurisdictions on the System for Electronic Document Analysis and Retrieval (SEDAR). Any of these factors could cause Argent's actual results and plans to differ materially from those contained in the forward-looking information.

There are many factors that could result in production levels being less than anticipated, including greater than anticipated declines in existing production due to poor reservoir performance, the unanticipated encroachment of water or other fluids into the producing formation, mechanical failures or human error or inability to access production facilities, among other factors. Furthermore, unlike fixed income securities, Argent has no obligation to distribute any fixed amount and reductions in, or suspension of, cash distributions may occur that would reduce future yield.

Forward-looking information is subject to a number of risks and uncertainties, including those mentioned above, that could cause actual results to differ materially from the expectations set forth in the forward-looking information. Forward-looking information is not a guarantee of future performance or an assurance that our current assumptions and projections are valid. 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. You are encouraged to closely consider the additional disclosures and risk factors contained in Argent's periodic filings on SEDAR that discuss in further detail the factors that could cause future results to be different than contemplated in this press release.

#### **Note regarding barrel of oil equivalency**

Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf to one bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency conversion ratio of six to one, utilizing a boe conversion ratio of six Mcf to one bbl may be misleading as an indication of value.

Argent is a mutual fund trust under the Income Tax Act (Canada) (the "Tax Act"). 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:**

John Elzner  
President & Chief Executive Officer  
Argent Energy Trust  
(832) 320-9206

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

# EXHIBIT 15



**ARGENT**  
ENERGY TRUST

THIS IS EXHIBIT " 15 "  
referred to in the Affidavit of Declaration

Sean Bovingdon

Sworn before me this 16<sup>th</sup>

day of February A.D. 2016

[Signature]  
A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor

## ARGENT ENERGY TRUST REPORTS 2014 YEAR END RESULTS AND 2015 OUTLOOK

### FOR IMMEDIATE RELEASE

Calgary, Alberta, March 31, 2015 – Argent Energy Trust (“Argent” or the “Trust”) (TSX: AET.UN) is pleased to provide its financial and operating results for the quarter and year ended December 31, 2014. For 2014, average production was 6,641 boe/d barrels of oil equivalent per day (“boe/d”), of which 67% was oil and NGLs, while Q4 2014 production was 6,528 boe/d, producing funds flow from operations of \$69.4 million (\$1.10 per unit of the Trust (“Unit”)) for the year and \$14.8 million (\$0.23 per Unit) for the quarter. Impairment charges on certain assets were booked in 2014 that resulted in a net loss for the year of \$301.6 million (\$4.80 per Unit). Excluding the impairment charges, the income for the year would have been \$14.0 million (\$0.22 per Unit).

The Trust’s audited consolidated financial statements for the year ended December 31, 2014 and related management’s discussion and analysis have been filed with the securities regulators and will be available under the Trust’s issuer profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) and are available on the Trust’s website at [www.argentenergytrust.com](http://www.argentenergytrust.com). A conference call for investors, analysts and any interested persons will be held on Wednesday, April 01, 2015 at 9:00am MST.

This press release contains statements that are forward looking. Investors should read the Note Regarding Forward- Looking Statements at the end of this press release. In this press release, references to “Argent” or the “Trust” include the Trust and its operating subsidiaries.

### Highlights for the quarter and year ended December 31, 2014

#### Operations

- Sales volume 2014 production increased by 19% to 6,641 boe/d (67% oil & NGL) from 5,591 boe/d in 2013, reflecting new wells coming on production and the acquisitions of properties in the second half of 2013.
- Q4 2014 sales volume was 6,528 boe/d, a decrease of 3% from 6,747 in Q4 2013, primarily due to the natural decline of Eagle Ford and South Escobas wells and the cessation of capital spending on drilling in the second half of 2014.
- 2014 oil & gas revenue increased by 16% to \$179.4 million from \$154.4 million in 2013.
- Q4 2014 oil & gas revenue decreased by 19% to \$35.9 million, from the \$44.1 million in Q4 2013, mainly due to lower oil & gas prices during the quarter.
- 2014 funds flow from operations was \$69.4 million (\$1.10 per Unit), as compared to \$64.6 million (\$1.22 per Unit) for 2013.
- Q4 2014 funds flow from operations decreased to \$14.8 million (\$0.23 per Unit), from \$18.9 million (\$0.32 per Unit) in Q4 2013, mainly due to lower oil & gas prices during the quarter.

- Netbacks from sales volumes for 2014 were \$83.9 million (\$34.60 per boe), as compared to \$77.4 million (\$37.91 per boe) in 2013. An additional \$8.5 million in netbacks was received from overriding royalties in 2014, compared to \$7.2 million in 2013.
- Netbacks from sales volumes for Q4 2014 were \$13.4 million (\$22.23 per boe), as compared to \$22.2 million (\$35.77 per boe) in Q4 2013. The decrease in netbacks was due to lower oil & gas prices during the quarter. An additional \$1.6 million in netbacks was received from overriding royalties in Q4 2014, compared to \$1.5 million in Q4 2013.
- Loss for the year-ended December 31, 2014 was \$301.6 million (\$4.80 per Unit), as compared to 2013 loss of \$87.2 million (\$1.65 per Unit). Q4 2014 loss was \$132.0 million (\$2.08 per Unit), as compared to Q4 2013 loss of \$82.1 million (\$1.38 per Unit).
- The losses in Q4 2014 and year-ended December 31, 2014 arise mainly due to the impairment charges of \$159.5 million and \$315.6 million respectively, recorded in the Trust's oil & gas properties from lower oil & gas prices, as compared to the impairment charge of \$69.3 million in Q4 and year-ended December 31, 2013. Excluding the impairment charges, the reported income for Q4 2014 and year-ended December 31, 2014 would have been \$27.5 million (\$0.43 per Unit) and \$14.0 million (\$0.22 per Unit) respectively.

*Note: Netbacks is a non-IFRS financial measure. See the Non-IFRS Financial Measure section of this press release.*

#### Investing and Financing

- Capital expenditures, excluding corporate acquisitions, decreased to \$68.3 million (\$66.7 million on oil and gas properties) in 2014, from \$105.8 million (\$103.4 million on oil and gas properties) in 2013. Q4 2014 capital expenditures decreased to \$3.3 million, from \$16.7 million in Q4 2013. During 2014, the Trust cut back on its capital program to preserve cashflow with the aim to reduce debt.
- During 2014, the Trust sold certain oil and gas properties located in Kansas for proceeds of \$10.7 million, leading to a gain on sale of \$2.4 million. The proceeds from disposition were used to pay down part of the credit facility.
- On December 10, 2014, the Trust successfully renewed the bank credit facility with a borrowing base of US\$140.0 million (\$162.4 million), noting that permission from the lender is required for draws over US\$125.0 million (\$145 million).
- Declared aggregate unitholder distributions of \$0.44 per Unit and \$0.06 per Unit during year-ended 2014 and Q4 2014 respectively.

#### *Selected Annual Information*

| (\$000 unless stated)               | 2014      | 2013      |
|-------------------------------------|-----------|-----------|
| Oil and gas sales, before royalties | \$179,404 | \$154,356 |
| Production                          |           |           |
| - Oil (bbl/d)                       | 4,133     | 3,450     |
| - NGL (bbl/d)                       | 303       | 403       |
| - Natural Gas (mcf/d)               | 13,229    | 10,429    |
| Oil & gas production (boe/d)        | 6,641     | 5,591     |
| % Oil and NGLs                      | 67%       | 69%       |



|   |             |            |
|---|-------------|------------|
| Total Netback <sup>(2)</sup>              | \$92,368    | \$84,569   |
| - per boe                                 | \$38.11     | \$41.44    |
| Netback from sales volume only            | \$83,885    | \$77,391   |
| - per boe                                 | \$34.60     | \$37.91    |
| Funds flow from operations <sup>(2)</sup> | \$69,365    | \$64,588   |
| - per boe                                 | \$28.62     | \$31.65    |
| - per Trust Unit, basic                   | \$1.10      | \$1.22     |
| Loss                                      | (\$301,556) | (\$87,228) |
| - per Trust Unit, basic                   | (\$4.80)    | (\$1.65)   |
| - per Trust Unit, fully diluted           | (\$4.80)    | (\$1.65)   |
| Total Assets                              | \$444,464   | \$712,407  |
| Non-current Liabilities                   | \$192,407   | \$257,073  |
| Distribution per Trust Unit               | \$0.44      | \$1.05     |
| Capital Expenditures <sup>(1)</sup>       | \$68,336    | \$105,809  |
| Unitholders' Equity                       | \$210,579   | \$405,259  |

Note (1): Capital expenditures exclude corporate acquisitions

Note (2): Netbacks and funds flow from operations are non-IFRS financial and additional GAAP measures respectively. See the Non-IFRS Financial and Additional GAAP Measure sections in this press release.

The operating results for the year reflect a full year of results from the Kansas and Wyoming oil weighted properties acquired in the second half of 2013 coupled with new wells coming on production in South Escobas and Eagle Ford in 2014. The positive impact of these events were partly offset by the impacts of the significant decrease in oil and gas prices and a decrease in the value of Canadian dollar in the latter half of 2014, which cumulatively represent the main drivers of the change in netbacks, funds flow from operations and loss from the prior year.

During the year ended December 31, 2014, the Trust recognized non-cash impairment charges of \$315.6 million. The impairment losses recognized were the difference between the carrying amount of each cash generating unit ("CGU") and its fair value less costs of disposal. The major elements of these charges were an impairment of \$142.6 million on its Texas unconventional oil CGU which includes the Austin Chalk, Eagle Ford and the production payment, an impairment of \$75.4 million on its Texas conventional oil CGU and an impairment of \$36.7 million related to undeveloped leasehold acreage located in the Eagle Ford Shale and Buda formations. The non-cash impairment charge on the Texas unconventional and conventional oil CGUs resulted mainly from the decline in realized forecast oil price in the latter half of 2014. The non-cash impairment charge on the leasehold acreage arose due to the downward revision of reserves associated with the Texas unconventional oil CGU, resulting in reduced prospectivity of the leasehold and substantive expenditure for further exploration in this area no longer being planned.

For the year ended December 31, 2014, the Trust incurred capital expenditures of approximately \$66.7 million in the development of its oil & gas properties, of which \$11.8 million was spent on facilities and capital improvement on approximately 75 wells. The Trust successfully drilled and completed a total of eight wells; six Eagle Ford oil wells and two South Escobas gas wells.

As at December 31, 2014, the Trust had a net working capital surplus of \$9.8 million and undrawn availability under its committed credit facility of approximately \$42.9 million (US\$37 million) providing sufficient liquidity to fund its obligations. The credit facility was renewed on December 10, 2014, and in conjunction with its renewal, the borrowing base was revised to \$162.4 million (US\$140 million). The next redetermination date is May 31, 2015.

## **2015 Outlook**

On October 1, 2014, the Trust announced a decision by its Board of Directors to initiate a process to explore a range of strategic alternatives to maximize unitholder value. The Board oversaw the strategic alternatives review process with the assistance of senior management and its appointed external financial advisor, BMO Capital Markets.

The Board considered all alternatives to increase unitholder value, which included, but was not limited to: a sale of a material portion of the assets of the Trust; a sale of the Trust, either in one transaction or in a combination of transactions; a merger or other business combination; or a joint venture or a farmout on a material portion of the assets.

The external advisor conducted a well-attended process which resulted in the receipt of a significant number of bids ranging from individual fields to the entire set of assets. With the recent plunge in commodity prices, bid levels failed to achieve an acceptable level and after review with the Board, the external advisor has been instructed to conclude the corporate process. The Trust will continue to market a combination of certain assets with the goal to utilize proceeds to pay down the existing credit facility, which is currently US\$108 million drawn.

In order to preserve cash and maintain compliance and liquidity in the low commodity price environment, the Trust will be suspending all monthly distributions to unitholders commencing with the month of April 2015, and is reducing its capital expenditure budget for 2015 to US\$12 million, representing already committed development capital on eight gross (1.25 net) Parkman formation wells in Wyoming and necessary maintenance and workover capital for the balance of the year. The 2015 capital budget is based on a 2015 oil price forecast for WTI of US\$50 per barrel. The Trust will also be undertaking a further reduction of its ongoing overhead costs, both in Calgary and Houston. To assist management with the formation and execution of the strategic plan, the Board has appointed Mr. Richard Loudon as Executive Chairman. Mr. Loudon has been on the Argent Board since May 2012 and was the Co-Chief Executive Officer and President of Argent. He has extensive experience in marketing oil and gas assets through his previous position as CEO and co-founder of Denali Oil and Gas LLC. Including his nine years with Denali, he has over 35 years of operation and management experience in the oil and gas industry. The Board, including Mr. Loudon, continue to forego any compensation for their service.

These measures will allow for the Trust to manage through the challenging market conditions and maintain financial flexibility using its US\$140 million credit facility, while it continues with marketing the sale of certain assets. For 2015 Argent has 2,000 net bbl/d of oil hedged at WTI oil prices of US\$90/bbl equivalent or higher and 6,000 net mmbtu/d of natural gas hedged at an average price of US\$4.12/mmbtu, which will assist in supporting the funds flow from operations.

## **Conference Call Details**

Management of Argent will host a conference call for investors, financial analysts, media and any interested persons on Wednesday, April 01, 2015 at 9:00 a.m. MST (11:00 a.m. EST) to discuss Q4 2014 results. To participate in the live call please use one of the following methods:

|                                       |                |
|---------------------------------------|----------------|
| Dial toll free from Canada or the US: | 1-888-390-0546 |
| Dial from outside Canada or the US:   | 1-416-764-8688 |
| Pass Code:                            | 56049674       |

Participants should dial in five to ten minutes before the call.

The conference call will be recorded and available until April 08, 2015 at 23:59 EST. You can listen to an archive of the call by dialing in:

Dial toll free from Canada or the US: 1-888-390-0541

Dial from outside Canada or the US: 1-416-764-8677

Pass Code: 049674

### **Non-IFRS Financial Measure**

Statements throughout this press release make reference to the term “netbacks”, which is a non-IFRS financial measure that does not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Management believes that “netbacks” provides useful information to investors and management since this measure is commonly used by other oil and gas companies. “Netbacks” is equal to oil, natural gas and NGL sales revenue less royalties, transportation costs, production taxes and operating expenses. Other financial data has been prepared in accordance with IFRS.

### **Additional GAAP Measure**

In this press release, the Trust refers to an additional GAAP measure that does not have any standardized meaning as prescribed by IFRS. “Funds flow from operations” is considered an additional GAAP measure and is equal to cash provided by operating activities, before changes for non-cash working capital, as stated in the Trust’s unaudited interim consolidated financial statements. We believe funds flow from operations, which is not impacted by fluctuations in non-cash working capital balances, is more indicative of operational performance.

### **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 budgets, forecasts, plans, projects, estimates, 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, Argent’s capital program, drilling and completion plans (including fracing), oil, natural gas and NGL production rates, operating costs, production growth, hedging activities, the payment of cash distributions by the Trust, including the amount and timing of payment of cash distributions, source of funding for capital expenditures, timing of drilling and completion of its Parkman wells, the Trust’s ability to maintain compliance and liquidity, the Trust’s ability to market certain assets and pay down amounts drawn under its credit facility, the Trust’s ability to achieve success with its Houston management team, and the ability to reduce overhead costs in Calgary and Houston.

With respect to forward-looking statements contained in this press release, assumptions have been made regarding, among other things, future oil and natural gas prices, future currency exchange and interest rates, the regulatory framework governing taxes in the US and Canada and the Trust’s status as a “mutual fund trust” and not a “SIFT trust”, estimates of anticipated production from the Trust’s assets, which estimates are based on the proposed drilling and completion program with a success rate that, in turn, is based upon historical drilling and completion success and an evaluation of the particular wells to be drilled and completed, future recoverability of reserves from the assets, future potential and experience and performance of its Houston management team, future capital expenditures and the ability of the Trust to obtain financing on acceptable terms for its capital projects and future acquisitions, and the Trust’s capital budget (which is subject to change in light of ongoing results, prevailing economic circumstances, commodity prices and industry conditions and regulations).

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. Argent cautions that its future oil, natural gas and natural gas liquids production, revenues, cash flows, liquidity, plans for future operations, expenses, outlook for oil and natural gas prices, timing and amount of future capital expenditures, and other forward-looking information is subject to all of the risks and uncertainties normally incident to the exploration for and development and production and sale of oil and gas.

These risks include, but are not limited to, oil and natural gas price volatility, Argent's access to cash flows and other sources of liquidity to fund its capital expenditures, its level of indebtedness, its ability to replace production, the impact of the current financial climate on Argent's anticipated business and financial condition, a lack of availability of or increases in costs of goods and services, a lack of performance of its staff or ability to retain experienced personnel, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating future oil and gas production or reserves, economic conditions and other risks as described in documents and reports that Argent files with the securities commissions or similar authorities in applicable Canadian jurisdictions on the System for Electronic Document Analysis and Retrieval (SEDAR). Any of these factors could cause Argent's actual results and plans to differ materially from those contained in the forward-looking information.

Forward-looking information is subject to a number of risks and uncertainties, including those mentioned above, that could cause actual results to differ materially from the expectations set forth in the forward-looking information. Forward-looking information is not a guarantee of future performance or an assurance that our current assumptions and projections are valid. 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. You are encouraged to closely consider the additional disclosures and risk factors contained in Argent's periodic filings on SEDAR that discuss in further detail the factors that could cause future results to be different than contemplated in this press release.

#### **Note regarding barrel of oil equivalency**

Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf to one bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency conversion ratio of six to one, utilizing a boe conversion ratio of six Mcf to one bbl may be misleading as an indication of value.

Argent is a mutual fund trust under the Income Tax Act (Canada) (the "Tax Act"). 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)

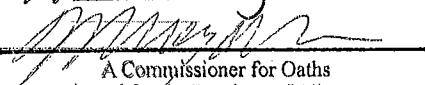
#### **For further information concerning this press release, please contact:**

John Elzner  
President & Chief Executive Officer  
Argent Energy Trust  
(281) 847-1888

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

# EXHIBIT 16



THIS IS EXHIBIT " 16 "  
 referred to in the Affidavit of Declaration  
Sean Bovingdon  
 Sworn before me this 16<sup>th</sup>  
 day of February A.D. 20 16  
  
 A Commissioner for Oaths  
 in and for the Province of Alberta

Blake, Cassels & Graydon LLP  
 Barristers & Solicitors  
 Patent & Trade-mark Agents  
 855 - 2nd Street S.W.  
 Suite 3500, Bankers Hall East Tower  
 Calgary AB T2P 4J8 Canada  
 Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa  
 Dir: 403-260-9697  
 Kelly.bourassa@blakes.com

February 16, 2016

Kelsey Meyer  
 Barrister & Solicitor

Reference: 80517/128

VIA FACSIMILE  
 (403) 770-4850

Argent Energy Trust  
 Suite 500, 321-6<sup>th</sup> Avenue SW  
 Calgary, Alberta T2P 3H3

Attention: Chief Financial Officer

Dear Sir:

**Re: Demand for Payment**

As counsel to The Bank of Nova Scotia, the Administrative Agent (the "**Agent**") for and on behalf of certain other financial Institutions as lenders (the "**Lenders**"), we hereby advise Argent Energy Trust (the "**Guarantor**") as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) an amended and restated credit agreement between the Argent Energy (US) Holdings Inc. (the "**Borrower**"), the Agent and the Lenders dated as of October 25, 2012, 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 made effective 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, as amended from time to time to the date hereof (collectively, the "**Credit Agreement**");
  - (b) an unlimited letter of guarantee granted by the Guarantor in favour of the Agent dated August 10, 2012 (the "**Loan Party Guarantee**");
  - (c) a demand debenture granted by the Guarantor in favour of the Agent dated August 10, 2012, as supplemented by a first supplemental debenture dated December 28, 2012;
  - (d) a securities pledge agreement between the Guarantor and the Agent made as of January 6, 2016; and

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(e) confirmations of guarantee and security granted by the Guarantor in favour of the Agent dated October 25, 2012, May 14, 2013, May 28, 2013, October 25, 2013, June 30, 2013, December 8, 2014, May 11, 2015, June 30, 2015 and November 30, 2015,

(the items listed in (c) and (d) above are collectively referred to as the "**Security**").

3. Events of Default have occurred and are continuing under the Credit Agreement, including, but not limited to:

(a) the Borrower has failed to eliminate the Borrowing Base Shortfall as required within the sixty (60) day BBS Cure Period, which BBS Cure Period expired on January 26, 2016 (section 3.5(l) and 10.1(p) of the Credit Agreement); and

(b) an Event of Default (as defined in a convertible debenture indenture evidencing Debt) has occurred and is existing under such convertible debenture indenture evidencing Debt, and as a result, a Loan Party is in default under a term or provision of an agreement (other than the Credit Agreement) with a person evidencing an amount in excess of \$2,500,000 (section 10.1(e) of the Credit Agreement).

4. Pursuant to the Loan Party Guarantee, the Guarantor guaranteed the prompt payment and performance of all present and future indebtedness, liabilities and obligations of any and every kind, nature and description of the Borrower to the Secured Parties (as defined in the Loan Party Guarantee) under or in connection with the Credit Agreement or any other Loan Document.


5. The Borrower is indebted to the Lender in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor and his own client basis in respect of enforcing the Lenders' rights under the Loan Documents. For greater certainty, interest continues to accrue on the Borrowings and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Calgary time on February 26, 2016, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Loan Party Guarantee, the Credit Agreement and the Security.

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6. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Yours truly,



Kelly J. Bourassa  
KELB/jr

- c: The Agent and the Lenders  
Sean Zweig and Kelsey Meyer, Bennett Jones LLP  
Charles Beckham and Kelli Stephenson, Haynes and Boone, LLP



## SCHEDULE A – OUTSTANDING INDEBTEDNESS

| Category                   | Amount (as at February 16, 2016) |
|----------------------------|----------------------------------|
| <b>Syndicated Facility</b> | US \$50,623,309.11               |
| <b>Operating Facility</b>  | US \$1,300,000.00                |
| <b>Interest</b>            | US \$1,300,000.00                |
| <b>Default Interest</b>    | US \$36,060.44                   |
| <b>Total</b>               | <b>US \$52,058,535.76</b>        |

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

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Form 86

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: ARGENT ENERGY TRUST, an insolvent person (the "**Debtor**")

Take notice that:

1. The Bank of Nova Scotia, the agent (the "**Agent**"), for and on behalf of certain financial institutions as lenders (the "**Lenders**") pursuant to:

- (a) an amended and restated credit agreement between the Argent Energy (US) Holdings Inc., the Agent and the Lenders dated as of October 25, 2012, 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 made effective 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, as amended from time to time to the date hereof (collectively, the "**Credit Agreement**"); and
- (b) an unlimited letter of guarantee granted by the Guarantor in favour of the Agent dated August 10, 2012,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

2. The security that is to be enforced is in the form of the following:

- (a) a demand debenture granted by the Guarantor in favour of the Agent dated August 10, 2012, as supplemented by a first supplemental debenture dated December 28, 2012; and
- (b) a securities pledge agreement between the Guarantor and the Agent made as of January 6, 2016,

(items (a) and (b) above are collectively referred to as the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all

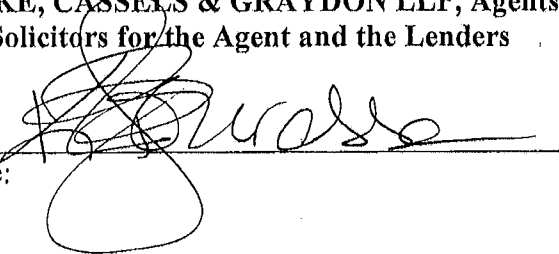
legal costs incurred on a solicitor and his own client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The Agent will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 16<sup>th</sup> day of February, 2016.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders**

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



## SCHEDULE A – OUTSTANDING INDEBTEDNESS

| Category                   | Amount (as at February 16, 2016) |
|----------------------------|----------------------------------|
| <b>Syndicated Facility</b> | US \$50,623,309.11               |
| <b>Operating Facility</b>  | US \$1,300,000.00                |
| <b>Interest</b>            | US \$1,300,000.00                |
| <b>Default Interest</b>    | US \$36,060.44                   |
| <b>Total</b>               | <b>US \$52,058,535.76</b>        |

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

WAIVER

Argent Energy Trust, hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Calgary, Alberta this \_\_\_\_ day of February, 2016.

**ARGENT ENERGY TRUST**

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



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trade-mark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

February 16, 2016

Kelly Bourassa  
Dir: 403-260-9697  
Kelly.bourassa@blakes.com

Reference: 80517/128

**VIA FACSIMILE**  
(281) 847-1898

Argent Energy (US) Holdings Inc.  
2 Houston Center, 909 Fannin Street, 10<sup>th</sup> Fl.  
Houston, Texas 77010

Attention: Steve Hicks

Dear Sir:

**Re: Demand for Payment**

As counsel to The Bank of Nova Scotia, the Administrative Agent (the "**Agent**") for and on behalf of certain other financial institutions as lenders (the "**Lenders**"), we hereby advise Argent Energy (US) Holdings Inc. (the "**Borrower**") as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) an amended and restated credit agreement between the Borrower, the Agent and the Lenders dated as of October 25, 2012, 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 made effective 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, as amended from time to time to the date hereof (collectively, the "**Credit Agreement**");
  - (b) a pledge and security agreement dated as of August 10, 2012 by and among the Borrower and the Agent, for the benefit of the Agent, the Lenders and the Swap Lenders;
  - (c) certain U.S. deeds of trust, mortgages, and related documents as more particularly described in Schedule "A" hereto (collectively, the "**Mortgage Documents**"); and
  - (d) a reservation of rights letter dated January 27, 2016 from the Agent to the Borrower,  
  
(the items listed in (b) and (c) above are collectively referred to as the "**Security**").

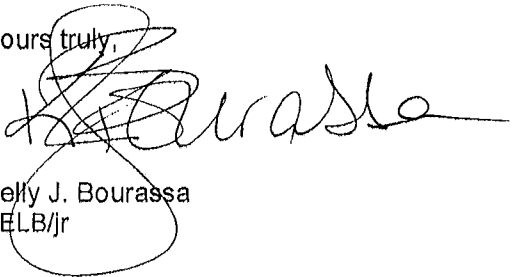
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3. Events of Default have occurred and are continuing under the Credit Agreement, including, but not limited to:
  - (a) the Borrower has failed to eliminate the Borrowing Base Shortfall as required within the sixty (60) day BBS Cure Period, which BBS Cure Period expired on January 26, 2016 (section 3.5(l) and 10.1(p) of the Credit Agreement); and
  - (b) an Event of Default (as defined in a convertible debenture indenture evidencing Debt) has occurred and is existing under such convertible debenture indenture evidencing Debt, and as a result, a Loan Party is in default under a term or provision of an agreement (other than the Credit Agreement) with a person evidencing an amount in excess of \$2,500,000 (section 10.1(e) of the Credit Agreement).
4. Pursuant to section 10.2 of the Credit Agreement, upon the occurrence of an Event of Default, the Agent may, on behalf of the Lenders and with the approval of the Majority Lenders, by written notice: (1) declare the Total Commitment and the right of the Borrower to apply for further Accommodations terminated; and (2) declare all Borrowings and other indebtedness and liabilities (whether matured or unmatured) of the Borrower to the Agent and the Lenders (including the face amount of all Bankers' Acceptances and Letters of Credit) to be immediately due and payable without further demand, presentation, protest, or other notice of any kind, all of which are expressly waived by the Borrower.
5. Accordingly, the Agent, on behalf of the Lenders, hereby terminates the Total Commitment and each Lender's Commitment, declares immediately due and payable and demands payment from the Borrower of the Borrowings, with interest thereon at the rates determined in accordance with the Credit Agreement, in the amounts set out in Schedule "B" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor and his own client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security. For greater certainty, interest continues to accrue on the Borrowings and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").
6. If the Borrower fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Calgary time on

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February 26, 2016, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Borrower under the Credit Agreement and the Security.

Yours truly,



Kelly J. Bourassa  
KELB/jr

c: Argent Energy Trust  
Argent Energy (Canada) Holdings Inc.  
The Agent and the Lenders  
Sean Zweig and Kelsey Meyer, Bennett Jones LLP  
Charles Beckham and Kelli Stephenson, Haynes and Boone, LLP

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## SCHEDULE A – MORTGAGE DOCUMENTS

1. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 10, 2012, filed in the official real property records of Atascosa County, Texas on August 23, 2012 and recorded in Instrument No. 134309.
2. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 10, 2012, filed in the official real property records of Brooks County, Texas on August 23, 2012 and recorded in Instrument No. 92036, Volume 325, Page 1.
3. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 10, 2012, filed in the official real property records of Duval County, Texas on August 28, 2012 and recorded in Instrument No. 12-5064, Volume 1617, Page 232.
4. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 10, 2012, filed in the official real property records of Fayette County, Texas on August 24, 2012 and recorded in Instrument No. 2012-4813, Volume 560, Page 123.
5. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 10, 2012, filed in the official real property records of Gonzales County, Texas on August 24, 2012 and recorded in Instrument No. 0260386, Volume 1097, Page 676.
6. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 10, 2012, filed in the official real property records of Houston County, Texas on August 23, 2012 and recorded in Instrument No. 1205592.
7. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 10, 2012, filed in the official real property records of Lavaca County, Texas on August 29, 2012 and recorded in Instrument No. 192947, Volume 587, Page 763.
8. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 10, 2012, filed in the official real property records of Robertson County, Texas on August 23, 2012 and recorded in Instrument No. 20124112, Volume 1179, Page 1.
9. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 10, 2012, filed in the official real property records of Webb County, Texas on August 23, 2012 and recorded in Instrument No. 1143181, Volume 3307, Page 177.
10. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 10, 2012, filed in the official real property records of Wilson County, Texas on August 23, 2012 and recorded in Instrument No. 00016146, Volume 1677, Page 792.
11. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated

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- August 10, 2012, filed in the official real property records of Zapata County, Texas on August 28, 2012 and recorded in Instrument No. 2012-00165437, Volume 914, Page 208.
12. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 10, 2012, filed in the official real property records of Zavala County, Texas on August 24, 2012 and recorded in Instrument No. 085594, Volume 336, Page 125.
  13. **First Supplement to Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 28, 2012, filed in the official real property records of Atascosa County, Texas on August 31, 2012 and recorded in Instrument No. 134592.
  14. **First Supplement to Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 28, 2012, filed in the official real property records of Gonzales County, Texas on September 4, 2012 and recorded in Instrument No. 0260642, Volume 1098, Page 732.
  15. **First Supplement to Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated August 28, 2012, filed in the official real property records of Wilson County, Texas on August 31, 2012 and recorded in Instrument No. 00016405, Volume 1679, Page 355.
  16. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated October 25, 2012, filed in the official real property records of Brazoria County, Texas on October 26, 2012 and recorded in Instrument No. 2012049046.
  17. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated December 28, 2012, filed in the official real property records of Atascosa County, Texas on December 31, 2012 and recorded in Instrument No. 137751.
  18. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated December 28, 2012, filed in the official real property records of Kenedy County, Texas on January 2, 2013 and recorded in Instrument No. 10462, Volume 57, Page 56.
  19. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated December 28, 2012, filed in the official real property records of Newton County, Texas on January 3, 2013 and recorded in Instrument No. 152848, Volume 628, Page 207.

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20. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated December 28, 2012, filed in the official real property records of Polk County, Texas on January 4, 2013 and recorded in Instrument No. 2013-0131, Volume 1877, Page 582.
21. **Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated December 28, 2012, filed in the official real property records of Tyler County, Texas on January 2, 2013 and recorded in Volume 1062, Page 368.
22. **Mortgage, Line of Credit Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated October 25, 2013, filed in the official real property records of Cheyenne County, Colorado on October 30, 2013 and recorded in Instrument No. 237467.
23. **Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated October 25, 2013, filed in the official real property records of Campbell County, Wyoming on October 31, 2013 and recorded in Instrument No. 989525, Volume 2828, Page 452.
24. **Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated October 25, 2013, filed in the official real property records of Crook County, Wyoming on October 29, 2013 and recorded in Instrument No. 629080, Volume 536, Page 322.
25. **Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated October 25, 2013, filed in the official real property records of Johnson County, Wyoming on October 29, 2013 and recorded in Instrument No. 133668, Volume 350, Page 530.
26. **Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated October 25, 2013, filed in the official real property records of Niobrara County, Wyoming on October 31, 2013 and recorded in Instrument No. 417471, Volume 466, Page 125.
27. **Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated October 25, 2013, filed in the official real property records of Weston County, Wyoming on October 31, 2013 and recorded in Instrument No. 747463, Volume 348, Page 0395.
28. **Second Supplement to Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated February 11, 2016, filed in the official real property records of Fayette County, Texas on February 16, 2016 and recorded in Instrument No. 16-00870.

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29. **Second Supplement to Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated February 11, 2016, filed in the official real property records of Gonzales County, Texas on February 16, 2016 in Document No. 16284470, Volume 1219, Page 464.
30. **Second Supplement to Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated February 11, 2016, filed in the official real property records of Polk County, Texas on February 16, 2016 in File No. M255328.
31. **Second Supplement to Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production** from Argent Energy (US) Holdings Inc., to The Bank of Nova Scotia, as Agent dated February 11, 2016, filed in the official real property records of Zapata County, Texas on February 16, 2016 in Document No. 2016-00173544, Book OR, Volume 975, Page 407.

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## SCHEDULE B – OUTSTANDING INDEBTEDNESS

| Category                   | Amount (as at February 16, 2016) |
|----------------------------|----------------------------------|
| <b>Syndicated Facility</b> | US \$50,623,309.11               |
| <b>Operating Facility</b>  | US \$1,300,000.00                |
| <b>Interest</b>            | US \$1,300,000.00                |
| <b>Default Interest</b>    | US \$36,060.44                   |
| <b>Total</b>               | <b>US \$52,058,535.76</b>        |

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

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Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trade-mark Agents  
865 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

February 16, 2016

Kelly Bourassa  
Dir: 403-260-9697  
Kelly.bourassa@blakes.com

Reference: 80517/128

**VIA FACSIMILE**  
(403) 770-4850

Argent Energy (Canada) Holdings Inc.  
Suite 500, 321-6<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3H3

Attention: Chief Financial Officer

Dear Sir:

**Re: Demand for Payment**

As counsel to The Bank of Nova Scotia, the Administrative Agent (the "**Agent**") for and on behalf of certain other financial institutions as lenders (the "**Lenders**"), we hereby advise Argent Energy (Canada) Holdings Inc. (the "**Guarantor**") as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) an amended and restated credit agreement between the Argent Energy (US) Holdings Inc. (the "**Borrower**"), the Agent and the Lenders dated as of October 25, 2012, 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 made effective 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, as amended from time to time to the date hereof (collectively, the "**Credit Agreement**");
  - (b) an unlimited letter of guarantee granted by the Guarantor in favour of the Agent dated August 10, 2012 (the "**Loan Party Guarantee**");
  - (c) a demand debenture granted by the Guarantor in favour of the Agent dated August 10, 2012, as supplemented by a first supplemental debenture dated December 28, 2012;
  - (d) a securities pledge agreement between the Guarantor and the Agent made as of January 6, 2016; and

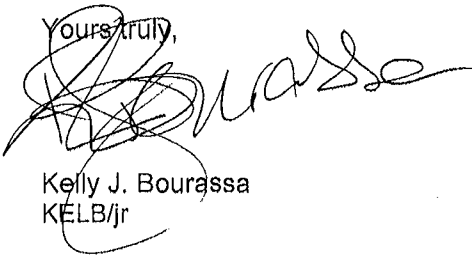
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- (e) confirmations of guarantee and security granted by the Guarantor in favour of the Agent dated October 25, 2012, May 14, 2013, May 28, 2013, October 25, 2013, June 30, 2013, December 8, 2014, May 11, 2015, June 30, 2015 and November 30, 2015,
- (the items listed in (c) and (d) above are collectively referred to as the "**Security**").
3. Events of Default have occurred and are continuing under the Credit Agreement, including, but not limited to:
- (a) the Borrower has failed to eliminate the Borrowing Base Shortfall as required within the sixty (60) day BBS Cure Period, which BBS Cure Period expired on January 26, 2016 (section 3.5(l) and 10.1(p) of the Credit Agreement); and
- (b) an Event of Default (as defined in a convertible debenture indenture evidencing Debt) has occurred and is existing under such convertible debenture indenture evidencing Debt, and as a result, a Loan Party is in default under a term or provision of an agreement (other than the Credit Agreement) with a person evidencing an amount in excess of \$2,500,000 (section 10.1(e) of the Credit Agreement).
4. Pursuant to the Loan Party Guarantee, the Guarantor guaranteed the prompt payment and performance of all present and future indebtedness, liabilities and obligations of any and every kind, nature and description of the Debtor to the Secured Parties (as defined in the Loan Party Guarantee) under or in connection with the Credit Agreement or any other Loan Document.
5. The Borrower is indebted to the Lender in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor and his own client basis in respect of enforcing the Lenders' rights under the Loan Documents. For greater certainty, interest continues to accrue on the Borrowings and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Calgary time on February 26, 2016, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Loan Party Guarantee, the Credit Agreement and the Security.

6. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Yours truly,



Kelly J. Bourassa  
KELB/jr

- c: The Agent and the Lenders  
Sean Zweig and Kelsey Meyer, Bennett Jones LLP  
Charles Beckham and Kelli Stephenson, Haynes and Boone, LLP

31235822.6



## SCHEDULE A – OUTSTANDING INDEBTEDNESS

| Category                   | Amount (as at February 16, 2016) |
|----------------------------|----------------------------------|
| <b>Syndicated Facility</b> | US \$50,623,309.11               |
| <b>Operating Facility</b>  | US \$1,300,000.00                |
| <b>Interest</b>            | US \$1,300,000.00                |
| <b>Default Interest</b>    | US \$36,060.44                   |
| <b>Total</b>               | <b>US \$52,058,535.76</b>        |

Plus all Interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

31235822.6

Form 86

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: ARGENT ENERGY (CANADA) HOLDINGS INC., an insolvent person (the "**Debtor**")

Take notice that:

1. The Bank of Nova Scotia, the agent (the "**Agent**"), for and on behalf of certain financial institutions as lenders (the "**Lenders**") pursuant to:

- (a) an amended and restated credit agreement between the Argent Energy (US) Holdings Inc., the Agent and the Lenders dated as of October 25, 2012, 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 made effective 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, as amended from time to time to the date hereof (collectively, the "**Credit Agreement**"); and
- (b) an unlimited letter of guarantee granted by the Guarantor in favour of the Agent dated August 10, 2012,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

2. The security that is to be enforced is in the form of the following:

- (a) a demand debenture granted by the Guarantor in favour of the Agent dated August 10, 2012, as supplemented by a first supplemental debenture dated December 28, 2012; and
- (b) a securities pledge agreement between the Guarantor and the Agent made as of January 6, 2016,

(items (a) and (b) above are collectively referred to as the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all

legal costs incurred on a solicitor and his own client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The Agent will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 16<sup>th</sup> day of February, 2016.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders**

per: 

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

Title: 

## SCHEDULE A – OUTSTANDING INDEBTEDNESS

| <u>Category</u>            | <u>Amount (as at February 16, 2016)</u> |
|----------------------------|---|
| <b>Syndicated Facility</b> | US \$50,623,309.11                      |
| <b>Operating Facility</b>  | US \$1,300,000.00                       |
| <b>Interest</b>            | US \$1,300,000.00                       |
| <b>Default Interest</b>    | US \$36,060.44                          |
| <b>Total</b>               | <b>US \$52,058,535.76</b>               |

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

WAIVER

Argent Energy (Canada) Holdings Inc., hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Calgary, Alberta this \_\_\_\_ day of February, 2016.

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

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

# EXHIBIT 17

CLERK'S STAMP

COURT FILE NUMBER

COURT

JUDICIAL CENTRE

COURT OF QUEEN'S BENCH OF ALBERTA

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  
ARRANGEMENT OF ARGENT ENERGY  
TRUST, ARGENT ENERGY (CANADA)  
HOLDINGS INC. and ARGENT ENERGY (US)  
HOLDINGS INC.

DOCUMENT

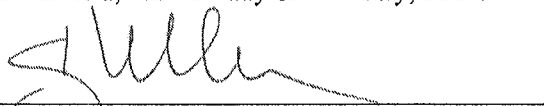
CONSENT OF MONITOR TO ACT

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

McCarthy Tétrault LLP  
Suite 4000, 421 - 7th Avenue SW  
Calgary, AB T2P 4K9  
Sean F. Collins/Walker Macleod  
Telephone: (403) 260-3531/(403)260-3710  
Fax: (403) 260-3501  
Email: scollins@mccarthy.ca  
wmacleod@mccarthy.ca

FTI Consulting hereby consents to act as Monitor of the Applicants, Argent Energy Trust, Argent Energy (Canada) Holdings Inc. and Argent Energy (US) Holdings Inc. with respect to the *Companies Creditor's Arrangement Act* proceedings to commence on or about February 17, 2016.

Dated at the City of Calgary, in the Province  
of Alberta, this 12<sup>th</sup> day of February, 2016.

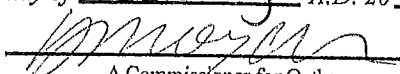
  
Per: Deryck Helkaa  
FYI Consulting Canada Inc.

THIS IS EXHIBIT " 17 "  
referred to in the Affidavit of Declaration

Sean Bovington

Sworn before me this 16<sup>th</sup>

day of February A.D. 20 16

  
A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor

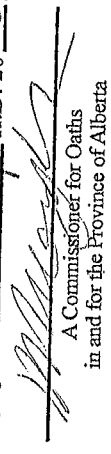
# EXHIBIT 18



Argent  
Consolidated Weekly Cash Flow Statement

| Week Ending                       | To projected Completion of CCAA Proceedings |                           |                           |                           |                          |                           |                           |                           |                          |                           |                            |                            |                            |                           |                            |                            | Total Initial Stay | Total Forecast Period | Notes   |         |         |       |
|-----------------------------------|---|---------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|--------------------------|---------------------------|----------------------------|----------------------------|----------------------------|---------------------------|----------------------------|----------------------------|--------------------|-----------------------|---------|---------|---------|-------|
|                                   | Week 1<br>5-Feb<br>3,518                    | Week 2<br>12-Feb<br>3,619 | Week 3<br>19-Feb<br>3,517 | Week 4<br>26-Feb<br>3,413 | Week 5<br>5-Mar<br>3,413 | Week 6<br>12-Mar<br>3,413 | Week 7<br>19-Mar<br>3,413 | Week 8<br>26-Mar<br>3,413 | Week 9<br>2-Apr<br>3,312 | Week 10<br>9-Apr<br>3,312 | Week 11<br>16-Apr<br>3,312 | Week 12<br>23-Apr<br>3,223 | Week 13<br>30-Apr<br>3,223 | Week 14<br>7-May<br>3,223 | Week 15<br>14-May<br>3,223 | Week 16<br>21-May<br>3,142 |                    |                       |         |         |         |       |
| Production (boe/d)                | 450   | 137                       | 5                         | 1,915                     | 653                      | -                         | 1,429                     | 476                       | -                        | 1,503                     | 501                        | -                          | -                          | 1,475                     | 492                        | 8,424                      | 1                  |                       |         |         |         |       |
| Cash Receipts                     | -   | -                         | -                         | -                         | -                        | -                         | -                         | -                         | -                        | -                         | -                          | -                          | -                          | -                         | -                          | -                          | -                  |                       |         |         |         |       |
| Cash Disbursements                | (27)  | (41)                      | (43)                      | (450)                     | (31)                     | (34)                      | (362)                     | (34)                      | (390)                    | (34)                      | (34)                       | (34)                       | (34)                       | (34)                      | (34)                       | (34)                       | (1,706)            |                       |         |         |         |       |
| Royalty Expense                   | (296)                                       | (317)                     | (341)                     | (341)                     | (341)                    | (341)                     | (341)                     | (341)                     | (341)                    | (341)                     | (341)                      | (341)                      | (341)                      | (341)                     | (341)                      | (341)                      | (241)              |                       |         |         |         |       |
| Severance Taxes                   | (599)                                       | (43)                      | (243)                     | (89)                      | (238)                    | (238)                     | (238)                     | (238)                     | (238)                    | (238)                     | (238)                      | (238)                      | (238)                      | (238)                     | (238)                      | (238)                      | (43)               |                       |         |         |         |       |
| Ad Valorem                        | (9)   | (9)                       | (9)                       | (9)                       | (9)                      | (9)                       | (9)                       | (9)                       | (9)                      | (9)                       | (9)                        | (9)                        | (9)                        | (9)                       | (9)                        | (9)                        | (9)                |                       |         |         |         |       |
| Operating Costs                   | (33)  | (65)                      | (75)                      | (76)                      | (76)                     | (76)                      | (76)                      | (76)                      | (76)                     | (76)                      | (76)                       | (76)                       | (76)                       | (76)                      | (76)                       | (76)                       | (1,000)            |                       |         |         |         |       |
| G&A                               | -   | (159)                     | (62)                      | (164)                     | (164)                    | (164)                     | (164)                     | (164)                     | (164)                    | (164)                     | (164)                      | (164)                      | (164)                      | (164)                     | (164)                      | (164)                      | (6,074)            |                       |         |         |         |       |
| Capital Expenditures              | (200)                                       | (59)                      | (238)                     | (100)                     | (733)                    | (733)                     | (733)                     | (733)                     | (733)                    | (733)                     | (733)                      | (733)                      | (733)                      | (733)                     | (733)                      | (733)                      | (2,641)            |                       |         |         |         |       |
| Bank debt interest payments       | (915)                                       | (652)                     | (1,028)                   | (961)                     | (1,670)                  | (1,670)                   | (1,670)                   | (1,670)                   | (1,670)                  | (1,670)                   | (1,670)                    | (1,670)                    | (1,670)                    | (1,670)                   | (1,670)                    | (1,670)                    | (876)              |                       |         |         |         |       |
| Interim Loan Interest/Fees        | -   | -                         | -                         | -                         | -                        | -                         | -                         | -                         | -                        | -                         | -                          | -                          | -                          | -                         | -                          | -                          | (938)              |                       |         |         |         |       |
| Professional Fees                 | (485)                                       | (515)                     | (1,023)                   | (961)                     | (245)                    | (729)                     | (382)                     | (742)                     | (468)                    | (811)                     | (468)                      | (845)                      | (529)                      | (916)                     | (989)                      | (1,032)                    | (252)              |                       |         |         |         |       |
| Total - Operating Disbursements   | 3,069                                       | 2,585                     | 2,070                     | 1,047                     | 87                       | 332                       | (398)                     | (780)                     | (780)                    | (1,521)                   | (560)                      | (1,984)                    | (2,667)                    | (3,478)                   | (2,444)                    | (4,882)                    | (5,726)            | (6,255)               | (7,171) | (6,685) | 1,047   |       |
| Net Cash flow before financing    | 2,585                                       | 2,070                     | 1,047                     | 87                        | 332                      | (398)                     | (780)                     | (780)                     | (1,521)                  | (560)                     | (1,984)                    | (2,667)                    | (3,478)                    | (2,444)                   | (4,882)                    | (5,726)                    | (6,255)            | (7,171)               | (6,685) | (7,225) | (1,521) |       |
| Opening Cash before Interim Loan  | -   | -                         | -                         | -                         | -                        | -                         | -                         | -                         | -                        | -                         | -                          | -                          | -                          | -                         | -                          | -                          | -                  | -                     | -       | -       | -       | 1,600 |
| Ending Cash before Interim Loan   | -   | -                         | -                         | -                         | -                        | -                         | -                         | -                         | -                        | -                         | -                          | -                          | -                          | -                         | -                          | -                          | -                  | -                     | -       | -       | -       | 1,600 |
| Interim Loan Advances             | 2,585                                       | 2,070                     | 1,047                     | 87                        | 332                      | (398)                     | (780)                     | (780)                     | (1,521)                  | (560)                     | (1,984)                    | (2,667)                    | (3,478)                    | (2,444)                   | (4,882)                    | (5,726)                    | (6,255)            | (7,171)               | (6,685) | (7,225) | (1,521) |       |
| Cummulative Interim Loan Advances | -   | -                         | -                         | -                         | -                        | -                         | -                         | -                         | -                        | -                         | -                          | -                          | -                          | -                         | -                          | -                          | -                  | -                     | -       | -       | -       | 100   |
| Ending Cash after Interim Loan    | 2,585                                       | 2,070                     | 1,047                     | 87                        | 332                      | (398)                     | (780)                     | (780)                     | (1,521)                  | (560)                     | (1,984)                    | (2,667)                    | (3,478)                    | (2,444)                   | (4,882)                    | (5,726)                    | (6,255)            | (7,171)               | (6,685) | (7,225) | (1,521) |       |

THIS IS EXHIBIT " 18 "  
referred to in the Affidavit of Declaration  
Sean Bovington  
Sworn before me this 16th  
day of February A.D. 20 16.

  
A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor

Sean Bovington, President & Chief Financial Officer  
Argent Energy Trust

**Notes:**

Management of Argent has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of Argent during the CCAA Proceedings. The Projected Cash Flow Statement is based on the probable and hypothetical assumptions detailed in Notes 1 - 12. Consequently, actual results will likely vary from performance projected and such variations may be material.

1 - Product revenue relates to proceeds from the sale Argent's oil & gas production. Production forecast based on current production adjusted for natural production decline and planned downtime. The forecast sales price is based on third party strip pricing factoring in the companies typical quality discount to benchmark prices.

2 - Royalties relate to royalties paid to feehold land owners and the Government. Rates are based off of historical averages.

3 - Severance taxes relates to

4 - Ad Voleum relates to

5 - Operating costs are based off of the Company's annual operating cost budget and relates to the costs to operate the Company's wells and facilities.

6 - G&A includes employee costs, rent and other miscellaneous office general and administrative expenses for Argent Energy Trust, Argent Canada and Argent US.

7 - Capital expenditures are based on planned maintenance capital projects.

8 - Bank debt interest payments relates to interest on Argent's current bank debt.

9 - Interim Loan interest/fees relates to fees and interest on Argent's proposed Interim Loan.

10 - Professional/legal fees include fee estimates provided by the proposed monitor, the proposed monitors counsel and Argent's counsel (Canadian and U.S.) and Argent's selling agent. as well as professional/legal fees for the Bank Syndicate's counsel (Canadian and U.S.) and financial advisor.

11 - Opening cash is based on the Argent's actual cash on hand as at February 12, 2015 with an estimate for anticipated operating receipts and disbursements which will occur prior to February 17, 2015.

# EXHIBIT 19

U.S. \$7,300,000 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)

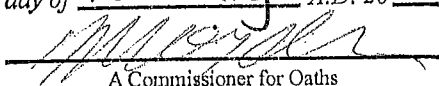
- and -

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 signatory hereto  
(as Lenders)

- with -

THE BANK OF NOVA SCOTIA  
(as Sole Lead Arranger, Administrative and Collateral Agent for the Lenders)

Dated February 17, 2016

THIS IS EXHIBIT " 19 "  
referred to in the Affidavit of Declaration  
Sean Bouvingdon  
Sworn before me this 16<sup>th</sup>  
day of February A.D. 20 16  
  
A Commissioner for Oaths  
in and for the Province of Alberta

Kelsey Meyer  
Barrister & Solicitor

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| Schedule "C" | -                                       | Compliance Certificate                      |
| Schedule "D" | -                                       | Lender Transfer Agreement                   |
| Schedule "E" | -                                       | Information Regarding the Loan Parties      |
| Schedule "F" | -                                       | Organizational Chart of Argent Energy Trust |
| Schedule "G" | -                                       | Material Contracts                          |
| Schedule "H" | -                                       | Agreed Budget                               |
| Schedule "I" | -                                       | Initial Order                               |
| Schedule "J" | -                                       | Imbalances                                  |
| Schedule "K" | -                                       | ROFRs and Consents to Assignment            |
| Exhibit "1"  | -                                       | Form of U.S. Tax Compliance Certificate     |
| Exhibit "2"  | -                                       | Form of U.S. Tax Compliance Certificate     |
| Exhibit "3"  | -                                       | Form of U.S. Tax Compliance Certificate     |
| Exhibit "4"  | -                                       | Form of U.S. Tax Compliance Certificate     |



**THIS CREDIT AGREEMENT** is dated February 17, 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**, 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 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 Scotia 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;

**"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 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(k)(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(k)(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(k);

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada);

"**CCAA Proceedings**" means the proceedings to be commenced in Canada by 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 the Bankruptcy Court of an order pursuant to Chapter 15 to have 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:

|                           |                                     |
|---------------------------|-------------------------------------|
| Beneficiary Bank:         | The Bank of Nova Scotia             |
| Beneficiary Bank Address: | 2850 Sunridge Blvd. NE, Calgary, AB |
| 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 in respect of Subordinated Debt,

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;

**"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 of the Court dated February 17, 2016 substantially in the form attached hereto as Schedule "I" pursuant to which the Loans Parties became subject to the CCAA Proceedings;

**"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;

"**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 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 three (3) or fewer Lenders, all of the Lenders; and
- (b) at any other time, those Lenders whose Commitments are, in the aggregate, at least 66 $\frac{2}{3}$ % 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;
- (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) the occurrence of any Event of Default which is continuing and has not been cured;
- (b) the implementation of a Plan which has been approved by the requisite majorities of the Loan Parties' creditors and by order entered by the Court;
- (c) the closing of a Bankruptcy Sale within the CCAA Proceedings and the U.S. Proceedings which has been approved by orders entered by the Court and the Bankruptcy Court;
- (d) 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) June 3, 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, 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),

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;
- (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 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 acceptable to the Lenders in their discretion;
- (c) 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 the Pre-Filing Secured Credit Agreement);
- (d) inchoate statutory Security Interests arising after the Effective Date in respect of any accounts payable arising after the Outside Date in the ordinary course of business, provided that all such amounts are paid by the applicable Loan Party as and when due;
- (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
- (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) statutory super-priority Security Interests for unpaid employee source deductions;
- (c) 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
- (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 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(h);

"**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**" means any transaction involving the refinancing of a Loan Party or any other restructuring of the Loan Parties' businesses and operations;

"**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 pursuant to 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);

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

- (a) by virtue of which P&NG Rights or Tangibles were acquired or constructed or held at such time;
- (b) to which the construction, ownership, operation, exploitation, development, production, transportation, 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(n);

**"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)(III);

"**Variance Testing Date**" means the second Wednesday occurring after the Outside 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 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 Monetary 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;
- (u) **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;
- (v) **Events of Default:** no Default or Event of Default has occurred and is continuing;
- (w) **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;
- (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;
- (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;
- (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;
- (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;
- (bb) **Imbalances:** except as set forth on Schedule "J" 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
- (cc) **ROFRs and Consents:** except as set forth on Schedule "K" 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 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 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, sub-lease 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:

- (I) 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;
  - (II) executed originals of IRS Form W-8ECI;
  - (III) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) 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
  - (IV) 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) **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 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;

- (b) **Interim Chapter 15 Recognition Order:** the Borrower shall have filed an application 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;
- (c) **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;
- (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;
- (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;
  - (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(c), 8.1(d) and 8.1(f);
  - (vii) a certificate of insurance in respect of the Borrower;
  - (viii) any applicable "know your client" or anti-money laundering information which a Lender may require; and
  - (ix) such other documents as are required under this Agreement or which the Agent and the Lenders may reasonably request;
- (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;

- (g) **Lender Charge:** there are no Security Interests ranking in priority to the Lender Charge, other than Permitted Priority Liens; and
- (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 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 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(h) 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 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 BOE 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 a "**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:
- (i) 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;
- (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(k), 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);

- (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;
  - (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 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;

- (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;
- (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.
- (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;

- (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;
- (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;
- (r) **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;
- (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;
- (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) 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;
- (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;

(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) 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) 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) 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) 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;
- (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)(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), 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;
- (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;
- (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;
- (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 the Loan Parties, the Monitor and the Agent and Lenders and the fees of the financial advisor to 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(k)(i) and Section 9.1(k)(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 in the Initial Order,

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 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; or
- (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

- (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;
- (d) **Prohibited Dispositions:** without the prior written consent of the Lenders and 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;
- (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;
- (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;
- (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;
- (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;
- (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 it would obtain in comparable arms-length transaction; provided that such restriction will not apply to any transaction among the Loan Parties;
- (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;

- (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;
- (l) **Swaps:** enter into any Swap;
- (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;
- (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;
- (o) **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;
- (p) **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;
- (q) **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;
- (r) **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 Date or otherwise as agreed to with the Lenders, acting reasonably;
- (s) **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;

- (t) **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;
- (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;
- (w) **New Subsidiaries:** acquire, create or cause to exist any Subsidiary which does not already exist on and as of the date hereof; or
- (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 permitted by Section 9.2(d) or 9.2(h));
- (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 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;
  - (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;
- (n) **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)
- (o) **Cash Flow Test:** if any of the Loan Parties fails to meet the Cash Flow Test at any time;
- (p) **Material Adverse Change:** if there occurs any Material Adverse Change;
- (q) **Total Commitment:** if at any time the Borrowings exceed the Total Commitment;
- (r) **Plans and Restructuring Options:** if any Plan is sanctioned or any Restructuring Option 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);
- (s) **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 unmaturred.

#### 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 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 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(u) 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 Sections 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 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) ratably 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 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, 10<sup>th</sup> 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 Canada

Attention: Kelly Bourassa/Michael McIntosh  
Email: [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com) and  
[michael.mcintosh@blakes.com](mailto:michael.mcintosh@blakes.com)

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@ca.ey.com](mailto:neil.narfason@ca.ey.com) and  
[cassie.riglin@ca.ey.com](mailto:cassie.riglin@ca.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  
16<sup>th</sup> 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 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 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 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) 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, anti-terrorist 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 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

Facsimile: (416) 933-1357

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

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

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

**Lender:**

**THE BANK OF NOVA SCOTIA, as Lender**

The Bank of Nova Scotia  
700 – 2nd Street S.W., Suite 2000  
Calgary, AB T2P 2W1

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

Attention: Managing Director and  
Industry Head

Facsimile: (403) 221-6497

**Lender:**

2711 – 308, 4th Avenue S.W.  
Calgary, AB T2P 0H7

Attention: Portfolio Manager Oil & Gas  
Division

Facsimile: (403) 776-8727

**WELLS FARGO BANK, N.A., CANADIAN  
BRANCH, as Lender**

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

**Lender:**

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

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

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

Name:

Title:

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

Name:

Title:

Attention: Paul Montgomery,  
Senior Director, Special Loans

Facsimile: (416) 214-8749

**Lender:**

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

**ROYAL BANK OF CANADA, as Lender**

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

Name:

Title:

Attention: Kirsten Monaghan,  
Director, Group Risk  
Management

Facsimile: (416) 974-8508



**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**

**COMMITMENTS**

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

**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**

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**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

Dear Sirs:

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

We refer 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 (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 are 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 "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

---

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, 2016 between Argent Energy (US) Holdings Inc., as Borrower, and the 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 "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

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**LENDER TRANSFER AGREEMENT**

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

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

**RE:** Credit Agreement dated February 17, 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 Alberta.
- 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 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 "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**

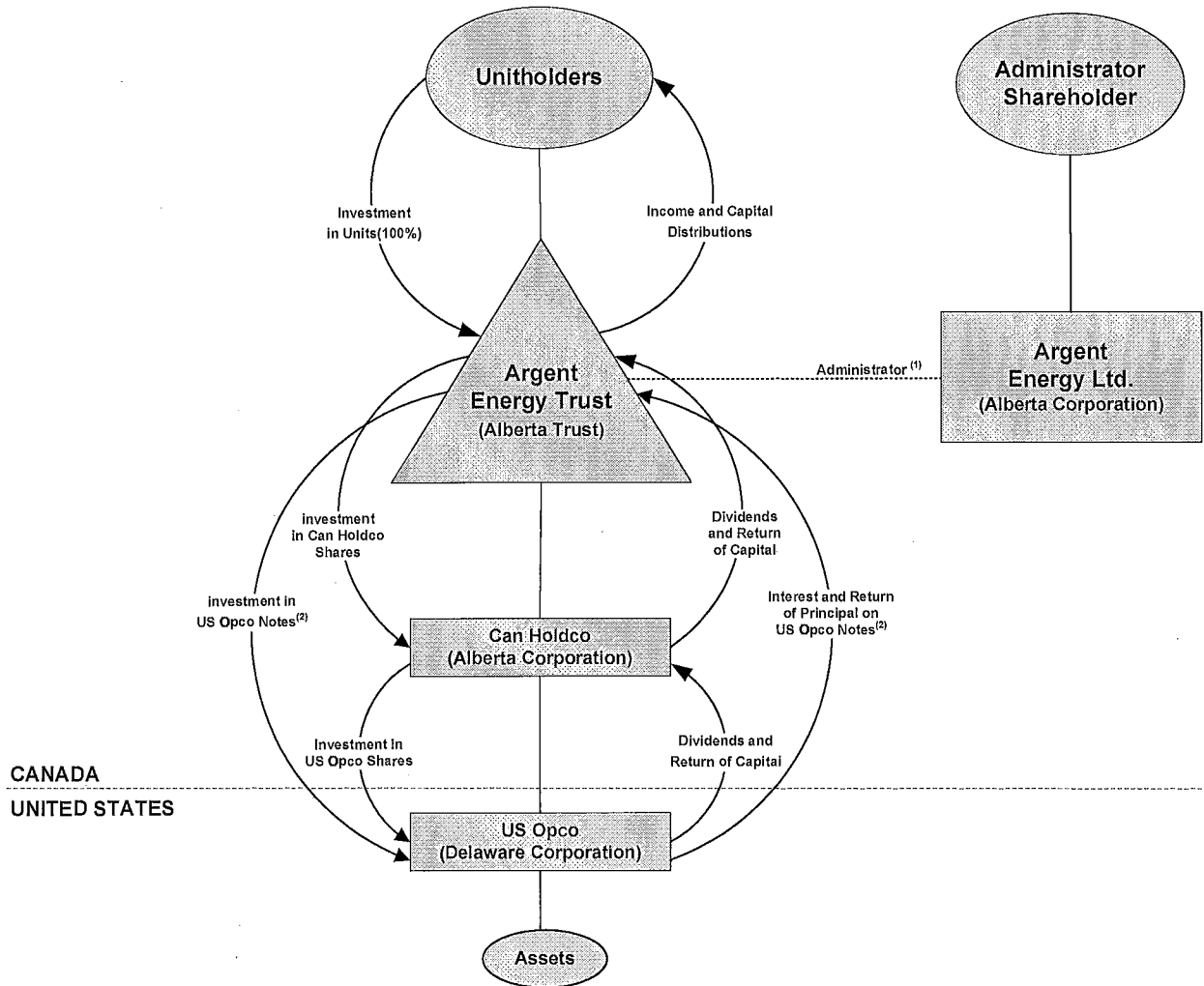
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**INFORMATION REGARDING LOAN PARTIES**

| <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<br>Wyoming<br>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 "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

ORGANIZATIONAL CHART OF AGENT ENERGY TRUST



**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**

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**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 "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

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**AGREED BUDGET**

(see attached)

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

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**INITIAL ORDER**

(see attached)

Schedule "J" 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

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**IMBALANCES**

None.

**Schedule "K" 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**

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**ROFRs AND CONSENTS TO ASSIGNMENT**

Attached as follows:

1. Annex 1 – 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 – ROFRs

(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**

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**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 (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. 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**

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**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 (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. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Loan 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-8BEN. 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**

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**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 (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. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Loan 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 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, 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. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Loan 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), (iii) 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 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 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 20

EXHIBIT 20

CONFIDENTIAL



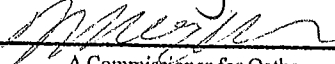
# EXHIBIT 21

THIS IS EXHIBIT " 01 " referred to in the Affidavit of Declaration

Sean Bovingdon

Sworn before me this 16<sup>th</sup>

day of February A.D. 20 16

  
A Commissioner for Oaths  
in and for the Province of Alberta  
Barrister & Solicitor  
Kelsey Meyer

Argent Draft 1-15-16

## THE OIL & GAS ASSET CLEARINGHOUSE

### NEGOTIATED AGREEMENT FOR SALE OF OIL AND GAS PROPERTIES

THIS LETTER AGREEMENT, (this "Agreement") made and entered into this 15<sup>th</sup> day of January 2016 (the "Effective Date"), by and between Argent Energy (US) Holdings Inc. (the "Company") and The Oil & Gas Asset Clearinghouse, LLC ("The Clearinghouse"), shall fully evidence the terms and conditions by which the Company has committed to list for sale certain properties through the services furnished by The Clearinghouse.

#### Recitals

WHEREAS, the Company is interested in evaluating opportunities of a sale of (i) all equity interests in the Company, or (ii) its interests in and to some or all of its oil and gas properties (the "Properties");

WHEREAS, Argent Energy (Canada) Holdings Inc. ("Parent") is a party to this Agreement solely in the event the Sale is structured as a sale of the equity interests in the Company and Parent shall be obligated to pay such consideration due under this Agreement in the event of such sale of equity in the Company;

WHEREAS, The Clearinghouse is in the business of providing traditional and internet enabled marketing and technical assistance for the sale of oil and gas properties; and

WHEREAS, the Company and The Clearinghouse desire to enter into an agreement with respect to the potential sale of the Company or the Properties.

For purposes of this Agreement:

(a) A "Sale" shall mean any transaction or series or combination of transactions, whereby, directly or indirectly, any ownership interest in the Company or Properties is transferred for Consideration, as defined below. Notwithstanding anything herein to the contrary, except as provided in Paragraph 4 below, the term Sale shall not include any loan, financing or credit facility contemplated in the letter agreement between Company and Durham Capital Canada Corporation dated October 30, 2015 (the "Durham Financing").

In the event the interest offered for sale is owned by more than one person or entity and should a transaction(s) take place during the term of this Agreement between any of such owner(s), then for the purposes of this Agreement, it shall be considered that a Sale has occurred not only on the partial interest actually sold but also as to the interest retained by the acquiring owner(s).

(b) "Consideration" shall mean the gross value of all cash, securities, unit or partnership interest and other property paid directly or indirectly by an acquirer to the

equity owners of the Company, in the event of an equity Sale, or to the Company or any of its affiliates in connection with a Property Sale, less any adjustments for failure of title issues, environmental issues and casualty loss, but before any accounting adjustments.

**1. Engagement**

Subject to the terms and conditions of this Agreement, the Company hereby appoints The Clearinghouse as its exclusive marketing and transaction advisor in connection with the potential sale of the Company or the Properties.

**2. Technical Services and Market Value Estimate**

The Clearinghouse will perform an initial engineering, geologic and commercial evaluation of the Properties. During the evaluation, The Clearinghouse will organize the engineering, geologic, summary land, summary financial, marketing and other data for inclusion in an electronic data room ("EDR"). The Clearinghouse will review the market analysis and evaluation results with the Company and provide specific marketing recommendations.

**3. Marketing Services**

The Clearinghouse agrees to perform the following marketing services with respect to the Company and the Properties:

- A. **Data Presentation** - Prepare a summary report(s) of the Properties outlining the characteristics of the Properties. Additionally, evaluation data exhibits and an EDR will be prepared for the Properties as mutually agreed between The Clearinghouse and the Company.
- B. **Buyer Identification** - Identify and target potential buyers utilizing The Clearinghouse's proprietary data bank of buyers derived from historic purchases, buyer acquisition profiles and The Clearinghouse's knowledge of the market.
- C. **Sale Brochure** - Prepare a one-page ad identifying the Properties, as mutually agreed between The Clearinghouse and the Company, which will be placed in The Clearinghouse's next available sale brochure.
- D. **Sale Notice** - Prepare and distribute an executive summary Sale Notice ("Notice") as mutually agreed between The Clearinghouse and the Company, notifying potential buyers of the sale package. This non-confidential Notice will also be posted on The Clearinghouse's website. The Notice will: (i) outline the general terms and timing of the offering, (ii) present summary characteristics of the Properties identified in clause (A) above; and (iii) provide details regarding EDR and physical data room dates, location and scheduling of appointments. The Notice will additionally include relevant information customarily provided to potential buyers in connection with equity transactions. The Notice will include a disclaimer that the Company and The Clearinghouse make no representations or warranties, either express or implied, as to the accuracy or completeness of the information, that the solicitation is not exclusive, and that the Company reserves the right to withdraw all or any portion of the Properties at any time without

notice to any potential buyer.

E. **Data Room Administration:**

- **Physical Data Room** - Organize and administer a physical "hard copy" data room in The Clearinghouse's office in Houston, Texas.

- **Electronic Data Room:**

- (i) **Data Services** – The Clearinghouse will perform computing, geotechnical and clerical functions (i.e., format transformation, typing, digitizing, scanning, image capturing and graphical annotation) as necessary to convert paper records such as text documents, spreadsheets, maps, well logs, graphs, cross-sections, etc. into a digital format acceptable for use in the EDR. The Clearinghouse will assist in the organization of the engineering, geologic, summary land, summary financial, marketing and other data for inclusion in the EDR.
- (ii) **Hosting Service** – The Clearinghouse agrees to host and administer the EDR via the Internet at [www.ogclearinghouse.com](http://www.ogclearinghouse.com) from the date on which the EDR becomes active for public viewing until an acceptable offer is received, this Agreement terminates, or when both parties agree to remove.
- (iii) **Distribute Passwords** – At the direction of the Company, The Clearinghouse will issue passwords via e-mail to interested parties. The passwords will allow access to data on The Clearinghouse's website.

F. **Management Reports** - Prepare and deliver to the Company reports detailing potential buyers contacted, data room bookings and data package orders on a weekly basis or as requested.

G. **Bidding and Closing Assistance** - Present to the Company all offers received and provide an evaluation thereof. At the request and direction of the Company, The Clearinghouse will: (i) assist the Company in negotiating an acceptable sales price with potential buyer(s) of the Company's choosing, (ii) coordinate with the Company any due diligence required by the potential buyer(s); and (iii) assist the Company in a reasonable manner in closing the transaction.

4. **Compensation to The Clearinghouse**

A. **Retainer Fee** - The Company shall pay The Clearinghouse an upfront retainer fee (the "Retainer Fee") of \$50,000 at the time of execution of this Agreement.

B. **Success Fee** – In addition to the Retainer Fee, if the Company enters into a definitive agreement with respect to a Sale:

- (i) during the term of The Clearinghouse's engagement hereunder, regardless of whether the party or parties to such Sales were identified by The Clearinghouse or contacted by The Clearinghouse on the Company's behalf, or whether The Clearinghouse rendered advice concerning such Sale; or
- (ii) within six (6) months following termination of this Agreement;

then the Company shall pay to The Clearinghouse a success fee ("Success Fee") which shall be calculated based upon a percentage (%) of the Consideration received by the seller in the Sale.

**Success Fee Schedule**

\$50,000 plus 1% of the consideration received.

The Success Fee shall be due and payable upon the closing of the Sale of the applicable Property and shall not be due and payable if no closing occurs.

**C. *Advisory Fees*** - At the request of the Company, The Clearinghouse is prepared to advise and communicate with third parties or government tribunals, as the case may be, as to the current value of the assets or such other relevant information as may be required, to facilitate discussions pertaining any Sale or potential Sale. Such advisory services will be billed at \$850 per hour, not to exceed \$50,000. Such third parties shall include, but shall not be limited to, shareholders and unit holders of the Company and its affiliates regarding the sales process and related proceedings. Such advice and communications shall include testimony in connection with litigation, claims and/or regulatory proceedings relating to the Company or a Sale.

**D. *Reimbursement of Expenses*** - Actual expenses, including travel, meals, third-party printing, postage, delivery services, and similar charges, incurred by The Clearinghouse in conjunction with the offering of the Company and the Properties shall be reimbursed to The Clearinghouse. Not to exceed \$2,000.00 without prior permission from the Company. All reimbursable expenses shall be due and payable to The Clearinghouse within 30 days of receipt of invoice with supporting documentation.

**E. *Breakup Fee and Treatment of Durham Financing*** - If this Agreement is terminated after January 31, 2016 and prior to March 1, 2016 as a result of the Company entering into a definitive agreement relating to the Durham Financing, the Company shall pay The Clearinghouse a breakup fee of \$50,000 in addition to the Retainer Fee previously paid. If the Company terminates this Agreement after February 29, 2016 as a result of closing the Durham Financing, the amount financed shall be deemed Consideration and shall be subject to a success fee equal to 0.5% in lieu of any other compensation provided under this Agreement.

**5. Responsibility for Taxes**

Each party hereto shall be responsible for and timely pay all taxes applicable to the transaction or services provided pursuant to this Agreement.

**6. Availability and Confidentiality of Information and Data**

The Company will make available to The Clearinghouse summary profit, loss and production information (including relevant lease files, land and contract files, well files, environmental files, product purchase and sale contracts, division order files, gas balancing files, payout files, revenue and expense files, abstracts, title opinions, engineering and geological data, reports, maps, logs and pertinent well records) presently existing and reasonably available relating to the Company and the Properties necessary for the Data Room; provided, however, that the records shall not include any geophysical data or any other proprietary information which is legally restricted for distribution or publication by the Company. All information, files, contracts and data made available to The Clearinghouse pursuant to this Agreement shall be deemed to be confidential and shall be treated as such by The Clearinghouse. Other than summary marketing data approved by the Company, no information, files, contract and data shall be made public or made available to potential buyers without an executed confidentiality agreement between prospective buyer and the Company.

**7. Indemnity**

The Company will indemnify The Clearinghouse and its affiliates in accordance with the indemnity provisions set forth on Exhibit "A" which is incorporated herein by reference. The terms and provisions of Exhibit "A" shall survive any termination or expiration of this Agreement.

**8. Trademark**

The Company hereby specifically grants The Clearinghouse the right and license to reproduce the Company's logos and/or trademarks in relationship to the purposes of this Agreement. The Clearinghouse will comply with any written guidelines provided by the Company regarding the use and publication of the Company's logos and/or trademarks.

**9. Ownership of Work**

Ownership of all work accomplished by The Clearinghouse under this Agreement shall be vested in and be the exclusive property of the Company, whether completed or partially completed, and the Company shall have the unrestricted right to utilize such information, drawings, plans, specifications, etc. performed by The Clearinghouse under this Agreement in any manner that the Company may desire.

**10. Independent Contractor**

The Clearinghouse shall be an independent contractor under this Agreement and nothing herein shall be construed in any way to create any partnership or joint venture between the parties. The Clearinghouse shall assume all of the rights, obligations and liabilities applicable to it as such independent contractor hereunder, and shall not have any of the rights of an employee with respect to the Company including, but not limited to,

workman's compensation, retirement benefits, health insurance and all other benefits accruing to the Company's employees.

**11. Other Transactions**

The Company hereby acknowledges that in the course of providing services to other parties, The Clearinghouse may obtain or develop information regarding the Company, one or more of the Properties and/or any potential transaction including such Properties. The Company agrees that The Clearinghouse shall have no obligation to disclose such information to the Company or use such information for the benefit of the Company.

**12. Assignability**

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that neither party shall assign this Agreement in whole or in part without the prior written consent of the other party.

**13. Notices**

All notices hereunder shall be effective only when received by the party to whom the notice was directed. Notwithstanding the foregoing: (1) any notice transmitted by facsimile or e-mail shall be deemed given and received only after the receiving party has confirmed receipt of such facsimile or e-mail; and (2) any notice transmitted by overnight express carrier, courier, or certified mail shall be deemed given and received if delivery to the designated address is confirmed by the carrier. Notice to the Company and The Clearinghouse shall be addressed to:

**The Oil & Gas Asset Clearinghouse**

500 N Sam Houston Pkwy W, Ste 150  
Houston, TX 77067  
Attn: Harrison Williams  
(281) 873-4600 (Phone)  
(832) 601-7641 (Fax)  
[hwilliams@ogclearinghouse.com](mailto:hwilliams@ogclearinghouse.com)

**Argent Energy (US) Holdings Inc.**

909 Fannin Street, 10<sup>th</sup> Floor  
Houston, Texas 77010  
Attn: R. Steven Hicks  
(281) 847-1888  
(281) 847-1898 (Fax)  
[shicks@argentenergytrust.com](mailto:shicks@argentenergytrust.com)

**14. Duration of Agreement**

This Agreement shall continue for a period of six (6) months from the date of execution of this Agreement by the Company; provided, however, either party may terminate this Agreement for any reason prior to the expiration date by giving the other party at least ten (10) days prior written notice of its desire to terminate. Notwithstanding anything in this Agreement to the contrary, no termination of this Agreement shall affect the Company's obligations to pay to The Clearinghouse the amounts provided elsewhere in this Agreement and to indemnify The Clearinghouse and certain related persons and entities as provided in Exhibit "A".

**15. Confidentiality**

In addition to the agreements of the parties hereto relating to confidentiality set forth in

Paragraph 6 of this Agreement, the terms and conditions of the sale and conveyance of the Company or the Properties shall not be disclosed by The Clearinghouse to any third party unless and until the Company and the buyer expressly agree in writing to such disclosure. Furthermore, the Company expressly agrees not to disclose to any third party the terms and conditions of this Agreement unless specifically agreed to in writing by The Clearinghouse.

**16. Promotional Material**

The Clearinghouse shall have the right to utilize the Company's name and logo in promotional materials. Other than the general location of the assets, no details of the actual transaction will be released unless approved by the Company.

**17. Waiver**

No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof, whether or not similar, nor shall such waiver constitute waiver unless otherwise expressly provided.

**18. Entire Agreement**

This Agreement states the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, including any Confidentiality Agreement previously entered into as applicable to the Properties. This Agreement may be supplemented, altered, amended, modified or revoked by writing only, signed by all parties.

**19. Key Man**

The parties hereto acknowledge that the Company is entering this Agreement in reliance upon and in expectation that Harrison Williams of Clearinghouse will devote his personal attention to the purposes of this Agreement and will act as a key man in providing advice and services contemplated by this Agreement to be performed by Clearinghouse. In the event that Harrison Williams become unable or unavailable to perform such functions on behalf of Clearinghouse for the benefit of the Company or is no longer employed by Clearinghouse, the Company may terminate this Agreement without penalty and Clearinghouse shall be entitled only to the compensation it earned prior to termination.

**20. Governing Law; Venue**

This Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of Texas applicable to contracts made and to be performed therein and, in connection therewith, the parties consent to the exclusive jurisdiction of the district courts of the State of Texas sitting in Harris County or the United States District Court for the Southern District of Texas, Houston Division, and the respective appellate courts thereof. THE COMPANY HEREBY AGREES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO WAIVE ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM, OR ACTION ARISING OUT OF THE ENGAGEMENT OR THE CLEARINGHOUSE'S PERFORMANCE THEREOF.



**Argent Energy (US) Holdings Inc.**



By: R. Steven Hicks

Title: COO

Date: 1/18/2016

**Argent Energy (Canada) Holdings Inc.**

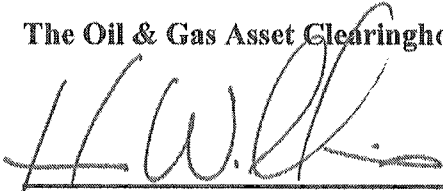


By: R. Steven Hicks

Title: COO

Date: 1/15/2016

**The Oil & Gas Asset Clearinghouse, LLC**



By: Harrison Williams

Title: CEO

Date: 1/15/2016

**EXHIBIT "A"**  
**INDEMNIFICATION**

**The Company shall:**

- (a) indemnify The Clearinghouse and its affiliates, directors, officers, partners, agents and employees (each a "Clearinghouse Indemnified Party" and, collectively, the "Clearinghouse Indemnified Parties") and hold each of them harmless against any and all losses, claims, damages or liabilities to which any Clearinghouse Indemnified Party may become subject arising in any manner out of or in connection with the rendering of services by The Clearinghouse hereunder (including any services rendered prior to the date hereof, and including court costs and attorneys' fees) or the rendering of additional services by The Clearinghouse as requested by the Company that are related to the services rendered hereunder, INCLUDING, WITHOUT LIMITATION, ANY SUCH LOSSES, CLAIMS, DAMAGES OR LIABILITIES ARISING FROM THE STRICT LIABILITY OR NEGLIGENCE (WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT) OF ANY THE CLEARINGHOUSE INDEMNIFIED PARTY, but not including such losses, claims, damages or liabilities resulting directly from the gross negligence or willful misconduct of The Clearinghouse or any other The Clearinghouse Indemnified Party; and
- (b) reimburse each Clearinghouse Indemnified Party promptly and fund any required deposits or retainers for any legal or other expenses reasonably incurred in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any lawsuits, investigations, claims or other proceedings arising in any manner out of or in connection with the rendering of services by The Clearinghouse hereunder or the rendering of additional services by The Clearinghouse as requested by the Company that are related to the services rendered hereunder (including, without limitation, in connection with the enforcement of this Agreement and the indemnification obligations set forth herein); provided, no reimbursement shall be due from the Company for expenses relating to losses, claims, damage or liabilities for which indemnity is excluded in (a) above. The Clearinghouse will remit to the Company any amounts reimbursed under this paragraph (b).

The Company agrees that the indemnification and reimbursement commitments set forth in this Exhibit "A" shall apply only if The Clearinghouse Indemnified Party is a formal party to any such lawsuits, investigations, claims or other proceedings and that such commitments shall extend upon the terms set forth in this paragraph to any The Clearinghouse Indemnified Party.

The Company's obligations hereunder shall be in addition to any rights that Clearinghouse Indemnified Parties may have at common law or otherwise. This Agreement and the rights and obligations of the parties hereto shall be governed by and

construed in accordance with the laws of the State of Texas applicable to contracts made and to be performed therein and, in connection therewith, the parties consent to the exclusive jurisdiction of the district courts of the State of Texas sitting in Harris County or the United States District Court for the Southern District of Texas, Houston Division, and the respective appellate courts thereof. THE COMPANY HEREBY AGREES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO WAIVE ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM, OR ACTION ARISING OUT OF THE ENGAGEMENT OR THE CLEARINGHOUSE'S PERFORMANCE THEREOF.