

Court File Number

Court

COURT OF QUEEN'S BENCH OF ALBERTA

Judicial Centre

Calgary

Applicant

PACER CONSTRUCTION HOLDINGS
CORPORATION

Respondents

PACER PROMEC ENERGY CORPORATION
and PACER PROMEC ENERGY
CONSTRUCTION CORPORATION

Document

AFFIDAVIT OF RICHARD PELLETIER

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AFFIDAVIT OF RICHARD PELLETIER
Sworn on March 6, 2015

I, Richard Pelletier, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the President of Pacer Construction Holdings Corporation, the applicant in the within matter. I have held this position since April 2010. I have also been on the Board of Directors of the respondent, Pacer Promec Energy Corporation, since 2013. I have reviewed the relevant contracts, correspondence, financial information, and loan, security, and guarantee documentation in this matter. I have also been party to several of the relevant discussions leading up to this application. As such, I have personal knowledge of the matters to which I hereinafter depose. Where my affidavit is stated to be based on information I have received from others, I believe that information to be true.

I. OVERVIEW

2. This affidavit is sworn in support of an application for an order appointing FTI Consulting Canada Inc. ("FTI") as receiver and manager of all of the assets, undertakings, and properties of the respondents Pacer Promec Energy Corporation ("PPEC") and its wholly-owned subsidiary Pacer Promec Energy Construction Corporation ("PPEC Construction") pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), section 13(2) of the *Judicature Act*, R.S.A. 2000, c. J-2, as amended, and section 99(a) of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended.

3. In May 2014, the respondent PPEC, a construction company specializing in the oil and gas industry, and National Bank of Canada entered into a Credit Agreement under which the bank agreed to make available a demand revolving credit facility of up to CAD\$30,000,000 (subject to borrowing base requirements), a credit card facility, and a treasury risk facility. National Bank was granted security over all of PPEC's assets to secure PPEC's indebtedness under this agreement. Moreover, PPEC's shareholders, the applicant Pacer Construction Holdings Corporation ("Pacer") and Construction Promec Inc. ("Promec"), guaranteed all of PPEC's obligations under the Credit Agreement.

4. As a result of ongoing losses on its construction contracts, PPEC fell into default under the Credit Agreement in November 2014. National Bank was willing to work with

Pacer, Promec, and PPEC to find a solution to the default that did not entail termination of the Credit Agreement. Pacer accordingly put forward a number of different proposals to Promec to enable an orderly wind down of PPEC outside of an insolvency proceeding. However, Promec declined to cooperate; notably, it refused to advance any funds to address immediate liquidity needs at the financially distressed PPEC.

5. The corporate governance arrangements at PPEC require two directors, a nominee from each of Pacer and Promec. All board decisions must be unanimous. However, on February 12, 2015, the director that Promec had nominated to PPEC's Board of Directors resigned, and, despite Pacer's requests for it to do so, Promec failed to appoint a replacement. As a result, PPEC's ongoing operations and ability to satisfy its remaining major construction contracts were put at risk.

6. Pacer has had no choice but to fund PPEC's operating expenses since November 2014 so that PPEC does not default on its major construction contracts.

7. On February 18, 2015, with no proposal for its repayment forthcoming, National Bank demanded that PPEC pay in full all amounts outstanding under the Credit Agreement, and delivered a Notice of Intention to Enforce Security under section 244 of the BIA. National Bank also called on Pacer and Promec's guarantee of PPEC's obligations under the Credit Agreement.

8. On March 5, 2015, Pacer honoured its guarantee of the Credit Agreement and alone satisfied PPEC's outstanding obligations to National Bank. Pacer was thereby subrogated to the bank's rights under the Credit Agreement and security. In furtherance of its subrogation rights, Pacer also took an assignment of National Bank's general security over PPEC's assets, with all appurtenant rights and remedies.

9. Pacer is entitled to the appointment of a receiver and manager over PPEC's assets under the terms of the assigned security from National Bank. Moreover, the appointment of a receiver and manager over PPEC and PPEC Construction is the just and convenient result for the following reasons:

- i. PPEC and PPEC Construction are insolvent;

- ii. PPEC is facing a serious corporate governance issue;
- iii. PPEC and PPEC Construction require outside financing to enable it to perform PPEC's contractual agreements, and specifically to fund its ongoing construction contracts and payroll obligations;
- iv. A court-appointed receiver will be able to assess the ongoing viability of the construction contracts and, if required, borrow funds from Pacer to fund the completion of the contracts and the receivership proceedings, or seek other alternatives such as the transfer of the contracts to Pacer (or another party) to ensure their completion, while preserving any remaining value at PPEC; and
- v. A court-appointed receiver is also optimally positioned to wind down PPEC in a fair and reasonable manner that balances the interests of all of PPEC's stakeholders in a transparent and court-supervised process.

II. RELEVANT CORPORATE ENTITIES

(a) Pacer Construction Holdings Corporation

10. The applicant Pacer is a company incorporated pursuant to the laws of Alberta and has its registered office in Calgary, Alberta. Pacer is in the business of providing construction and other services to companies in the oil and gas exploration and production industries.

(b) Construction Promec Inc.

11. Promec is a corporation incorporated under the laws of Canada, and has its registered office in Rouyn-Noranda, Quebec. Promec is an electromechanical construction company.

(c) Pacer Promec Energy Corporation and Pacer Promec Energy Construction Corporation

12. The respondent PPEC is a corporation incorporated under the laws of Alberta. Its registered office is located at 200-1040 7th Avenue SW in Calgary, Alberta. PPEC's operations involve the provision of a wide range of civil, mechanical and electrical contracting services

to customers in the oil sands developments of northern Alberta. Attached hereto as **Exhibit "A"** is a true copy of the corporate profile report for PPEC.

13. Each of Pacer and Promec owns 50% of the issued and outstanding share capital of PPEC.

14. PPEC has its origins in a contractual joint venture ("JV") between a Pacer affiliate and Promec. In April 2013, Pacer Mamisiwin Corporation and Promec created the JV in order to submit a joint proposal in response to a request for proposals issued by Krupp Canada Inc. ("**Krupp**") for construction of the Kearl Expansion Project. While Pacer provided the expertise associated with its long history of working in the Alberta oil sands, as well as safety management and quality control systems, Promec was to provide the structural and electrical construction expertise. The joint proposal was successful and the JV entered into a construction contract with Krupp (the "**Krupp Contract**"). PPEC was incorporated in April 2013 to enable Pacer and Promec to carry on this business by submitting proposals in response to other requests for proposals issued by Pacer's existing customers, and, if and when successful, to enter into the resulting construction contracts. The Krupp Contract was assigned to PPEC in June 2014 and the JV has been inactive and/or terminated since that time.

15. PPEC's Articles of Incorporation stipulate that it shall have a minimum of one director and a maximum of eleven directors, and the shareholders have fixed the number of directors at two. True copies of the Articles of Incorporation and the relevant shareholders' resolution are attached hereto as **Exhibit "B"** and **Exhibit "C"**, respectively.

16. Pacer and Promec are also parties to a unanimous shareholders agreement with respect to PPEC, effective October 17, 2013 (the "**Shareholder Agreement**"), a true copy of which is attached hereto as **Exhibit "D"**. Article 3.1 of the Shareholder Agreement provides that Pacer and Promec shall each nominate one director to the Board of Directors of PPEC and each are required to fill any vacancy created by their nominated director's departure. Articles 3.4, 3.5, and 6.2 of the Shareholder Agreement provide that PPEC's Board of Directors can only act unanimously. Upon PPEC's incorporation, Pacer nominated myself and Promec nominated Mr. Peter Capkun to the Board of Directors of PPEC.

17. PPEC is the 100% shareholder in a company named Pacer Promec Energy Construction Corporation ("PPEC Construction"), the second respondent in the within application, which is incorporated under the laws of Alberta and has its registered office in Calgary, Alberta. PPEC's financial statements, discussed below, are consolidated with those of PPEC Construction. PPEC Construction has no operations or assets, but employs some of the trade employees working on PPEC's construction contracts and is the vehicle through which these employees are paid. A true copy of PPEC Construction's corporate profile report is in Exhibit A, previously appended hereto.

18. Attached hereto as Exhibit "E" is a corporate chart illustrating the relationship amongst the foregoing corporate entities.

III. THE CREDIT AGREEMENT

19. On May 23, 2014, PPEC (as borrower) and the National Bank of Canada (as lender) entered into a Credit Agreement (the "Credit Agreement"), a true copy of which is attached hereto as Exhibit "F". Pacer and Promec are also parties to the Credit Agreement.

20. Pursuant to the Credit Agreement, National Bank agreed to make available to PPEC the following three credit facilities in the aggregate amount of up to CAD\$30,850,000 (the "Credit Facilities"):

- i. A demand revolving credit facility for general corporate purposes, in a principal amount of the lesser of \$30,000,000 and the Borrowing Base, a fluctuating amount which is defined and calculated in accordance with the terms of the Credit Agreement ("Facility 1");
- ii. A treasury risk management facility to authorize PPEC to incur obligations under hedging contracts with National Bank, and assist it in its hedging strategies, with an aggregate risk content not exceeding \$500,000 ("Facility 2");
and
- iii. A demand MasterCard facility for general corporate purposes for a principal amount not exceeding \$350,000 ("Facility 3").

The interest on prime rate loans borrowed under Facility 1 accrues at a fluctuating rate set by National Bank from time to time, which as of March 6, 2015 is 2.85%, plus the applicable contractual margin of 0.50%. Interest on prime rate loans is payable monthly in arrears.

21. The Credit Facilities are repayable on demand. Furthermore, PPEC is required to make payments as necessary to ensure that the amount outstanding under Facility 1 never exceeds the lesser of the Borrowing Base at any given time and \$30 million.

22. Upon the occurrence and continuation of an event of default, National Bank may terminate PPEC's right to use the Credit Facilities, and demand immediate repayment of the whole or part of the indebtedness of PPEC under the Credit Facilities or any other loan document, including all security documents ("**Loan Documents**").

23. Events of default under the Credit Agreement include: (i) PPEC's default in the payment of any amount owing under a Loan Document; (ii) the inability of PPEC, Pacer, or Promec to pay its debts generally as they become due; (iii) PPEC's failure to keep or observe its financial covenants set out in the Credit Agreement (described further below); (iv) PPEC, Pacer, or Promec's default in its performance of any of its other obligations under a Loan Document; or (v) any circumstance, event or development which has had a material adverse effect on PPEC's business, operations, or assets, or its ability to repay any amount due or perform any material obligation under a Loan Document ("**Material Adverse Change**").

24. PPEC's financial covenants under the Credit Agreement require it to maintain a maximum total debt to capitalization ratio of less than 70% until June 30, 2015; a fixed charge coverage ratio of at least 1.75:1.00 on a rolling four quarter basis; and a current ratio of at least 1.15:1.00 (the "**Financial Ratio Covenants**"). The formulae for calculating these ratios are set out in the definitions section of the Credit Agreement.

25. To secure repayment of the Credit Facilities, PPEC agreed in the Credit Agreement to provide National Bank with a general security agreement creating a first-ranking lien over all of its present and future personal property, and a movable hypothec on the universality of its present and future movable property. Pacer and Promec agreed in the Credit Agreement to each provide a solidary guarantee of PPEC's obligations thereunder, including the obligation to cover any Borrowing Base deficit or overdraft by PPEC.

IV. NATIONAL BANK'S SECURITY

26. In compliance with its obligations under the Credit Agreement, PPEC granted National Bank several forms of security to secure its repayment of the amounts advanced to it under the Credit Agreement.

27. Pursuant to a May 23, 2014 Security Agreement (the "GSA"), PPEC granted National Bank a security interest in all of its present and after-acquired personal property, and a floating charge over all its present or after-acquired property of whatever nature and kind and wherever situate. These security interests secure PPEC's payment and performance of its obligations to National Bank under the Credit Agreement or other Loan Documents, as well as all expenses, costs and charges incurred by or on behalf of National Bank in connection with the GSA, including all reasonable legal fees, court costs, and receiver's remuneration and other expenses. The GSA was registered in the Alberta Personal Property Registry on May 23, 2014 under the registration number 14052332978, and a Land Charge was registered under the registration number 14052332997. True copies of the GSA and proof of its registrations are collectively attached hereto as Exhibit "G".

28. The security created by the GSA becomes enforceable upon the occurrence and continuation of an event of default under the Credit Agreement. Whenever the security is enforceable, National Bank may enforce its rights by (among other things) appointing, by instrument in writing, a receiver or receiver and manager of all or any part of the collateral, or instituting proceedings in any court of competent jurisdiction for the appointment of a receiver of the collateral, pursuant to subsections 3.2(k) and (l) of the GSA.

29. Pursuant to a May 23, 2014 Hypothec on the Universality of Movable Property (the "Hypothec"), PPEC hypothecated to National Bank the universality of its movable property, corporeal or incorporeal, present and future, of any nature whatsoever and wherever situated, for the principal amount of \$48,000,000, with interest at the rate of 25% per annum. The Hypothec secures PPEC's obligations incurred towards National Bank pursuant to the Credit Agreement or other Loan Documents. National Bank may realize on the Hypothec upon the occurrence of an event of default, as defined in the Credit Agreement. The Hypothec was registered in the Quebec Register of Personal and Movable Real Rights on

May 28, 2014 under the registration number 14-0469469-0001. True copies of the Hypothec and proof of its registration are attached hereto as Exhibit "H".

30. PPEC also entered into a Set-Off and Security Agreement with respect to Deposits dated April 9, 2014 (the "Deposit Security Agreement"). The Deposit Security Agreement grants National Bank a security interest and hypothec in sums standing to the credit of account number 559039425261 held by PPEC with National Bank branch 10251, up to the amount of \$150,000, with interest at the rate of 25% per annum, which secures all of PPEC's obligations to National Bank. The hypothec in the amount of \$180,000 was registered in the Quebec Register of Personal and Movable Real Rights on April 15, 2014 under the registration number 14-0311999-0007. The security interest was registered in the Alberta Personal Property Registry on April 17, 2014 under the registration number 14041710023. True copies of the Deposit Security Agreement and its registration are attached hereto as Exhibit "I".

V. PACER AND PROMEC'S GUARANTEE OF THE CREDIT AGREEMENT

31. Under a Guarantee and Subordination Agreement dated May 23, 2014 (the "Guarantee"), Pacer and Promec solidarily and irrevocably, absolutely and unconditionally guaranteed PPEC's obligations to National Bank under the Credit Agreement and other Loan Documents. Pacer and Promec also undertook to cover any of PPEC's Borrowing Base deficit by investing in or making advances to PPEC, for payment over to the Bank, without the Bank having to declare PPEC in default. A true copy of the Guarantee is attached hereto as Exhibit "J".

VI. THE FINANCIAL STATUS OF PPEC AND PPEC CONSTRUCTION (ON A CONSOLIDATED BASIS)

32. PPEC's financial difficulties stem from suffering past and ongoing losses on its construction contracts. The cost estimates used to formulate bids on projects in response to requests for proposals have regularly been exceeded, and PPEC has struggled to find the proper team to manage the projects it has taken on. PPEC has projected aggregate losses of \$63 million on all of the construction contracts it has entered into since its incorporation, which were largely performed over the course of 2014 and early 2015.

33. According to its unaudited financial statements for the year ended December 31, 2014 (which are consolidated with those of PPEC Construction) PPEC made losses of \$48,275,028.66 over the course of those twelve months. Attached hereto as Exhibit "K" is a true copy of PPEC's unaudited financial statements for the year ended December 31, 2014.

(a) PPEC's Assets

34. According to PPEC's most recent unaudited financial statements for the period ended January 31, 2015, it had assets totalling \$68,476,066. That sum consists of current assets of \$32,137,515 in accounts receivable, \$30,228,655 in work in progress, and \$133,204 in prepaid expenses, together totalling \$62,499,375; and capital assets with a net book value of \$5,976,690. PPEC's capital assets are composed in large part of heavy equipment, handling equipment, office trailers, support equipment, and vehicles. Attached hereto as Exhibit "L" is a true copy of PPEC's unaudited financial statements as at January 31, 2015.

(b) PPEC's Liabilities

35. Also as at January 31, 2015, PPEC had current liabilities of \$94,031,745.36, consisting largely of \$59,294,096 in trade accounts payable, \$24,525,424 in bank indebtedness, \$5,235,959 in accrued liabilities, and \$4,240,934 in wage and payroll liabilities. PPEC had long-term liabilities amounting to \$23,929,413, composed almost entirely of funds due to its shareholders.

36. The trade debt is largely owed to suppliers and subcontractors on ongoing or recently completed construction projects. Some of these creditors have liened the construction projects described below for the amounts outstanding.

37. Besides National Bank (and now Pacer), PPEC's secured creditors are equipment lessors and financiers and their collateral is largely the equipment leased and/or financed.

(c) PPEC and PPEC Construction's Employees

38. Not including subcontractors, PPEC and PPEC Construction currently employ approximately 450 office and field employees (the amount of field employees fluctuates according to need on the ongoing projects, however). Office employees are on salary and are paid on a biweekly basis, while direct field employees are paid by the hour on a weekly

basis. Vacation pay is accrued for salaried employees, and is paid out with each pay cheque for employees employed on an hourly basis. None of PPEC or PPEC Construction's employees are unionized, and there is no pension plan in place. PPEC and/or PPEC Construction currently owe approximately \$2.2 million in source deductions, plus interest and applicable penalties. As PPEC Construction has no assets of its own, its payroll obligations are funded by PPEC.

(d) Current PPEC Contracts

i. The CNRL Contracts

39. At the present time, PPEC has four remaining contracts on which construction is not complete, all for Canadian Natural Resources Limited (collectively, the "CNRL Contracts").

40. The largest contract involves a \$40 million construction agreement with CNRL, which PPEC entered into effective February 13, 2014 (the "CNRL N5000 Contract"), for the completion of the mechanical and piping work in the Extraction Plant 24 Trains 3-4 North Area of the Horizon Oil Sands near Fort McKay, Alberta. The scope of work includes mobilizing and demobilizing the construction site, procuring all necessities to perform the work, and completing the mechanical and piping work within the polymer building, warm water tank, and several pump houses, and setting of major equipment and modules, along with associated interconnect piping. There are 228 workers (including both employees and subcontractors) working on the CNRL N5000 Contract. The work is approximately six months from completion, but PPEC requires financing to carry out the remainder of the construction.

41. CNRL has also entered into a \$30 million construction agreement with PPEC to perform work on the Extraction Building at the Horizon Oil Sands project (the "CNRL R-51 Contract"), which is currently one to two months from completion. The scope of work for the CNRL R-51 Contract generally consists of the supply, fabrication and erection of structural steel, the supply and installation of insulated cladding and architectural items for the Extraction Building, and the installation of major mechanical equipment, vessels and setting of major HVAC equipment. There are 103 workers (including both employees and subcontractors) working on the CNRL R-51 Contract.

42. PPEC has two other small contracts with CNRL, the CNRL BTU Contract and the CNRL GRU Contract. All that remains on the CNRL BTU Contract is some scaffolding work on the Butane Treating Unit at the Horizon Oil Sands, which is currently one to two weeks from completion and worth approximately CAD\$1.2 million. The CNRL GRU Contract is for work on a gas recovery unit and is one week from completion. Combined, there are 14 workers on these projects.

ii. The Krupp Contract

43. PPEC completed construction and mechanical work on Krupp Canada Inc.'s Kearl Lake Oil Sands Project in December 2014. PPEC is still owed a significant amount of its payment (the "Krupp Receivable"). PPEC has liened the Krupp project for the amounts outstanding.

VII. PPEC'S DEFAULT UNDER THE CREDIT AGREEMENT, AND PACER'S ONGOING SUPPORT OF PPEC

44. On November 7, 2014, National Bank issued and delivered a notice of default to PPEC, as well as to Pacer and Promec, advising that PPEC was in default under the Credit Agreement because it did not meet all three Financial Ratio Covenants set out in section 13 of the Credit Agreement. A true copy of this letter is attached hereto as Exhibit "M". This letter also called on Pacer and Promec to proceed with injections of capital or subordinated debt into PPEC, in accordance with their obligations under the Credit Agreement and the Guarantee, "to enable [PPEC] to continue its normal course operations and remedy the defaults."

45. PPEC requested that its shareholders advance monies to fund its liquidity needs. Pacer responded by advancing up to \$9,375,000 to PPEC by means of a demand promissory note dated November 12, 2014 (the "November Note"), accruing annual interest at 8%, which was used to pay PPEC's payroll, critical suppliers, and operational expenses. Promec refused to sign or guarantee the November Note, or fund these liquidity needs in any way. PPEC's debt to Pacer under the November Note was expressly subordinated by its terms to PPEC's obligations to National Bank under the Credit Agreement. A true copy of the November Note is attached hereto as Exhibit "N".

46. Repayment of the November Note was secured by way of a Security Agreement dated November 12, 2014, whereby PPEC granted Pacer a security interest in all of its present and after-acquired property. This Security Agreement also secured Pacer's expenses, costs and charges (including legal fees, court costs, and receiver's remuneration) incurred in connection with the Security Agreement (the "Secured Obligations"). Once the security becomes enforceable (if and when PPEC fails to repay or perform any of its Secured Obligations), Pacer is entitled by way of remedy pursuant to subsections 3.2(l) and (m) to appoint a receiver and manager over the collateral, or have one appointed by a court of competent jurisdiction. Pacer's security interest, and the exercise by Pacer of any right or remedy thereunder, is however expressly subordinated to the prior payment in full of PPEC's obligations to National Bank under the Credit Agreement. A true copy of the Security Agreement dated November 12, 2014 is attached hereto as Exhibit "O".

47. The funding available from the November Note initially satisfied the Bank's requirements and provided PPEC with the financial assistance to continue its operations in the short term.

48. In the second half of November 2014 through to January 2015, PPEC managed to carry on paying its employees and critical vendors, and completing its construction contracts, largely using payments made to it in the ordinary course of business, in part by CNRL.

49. In early February 2015, however, National Bank expressed its ongoing concern about PPEC's ability to improve the management of its construction contracts and to complete them within the cost forecasts presented to the bank.

50. By email dated February 4, 2015, National Bank, through their counsel, demanded that Pacer and Promec confirm their position in writing with regards to their obligation under the Guarantee to cover any Borrowing Base deficit and any overdrafts by PPEC, by way of equity injection or subordinated debt, without the bank having to declare PPEC's default. A true copy of this email is attached hereto as Exhibit "P".

51. From February 4 to February 5, 2015, exchanges took place between Pacer and Promec with a view to responding to this demand. Pacer wished to place a proposal before

the bank that avoided its termination of PPEC's access to the Credit Facilities; and also continue providing the liquidity support that PPEC required to complete its remaining construction jobs. However, Promec continued to refuse to help fund any of PPEC's activity or pay any new amounts into PPEC.

52. By letter dated February 11, 2015 addressed to PPEC, Pacer, and Promec, National Bank stated that the above defaults had not been cured and were continuing, and insisted that PPEC, Pacer, and Promec communicate their proposal to remedy the existing defaults on or before February 12, 2015. A true copy of this letter is attached hereto as Exhibit "Q".

53. Pacer therefore agreed to advance funds to PPEC, this time in an aggregate principal amount of up to \$12,875,000 (including the amount advanced under the November Note) by means of an amended and restated promissory note dated February 12, 2015 (the "Amended November Note"). PPEC's repayment of the Amended November Note is on substantially the same terms, and is secured in the same fashion, as the original November Note. A true copy of the Amended November Note is attached hereto as Exhibit "R". It should be noted that PPEC's directors and shareholders passed resolutions consenting to the November Note and the Amended November Note, and the associated Security Agreement.

54. The amount currently outstanding on the Amended November Note is CAD\$12,435,726.44. These monies went to funding PPEC's payroll, operational expenses, and critical suppliers, thus ensuring its continued performance of the CNRL Contracts. Promec was at all times aware that this is how PPEC was managing its cash flow, as was National Bank.

55. On February 13, 2015, Pacer put forward another proposal to Promec to attempt to address issues outside formal proceedings, which proposal would have satisfied PPEC's debt to National Bank as well as permitted PPEC to carry on until it completed its construction jobs. Promec rejected this proposed plan on February 15, 2015.

VIII. PROMEC'S NOMINATED DIRECTOR RESIGNS

56. On February 12, 2015, Promec's director nominee Mr. Capkun resigned from the Board of Directors of PPEC. Attached hereto as Exhibit "S" is a true copy of his letter of

resignation. In violation of the Shareholder Agreement, Promec failed to fill the vacancy created by Mr. Capkun's resignation. This resulted in the total incapacitation of PPEC's Board of Directors at a critical time and created a serious corporate governance issue affecting PPEC's viability and its continued performance of the CNRL Contracts.

57. By email dated February 17, 2015, I advised Promec's Vice President of Operations, Mr. Paul Lafrenière, that if Promec continued to fail to nominate a director to PPEC's Board, Pacer would treat the Shareholder Agreement as at an end and I, as the Pacer nominee director, would act in all respects as the validly constituted Board of Directors of PPEC. Promec responded the following day and stated that it was attempting to find an English-speaking director. A copy of this email correspondence is attached hereto as Exhibit "T".

58. However, to this day, Promec has failed to nominate a new director to PPEC's Board. As such, Pacer has had no choice but to treat the Shareholder Agreement as at an end, and I, as Pacer's nominated director, have been forced to assume sole control of PPEC.

IX. THE DEMAND FOR REPAYMENT AND SECTION 244 NOTICE

59. On February 18, 2015, counsel to National Bank wrote to PPEC and advised that the amount outstanding on the Credit Facilities was currently \$26,043,421.37 in principal and interest. It further advised that PPEC was in continuing default under the Credit Agreement as it did not meet the Financial Ratio Covenants in the Credit Agreement; the Borrowing Base deficit was \$12.9 million and Pacer and Promec had failed to cover it; the impact of the deadlock between Pacer and Promec on PPEC's corporate governance constituted a Material Adverse Change; and Pacer and Promec had failed to comply with the Bank's February 4, 2015 formal request made pursuant to the Guarantee. National Bank terminated PPEC's right to use the Credit Facilities and demanded payment of the debt on or before March 2, 2015. Enclosed with the letter of February 18, 2015 was National Bank's Notice of Intention to Enforce Security pursuant to section 244(1) of the BIA. A true copy of this letter and the enclosed section 244 notice are collectively attached hereto as Exhibit "U".

60. Also on February 18, 2015, National Bank called on Pacer and Promec's Guarantee of the Credit Agreement and demanded that Pacer and Promec pay all of PPEC's indebtedness

to National Bank under the Credit Agreement, and specifically the amount of \$26,043,421.37, by February 20, 2015. A true copy of this letter is attached hereto as Exhibit "V".

61. In a further effort to provide financial assistance to PPEC to ensure its ongoing operations, on February 19, 2015, Pacer advanced further funds to PPEC by way of promissory note of that date, in a maximum revolving amount of \$15,000,000 (the "February Note"). PPEC's repayment of amounts borrowed under the February Note is secured pursuant to a security agreement with substantially the same terms as the security agreement securing the November Note and the Amended November Note, as described above. True copies of the February Note and the associated Security Agreement of the same date are attached hereto as Exhibits "W" and "X". Absent this injection of liquidity, PPEC would not have been able to meet its payroll and critical supplier obligations. The amount currently outstanding on the February Note is \$9,480,000. Promec did not contribute to this liquidity injection into PPEC in any way.

X. PPEC'S CURRENT OPERATIONS HAVE BEEN ADVERSELY AFFECTED BY ITS FINANCIAL DISTRESS

62. PPEC's operations, and in particular its performance of the CNRL Contracts, have been affected by the events since November 2014 described above. Office and field employees, as well as suppliers and subcontractors, are increasingly aware of the situation and are unsettled by it. Productivity on the CNRL Contracts has declined, despite the addition of more manpower, which has slowed down cash flow from CNRL. Furthermore, there are communication issues within PPEC. It is imperative that PPEC be stabilized so the CNRL Contracts can be completed without further incident.

XI. PACER HAS HONOURED ITS GUARANTEE OF THE CREDIT AGREEMENT AND STEPPED INTO NATIONAL BANK'S SHOES

63. Having failed to secure a satisfactory resolution with Promec, and in the face of burgeoning instability at PPEC, Pacer took the necessary steps to appoint a receiver over PPEC to ensure its orderly winding-up outside of formal insolvency proceedings. We have moved as quickly as possible to appear before the Court once these steps were taken.

64. On March 5, 2015, Pacer and National Bank entered into a letter agreement whereby Pacer agreed to honour National Bank's call on Pacer's Guarantee of the Credit Agreement in full (the "Letter Agreement"). Under the terms of the Letter Agreement, Pacer agreed to pay the aggregate amount of \$26,227,046.49 in full payment and satisfaction of all indebtedness and other claims owing by PPEC to National Bank under the Credit Agreement and other Loan Documents. A true copy of the Letter Agreement is attached hereto as Exhibit "Y". Pacer made the payment on March 5, 2015.

65. Pacer advised Promec of its intention to honour the Guarantee on March 3, 2015 and gave Promec the opportunity to contribute to the payment on the Guarantee. However, Promec declined to do so. A true copy of this email correspondence is attached hereto as Exhibit "Z".

66. National Bank confirmed in the Letter Agreement that upon receipt of Pacer's payment, Pacer is subrogated to the bank's rights under the Credit Agreement and the other Loan Documents. Furthermore, pursuant to a Confirmation of Assignment Agreement dated March 5, 2015 (the "Assignment Agreement"), National Bank confirmed that, in furtherance of Pacer's subrogation rights, all of the bank's right, title and interest in the Loan Documents, and any of its rights and benefits thereunder, have been assigned and conveyed to Pacer upon payment. A true copy of the Assignment Agreement is attached hereto as Exhibit "AA".

XII. THE APPOINTMENT OF A RECEIVER IS NECESSARY, JUST, AND CONVENIENT

67. Events of default have existed under the Credit Agreement since National Bank issued the first notice of default on November 7, 2014. The full amount of PPEC's indebtedness to National Bank under the Credit Agreement was called, due, and payable as of the bank's demand of February 18, 2015. PPEC has not repaid any amount owing under the Credit Agreement.

68. As a result of Pacer's payment on the Guarantee, all of the amounts that PPEC owes under the Credit Agreement, specifically \$26,227,046.49 (plus interest accruing at the contractual rate), are now due and payable to Pacer. Pacer, as the creditor under the Credit

Agreement, the Amended November Note, and the February Note, is now the primary economic stakeholder in PPEC.

69. PPEC lacks the financial ability to pay the amounts it owes to Pacer and, due to the circumstances described above, its financial condition is unlikely to improve in the short term. Indeed, it is insolvent and increasingly unstable.

70. Pacer holds security over PPEC's assets pursuant to the assigned GSA, as well as the Security Agreements dated November 12, 2014 and February 19, 2015. Each of the GSA and the Security Agreements provides that the lender is entitled to appoint a receiver and manager over the assets of PPEC upon the occurrence of an event of default, or apply to the Court for such appointment.

71. As set out above, PPEC has defaulted under the terms of the Credit Agreement, and therefore Pacer is entitled to enforce the security provided for in the GSA, including by appointing a receiver.

72. The appointment of a receiver is moreover necessary to wind down PPEC and PPEC Construction in a fair and reasonable manner that balances the interests of all of PPEC's stakeholders in a transparent and court-supervised process.

73. The operation of PPEC requires cooperation between Pacer and Promec. Since PPEC's descent into financial distress, Promec has continually refused to cooperate with Pacer in the best interests of PPEC. Pacer has had to financially support PPEC on its own since November 2014. Furthermore, as of Mr. Capkun's resignation on February 13, 2015, and Promec's ongoing failure to nominate his replacement, the Board of Directors of PPEC has been totally incapacitated in the management of the business and operations. As a result, Pacer was forced to treat the Shareholder Agreement as at an end and take unilateral control of PPEC.

74. PPEC's employees are aware of this instability within the company's finances and governance, as are suppliers, and productivity on the CNRL Contracts has been affected, thus jeopardizing PPEC's major assets.

75. Pacer is also seeking to appoint a receiver over PPEC's subsidiary, PPEC Construction. While the GSA and other security does not cover and extend to PPEC Construction, given their role in the overall PPEC organization, it is necessary to ensure stability for the field employees who are paid through this subsidiary. Extending the receivership over PPEC's subsidiary will allow us to do so.

76. The appointment of a receiver is necessary to stabilize the corporate governance of PPEC and PPEC Construction and render it effective once again, as well as stabilize the situation with PPEC's ongoing construction contracts. If appointed, it is expected that the receiver will, among other things, complete the following steps under court supervision:

- i. Receive, preserve, protect and otherwise deal with the assets of PPEC;
- ii. Appoint a project manager, most likely Pacer, to supervise the performance of the CNRL Contracts;
- iii. Evaluate the economic value of the CNRL Contracts to PPEC;
- iv. If lacking in economic viability, potentially transfer those contracts, and any assets required for their performance, to Pacer (or another party) for completion of performance; and
- v. Recover on the Krupp Receivable.

XIII. THE CNRL CONTRACTS IN THE PROPOSED RECEIVERSHIP

77. One of the proposed receiver's initial and most important steps, highlighted at para. 76(ii) above, will be to evaluate the economic viability of the CNRL Contracts and to make recommendations as to how those contracts are best dealt with during the course of the receivership. The manner in which the CNRL Contracts are to be addressed is a critical component of PPEC's wind-down. Pacer anticipates that the proposed actions and potential transfer of the CNRL Contracts out of the receivership proceedings will be the subject of a further hearing in the receivership.

78. CNRL is aware of the difficulties that PPEC is having with its finances and with completion of the projects, and are anticipating a quick resolution to the problems.

79. It is expected that Pacer will be appointed as project manager of the CNRL Contracts while the proposed receiver evaluates those contracts, and determines the best course of action going forward. In consultation with the receiver, Pacer will ensure the continued performance of the CNRL Contracts during that time. As outlined immediately below, Pacer is able and willing to fund the continued performance of the CNRL Contracts within the receivership in this interval.

XIV. FUNDING THE RECEIVERSHIP

80. Pacer, in consultation with the proposed receiver, is assessing PPEC's funding requirements, which will in large part be determined by how the receiver decides to proceed with respect to the CNRL Contracts. The proposed receiver estimates that a minimum of \$5 million per week will be required to sustain PPEC's operations through the short interval until this matter comes back before the Court, almost entirely relating to salaries and employee-related costs. Pacer is prepared to fund the Receiver in respect of those costs under Receiver's Certificates, at the same rate on which it has lent previous amounts under the Amended November Note and February Note, i.e. 8% per annum in interest until the parties return before this Court for further directions.

81. At this time, and given the urgency of the hearing, equipment lessors and financiers who have taken security over PPEC's assets were not served with these materials. Pacer is not seeking to prime their interests in the equipment at this time, in respect of the Receiver's Certificates.

82. To my knowledge, there are no other secured creditors who would be prejudiced by Pacer lending funds to PPEC on an otherwise first-priority secured basis. Since Pacer repaid PPEC's indebtedness to National Bank in full, received assignment of the bank's security, and is secured on its promissory notes, Pacer is the holder of approximately CAD\$50 million in secured debt in PPEC.

XV. FTI IS CAPABLE AND HAS CONSENTED TO ACT AS RECEIVER

83. Pacer seeks to appoint FTI as receiver of PPEC and PPEC Construction. FTI has had an opportunity to review the financial documents of PPEC and PPEC Construction and

accumulated valuable knowledge about PPEC's and PPEC Construction's financial affairs, business, and the performance and value of the CNRL Contracts and the Krupp Contract.

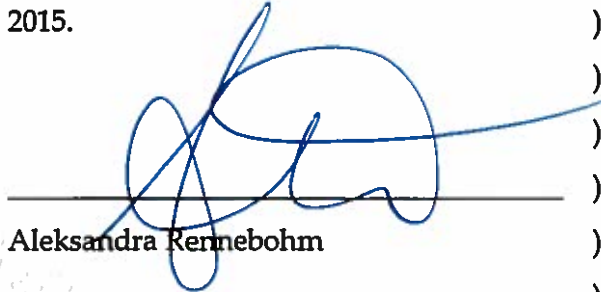
84. I believe that appointing FTI as receiver over all of PPEC's and PPEC Construction's assets, property, and undertakings will provide much-needed stability to the enterprise and allow for its orderly and controlled wind-down.

85. I am advised by my counsel, Stikeman Elliott LLP, that FTI is prepared to act as the receiver and manager of PPEC and PPEC Construction.

XVI. URGENCY OF THE APPLICATION

86. The within application for the appointment of a receiver and manager over PPEC's and PPEC Construction's assets is urgent, such that the full five days' notice of the application could unfortunately not be given. PPEC and PPEC Construction have upcoming payroll payment to direct employees on March 12, 2015 that it will be unable to make. The growing instability created by PPEC's financial situation, as well as its corporate governance issues, is having an adverse effect on PPEC's day-to-day operations. Suppliers and subcontractors are getting nervous. The employees of the company have sensed the instability within PPEC and its Board, and have begun to ask questions about the company's future. Productivity on the CNRL Contracts has been negatively impacted. CNRL itself has expressed its concerns over PPEC's performance of its contracts. Promec's unwillingness to resolve these issues has further contributed to the urgent need to appoint a receiver and manager over PPEC to instil stability and certainty within the company's operations going forward, preserve its value for all current stakeholders, and conduct a controlled and orderly wind-down of its operations.

SWORN (OR AFFIRMED) BEFORE ME at)
Calgary, Alberta, this ^{6th} [Date] day of March,)
2015.)


_____)

Aleksandra Rennebohm)

Aleksandra Rennebohm
Barrister & Solicitor)


_____)

(Signature)

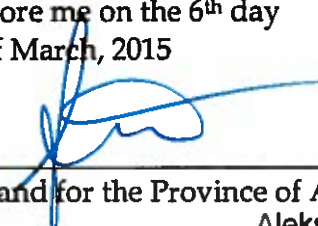
RICHARD PELLETIER
_____)

PRINT NAME AND EXPIRY/LAWYER)
/STUDENT-AT-LAW)

(Print Name)



This is Exhibit "A"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta
Aleksandra Rennebohm
Barrister & Solicitor



**Government Corporation/Non-Profit Search
of Alberta ■ Corporate Registration System**

Date of Search: 2014/11/10
Time of Search: 09:29 AM
Search provided by: STIKEMAN ELLIOTT

Service Request Number: 22345073
Customer Reference Number: 120631.1012

Corporate Access Number: 2017417540
Legal Entity Name: PACER PROMEC ENERGY CORPORATION

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2013/04/11 YYYY/MM/DD

Registered Office:

Street: SUITE 200 1040 7 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P3G3

Records Address:

Street: 1900, 520 - 3RD AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 0R3

Directors:

Last Name: CAPKUN
First Name: PETER
Street/Box Number: 346, RUE AIME-VINCENT
City: VAUDREUIL-DORION
Province: QUEBEC

Postal Code: J7V 5V5
Last Name: PELLETIER
First Name: RICHARD
Street/Box Number: 1105 - 7TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 1B2

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SHARE STRUCTURE SCHEDULE ATTACHED
Share Transfers Restrictions: NO SECURITIES (OTHER THAN NON-CONVERTIBLE DEBT SECURITIES) OF THE CORPORATION SHALL BE TRANSFERRED WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS.
Min Number Of Directors: 1
Max Number Of Directors: 11
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: OTHER PROVISIONS SCHEDULE ATTACHED

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2014	2014/04/11

The corporation representative has confirmed that there are no shareholders.

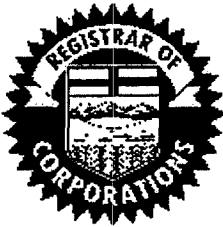
Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2013/04/11	Incorporate Alberta Corporation
2014/04/11	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2013/04/11
Other Rules or Provisions	ELECTRONIC	2013/04/11

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.





Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2014/11/10
Time of Search: 09:30 AM
Search provided by: STIKEMAN ELLIOTT

Service Request Number: 22345095
Customer Reference Number: 120631.1012

Corporate Access Number: 2017686508
Legal Entity Name: PACER PROMEC ENERGY CONSTRUCTION CORPORATION

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2013/08/27 YYYY/MM/DD

Registered Office:
Street: 200, 1040 - 7 AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 3G9

Records Address:
Street: 200, 1040 - 7 AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 3G9

Directors:
Last Name: CAPKUN
First Name: PETER
Street/Box Number: 346, RUE AIME-VINCENT
City: VAUDREUIL-DORION
Province: QUEBEC

Postal Code: J7V 5V5
Last Name: PELLETIER
First Name: RICHARD
Street/Box Number: 1105 - 7TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 1B2

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SCHEDULE
Share Transfers Restrictions: NO SECURITIES (OTHER THAN NON-CONVERTIBLE DEBT SECURITIES) OF THE CORPORATION SHALL BE TRANSFERRED WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS.
Min Number Of Directors: 1
Max Number Of Directors: 11
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: SEE SCHEDULE

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2014	2014/09/12

The corporation representative has confirmed that there are no shareholders.

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2013/08/27	Incorporate Alberta Corporation
2014/09/12	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2013/08/27
Other Rules or Provisions	ELECTRONIC	2013/08/27

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



This is Exhibit "B"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

**Aleksandra Rennebohm
Barrister & Solicitor**



**Articles of Incorporation
For
PACER PROMEC ENERGY CORPORATION**

Share Structure: SHARE STRUCTURE SCHEDULE ATTACHED

Share Transfers Restrictions: NO SECURITIES (OTHER THAN NON-CONVERTIBLE DEBT SECURITIES) OF THE CORPORATION SHALL BE TRANSFERRED WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS.

Number of Directors:

Min Number of Directors: 1

Max Number of Directors: 11

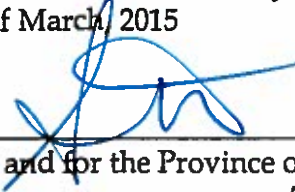
Business Restricted To: NONE

Business Restricted From: NONE

Other Provisions: OTHER PROVISIONS SCHEDULE ATTACHED

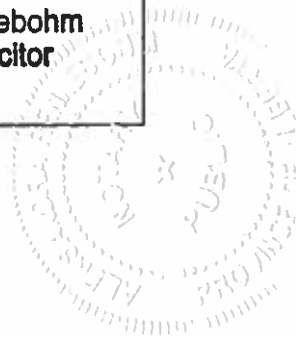
**Registration Authorized By: MARIA S DOERKSEN
SOLICITOR**

This is Exhibit "C"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



**RESOLUTIONS OF THE SHAREHOLDERS
OF
PACER PROMEC ENERGY CORPORATION**
(the "Corporation")

The undersigned, being all of the Shareholders of the Corporation, hereby pass the following resolutions:

RESOLVED THAT:

1. By-Law No. 1 of the Corporation, duly enacted by the First Directors of the Corporation is confirmed without variation as By-Law No. 1 of the Corporation.
2. The number of directors for the Corporation be set at two (2) for the time being.
3. The following persons be and are hereby elected as directors of the Corporation to serve until the next annual meeting of the Corporation:

**Peter Capkun
Richard Pelletier**

4. The appointment of an Auditor be dispensed with.
5. The acts and proceedings of the First Directors of the Corporation be and are hereby approved, ratified and confirmed.

EFFECTIVE DATE

RESOLVED THAT these resolutions shall take effect on April 11, 2013.

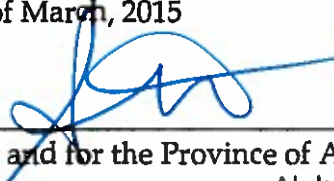
Pacer Construction Holdings Corporation

Per: 

Construction Promec Inc.

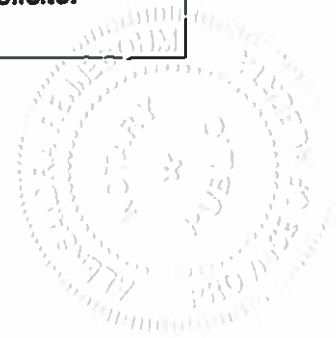
Per: 

This is Exhibit "D"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

**Aleksandra Rennebohm
Barrister & Solicitor**



**UNANIMOUS SHAREHOLDER
AGREEMENT**

PACER PROMEC ENERGY CORPORATION

SHAREHOLDERS AGREEMENT

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THIS SHAREHOLDERS AGREEMENT made effective as of the 17 day of OCTOBER, 2013.

AMONG:

PACER CONSTRUCTION HOLDINGS CORP., a corporation incorporated under the laws of Alberta and having its head office in Calgary, Alberta ("**Pacer**")

- and -

CONSTRUCTION PROMEC INC., a corporation incorporated under the laws of Canada and having its head office in Rouyn-Noranda, Quebec ("**Promec**")

- and -

PACER PROMEC ENERGY CORPORATION, a corporation incorporated under the laws of Alberta and having its head office in Calgary, Alberta (the "**Corporation**")

SHAREHOLDERS AGREEMENT

WHEREAS:

- A. The parties desire to set out their rights, duties and obligations and to determine various contractual arrangements between the parties as described herein;
- B. The main intent with respect to this Agreement which follows is to promote good governance of the Group by setting down rules which will avoid, on the one hand, the occurrence of events prejudicial to the Group and, on the other hand, will enable, as the case may be, the remedying of certain problem situations which may jeopardize the latter;
- C. The secondary intent is to protect the financial value of the investment of each of the Shareholders and to enable the realization of this value in a timely manner and under the best possible conditions, in light of the circumstances;
- D. The Shareholders agree that this Agreement shall enjoy a liberal construction or interpretation, where required, in order to promote compliance with their intent, in accordance with the order of priority indicated.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the covenants and agreements of each of the parties hereto, and other good and valuable consideration, the parties hereto covenant and agree together as follows:

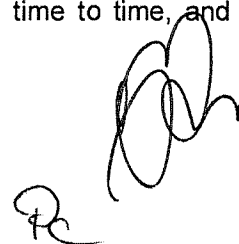
ARTICLE I - INTERPRETATION

1.1 DEFINITIONS

- (a) "**Act**" means the *Business Corporations Act*, Revised Statutes of Alberta, 2000, c. B-9 as amended from time to time and every statute that may be substituted therefor, and in the case of any such amendment and substitution, any reference in this Agreement to the Act shall be read as referring to the amended or substituted provisions therefor;

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- (b) **“Advance”** means, with respect to each Shareholder, all advances by such Shareholder to the Corporation as and by way of loan or as otherwise provided in this Agreement, whether or not such loans are then due and payable;
- (c) **“Affiliate”** means:
 - (i) with respect to a corporation, any legal entity Controlling, Controlled by or under common Control of such corporation, with the concept of Control in such context meaning the possession, directly or indirectly, of the power to direct the management and policies of another, whether through the ownership of voting securities, by contract or otherwise; and
 - (ii) any partnership, firm, association, organization, syndicate, body corporate or other entity which the Board approves as being an Affiliate for the purposes of this Agreement;
- (d) **“Agreement”** means this Shareholders Agreement and all schedules, if any, attached to this Agreement, in each case as they may be supplemented or amended from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement;
- (e) **“Arm’s Length”** has the meaning prescribed in the ITA;
- (f) **“body corporate”** means a company, corporation or other body corporate wherever or however incorporated;
- (g) **“Business Day”** means any day, other than a Saturday or Sunday, on which the principal commercial banks in the City of Calgary in the Province of Alberta are open for commercial banking business during normal banking hours;
- (h) **“Common Share”** means at any time common share in the capital of the Corporation which is issued and outstanding at such time;
- (i) **“Common Shareholder”** means a Shareholder who owns Common Shares;
- (j) **“Control”** means, in relation to a particular body corporate:
 - (i) the right to exercise the majority of the votes which may be cast at a general meeting of the shareholders of the body corporate, when held together with,
 - (ii) the right to elect or appoint, directly or indirectly, a majority of the directors of the body corporate or such other persons who have the right to manage or supervise the management of the affairs and business of that body corporate;
- (k) **“Corporation”** means Pacer Promec Energy Corporation and includes any successor to Pacer Promec Energy Corporation resulting from any amalgamation, merger, arrangement or other reorganization of or including Pacer Promec Energy Corporation or any continuance under the laws of another jurisdiction;
- (l) **“Corporation's Articles”** means the Articles of Incorporation of the Corporation filed the 11th day of April, 2013, as may be amended or restated from time to time, and includes any articles of amalgamation;

A handwritten signature in black ink, consisting of a series of loops and a small circle at the end, located in the bottom right corner of the page.

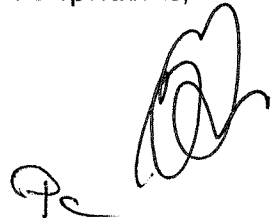
- (m) **"Directors"** or **"Board"** or **"Board of Directors"** means the directors or the board of directors who are, or which is, from time to time in accordance with the terms of this Agreement, duly elected or appointed as directors or as the board of directors of the Corporation;
- (n) **"Fair Market Value"** means the price determined in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of money or money's worth;
- (o) **"fiscal year"** means the fiscal year of the Corporation as established by the Board from time to time;
- (p) **"Group"** means the Corporation and any other business or venture associated or affiliated with the Corporation in which it holds more than fifty (50%) percent of the voting rights;
- (q) **"Interest"** means all right, title and interest of a Shareholder in and to any Shares owned by a Shareholder and the Shareholder's Account of such Shareholder;
- (r) **"ITA"** shall refer to the *Income Tax Act*, R.S.C. 1985 (5th Suppl.) c.1 together with the regulations promulgated thereunder, as amended or supplemented from time to time, including any proposed amendment to such legislation announced by way of notice of ways and means motion or press release from time to time by the Minister of Finance of Canada or other Minister charged with the administration of the Tax Act, which announcement confirm such proposed amendment, when enacted, shall have retroactive effect to a date prior to the date of its enactment;
- (s) **"Parties" or "Party"** means the Corporation and the other parties to this Agreement and includes any person who may hereafter execute a participation agreement or counter-part of this Agreement upon becoming a Shareholder;
- (t) **"Preferred Shares"** means the Shares, if any, that are, pursuant to the terms and privileges attached to them under the Corporation's Articles:
 - (i) redeemable or retractable at the option of the holder or of the Corporation or both; and
 - (ii) entitled to a preference to dividends or to monies or other assets or a winding up over other classes of Shares;
- (u) **"Prime Rate"** means the commercial lending rate of interest, expressed as an annual rate, which the Corporation's principal bankers quote in Calgary, Alberta as the reference rate of interest from time to time (commonly known as "prime") for the purpose of determining the rate of interest that it charges to its commercial customers for loans in Canadian funds, as it may be on the date a determination of the Prime Rate is to be made under this Agreement;

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- (v) **"Principal"** means an individual or group of individuals who ultimately, directly or indirectly Controls a corporate Shareholder, and in the case of the initial Parties to this Agreement, the following individuals or groups in relation to the following corporate Shareholders:

Principal	Corporate Shareholder
Peter Capkun	Promec
Richard Pelletier	Pacer

- (w) **"Proportionate Share"** means a percentage (separately calculated for each Purchaser) based on the number of Common Shares held by a Purchaser as the numerator and the aggregate number of Common Shares held by all Purchasers as the denominator;
- (x) **"Purchaser"** means a Shareholder that has elected to purchase or who is required to purchase the whole or any part of the Interest of another Shareholder or Shareholders as provided in this Agreement;
- (y) **"Redemption Amount"** means the Redemption Amount for a class or series of Preferred Shares as set out in the Corporation's Articles, prescribed in this Agreement or prescribed by the Board at the time of the issuance of the Preferred Shares in question;
- (z) **"Secretary"** means the Secretary of the Corporation and if there is no Secretary, or the Secretary refuses to act, then the President of the Corporation;
- (aa) **"Share Value"** means the value of the Shares (on a class by class or series by series basis) as set in the Valuation Notice or by a Valuation, as the case may be;
- (bb) **"Shareholder"** means any person who is a holder of Shares at the relevant time;
- (cc) **"Shareholder's Account"** means, with respect to a Shareholder, all outstanding Advances, loans and obligations owing at the relevant time by the Corporation to such Shareholder, as evidenced on the books, records and accounts of the Corporation, whether or not such Advances, loans or obligations are then due and payable, less all amounts owing by such Shareholder to the Corporation, whether or not such amounts are then due and payable, and shall include all amounts outstanding to the credit of such Shareholder in the Shareholder's Account of such Shareholder;
- (dd) **"Shares"** means shares of any class or series in a class in the share capital of the Corporation, and:
- (i) any shares or securities resulting from any conversion, change, subdivision, redivision, consolidation or reclassifications of the Shares of any class;
 - (ii) any shares or securities resulting from any reorganization of the share capital of the Corporation affecting the Shares of any class;
 - (iii) any shares or securities issued to replace the Shares of any class upon the amalgamation of the Corporation with any other corporation or corporations;



- (iv) any shares or securities resulting from the distribution of any Shares of any class of the Corporation or the distribution of assets of the corporation to holders of Shares of any class; and
- (v) any shares or securities that are received by the shareholders in conjunction with any redemption by the Corporation of the Shares of any class;
- (ee) **"Subsidiary"** shall have the meaning provided in the Act as it applies to a particular body corporate; and
- (ff) **"Vendor"** means a Shareholder who is required to sell the whole or any part of his Interest to a Purchaser as provided for in this Agreement.

1.2 SECTIONS AND HEADINGS

The division of this Agreement into articles and sections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular article, section or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to articles and sections are to articles and sections of this Agreement.

1.3 CONSTRUCTION

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa and wording importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa.

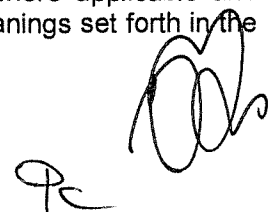
1.4 ACCOUNTING PRINCIPLES

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles.

1.5 CERTAIN RULES OF INTERPRETATION

In this Agreement:

- (a) Unless otherwise specified, all amounts referred to in the Agreement are in Canadian currency. Unless otherwise indicated in the text, the amounts stated in the Agreement shall not be construed as including the Goods and Services Tax, the Provincial Sales Tax and any other tax that may be levied on such amounts by public authorities during the term of the Agreement;
- (b) In addition to Section 1.1, any other capitalized words or phrases in this Agreement in quotations or parenthesis or both shall be defined words for all purposes of this Agreement, and shall be given their meanings by the language immediately preceding or following the capitalized word in quotations or parenthesis or both, or as the surrounding context otherwise requires. All other words shall, where applicable and unless there is something inconsistent in the context, have the meanings set forth in the



Act or in the *Interpretation Act* (Alberta) if defined in that legislation; failing which the words shall have the meaning given to them at common law;

- (c) Whenever a provision of this Agreement requires an approval or consent by a party to this Agreement and notification of that approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent;
- (d) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day;
- (e) Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, that payment will be made or action taken on the next Business Day following that day;
- (f) Any reference to a corporate entity includes, and is also a reference to, any corporate entity that is a successor to such entity;
- (g) Where the words "including" or "includes" appear in this Agreement, they mean "including (or includes) without limitation".

ARTICLE II - IMPLEMENTATION OF AGREEMENT

2.1 EFFECT OF AGREEMENT

Each of the Parties shall vote or cause to be voted the Shares owned by him in such a way so as to fully implement the terms and conditions of this Agreement and shall, if any Director for any reason refuses to exercise his discretion in accordance with the terms of this Agreement, forthwith take such steps as are necessary to remove each such Director.

2.2 DEEMED CONSENT

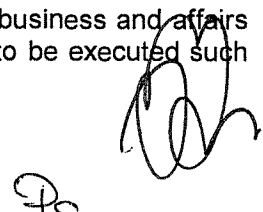
Each of the Parties shall be deemed to have consented to any transfer of Shares made in accordance with this Agreement and each hereby waives any right or restriction on transfer contained in the Corporation's Articles or By-laws of the Corporation that are necessary in order to give effect to any such transfer.

2.3 CONFLICT

In the event of any conflict between the provisions of this Agreement, and the Corporation's Articles and By-laws of the Corporation, the provisions of this Agreement shall govern. Each of the Parties shall vote or cause to be voted the Shares owned by him so as to cause the Corporation's Articles or By-laws, or both, as the case may be, to be amended to resolve any such conflict in favour of the provisions of this Agreement.

2.4 NOTICE TO CORPORATION

The Corporation, by its execution hereof, hereby acknowledges that it has actual notice of the terms of this Agreement, consents thereto, and hereby covenants with each of the Parties that it will at all times during the continuance hereof be governed by this Agreement in carrying out its business and affairs and accordingly, shall give or cause to be given such notices, execute or cause to be executed such



deeds, transfers and documents and do or cause to be done all such acts, matters and things as may from time to time be necessary or conducive to carrying out the terms and intent hereof.

2.5 CUMULATIVE RIGHTS

All rights referred to in the Agreement are cumulative and not mutually exclusive. Any waiver of the enforcement of a right granted by one of the Shareholders for the benefit of another in the Agreement shall, under no circumstances, be interpreted or construed as a waiver of the enforcement of any other right granted hereunder unless, as a matter of exception, the wording of a provision of the Agreement requires such interpretation or construction.

ARTICLE III – DIRECTORS AND OFFICERS

3.1 BOARD OF DIRECTORS

The Board of Directors of the Corporation shall consist of two (2) Directors only. Each of Pacer and Promec shall nominate an individual to the Board and may replace their nominee at any time by prior written notice to the other Shareholder. If any vacancy occurs on the Board, such vacancy shall be filled by a person nominated by the Shareholder, the retirement or death of whose nominee created the vacancy. The initial nominee to the Board of Directors of each of Pacer and Promec are as follows:

Nominee of Pacer	Peter Capkun
Nominee of Promec	Richard Pelletier

3.2 RESIGNATION OF DIRECTORS

Forthwith upon a Common Shareholder ceasing to hold Shares, such Common Shareholder and, if such Shareholder has a nominee elected or appointed as a Director of the Corporation, such Common Shareholder or its nominee, as the case may be, shall forthwith be deemed to have resigned as a Director of the Corporation, without any right of compensation as a result thereof and such Common Shareholder shall take such action as may be necessary to ensure the resignation of its nominee.

3.3 MEETINGS OF THE BOARD

- (a) Any Director may, in accordance with this Section 3.3, call a meeting of the Board. At least two days prior written notice shall be given to the other Director of each meeting of the Board unless the giving of such notice is waived by the Director before, during or after the meeting. Attendance at the meeting by a Director shall be deemed to be a waiver of the giving of such notice. The notice of meeting shall set out in reasonable detail the business to be considered at such meeting and no other business shall be transacted at such meeting without the consent of all of the Directors.
- (b) Meetings of the Board may be held by telephone conference and the parties specifically consent to the validity of meetings so held provided the requirements relating to quorum and notice are complied with.

3.4 VOTING

In order to be valid and effective, a decision of the Board of Directors must be approved either by a resolution passed by the unanimous vote of the Directors at a duly constituted meeting of the Board of Directors or by a resolution signed by all of the Directors.

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3.5 NO CASTING VOTE

In the case of an equality of votes at a meeting of the Board of Directors of the Corporation, no person shall have a second or casting vote in addition to his original vote.

3.6 QUORUM AT DIRECTORS MEETINGS

The majority of the number of Directors comprising the Board of Directors from time to time shall constitute a quorum at any meeting of the Directors and, notwithstanding any vacancy among the Directors; a quorum of Directors may exercise all of the powers of the Directors. If a quorum of a duly called meeting is not present within one (1) hour of the commencement of a meeting, then the Directors present may not transact any business and the meeting shall be adjourned to a fixed time and place. A notice of the adjourned meeting shall be promptly given by the Corporation to all Directors, specifying the time and place of the re-scheduled meeting. Quorum at any adjourned meeting of Directors shall be a majority of the number of Directors comprising the Board of Directors, and if a quorum is not present within one (1) hour of the commencement of a meeting, then the Directors present may not transact any business.

3.7 DIRECTORS' BORROWING POWER

No delegation shall be permitted by the Directors of any of the powers referred to in Section 103 of the Act, which such Directors retain subject only to the limitations, if any, in this Agreement.

3.8 DIRECTORS' AUTHORITY

Subject only to the provisions of this Agreement and the Act, the Board shall manage the business and affairs of the Corporation. Where the decision, consent or approval of the Board is required, such decision is to be made in accordance with the principles of applicable law and in the Board's sole and unfettered discretion.

3.9 OFFICERS

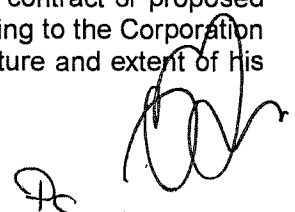
The officers of the Corporation shall consist of those persons appointed by the Board. Until such time as otherwise unanimously agreed by the Board, the President of the Corporation and each Subsidiary shall be Paolo Cattelan. During the term of such appointment hereunder, each officer shall devote such of his time, attention and ability to the business and affairs of the Corporation and each Subsidiary as will enable him to carry out his duties, and each such officer shall well and faithfully serve the Corporation and each Subsidiary during the continuance of his appointment, shall act in accordance with such norms of personal conduct as are generally accepted as proper standards for an individual occupying his position and shall use his best efforts to promote the interests of the Corporation.

3.10 OFFICERS' TERM OF OFFICE

Subject to Section 3.9, each officer appointed by the Board shall hold office until his successor is appointed; provided however that the Board may at any time, in their discretion, remove any officer of the Corporation.

3.11 CONFLICT OF INTEREST

- (a) A director of any member of the Group who 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 a member of the Group shall disclose in writing to the Corporation or request to have entered in the minutes of the Directors the nature and extent of his

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interest at the time and in the manner provided by the Act. A Director shall disclose to the Board any interest he has, or may have, or proposes to have, whether direct or indirect, in any contract, trust, dealing or arrangement proposed with a member of the Group.

- (b) If, and only if, a director has disclosed his interest in accordance with Section 3.11(a) hereof, such director may contract with a member of the Group on any terms and conditions whatsoever and no such contract shall be void or voidable, or be subject to any constructive or resulting trust, or duty to account, by reason only of his position as director of a member of the Group, or by reason of any other conflict between his interests as director, and his position with respect to such contract.

3.12 BUSINESS OPPORTUNITIES

The Shareholders recognize that the business opportunities presented to the Group by third parties shall become the exclusive property of the Group. The Shareholders agree to not divert a business opportunity for their personal benefit, without having previously received authorization from the Directors.

ARTICLE IV - SHAREHOLDERS

4.1 SPECIAL MEETINGS

The Directors may call a special meeting of Shareholders, or any class thereof, at any time and shall do so on the request of a Director.

4.2 PERSONS ENTITLED TO BE PRESENT

The only persons entitled to be present at a meeting of a class of the Shareholders shall be those entitled to vote thereat, the Directors, the officers and the Corporation's legal and accounting advisors. Any other persons may be admitted only on the invitation of a Director or with the consent of the meeting.

4.3 VOTING AT SHAREHOLDERS' MEETINGS

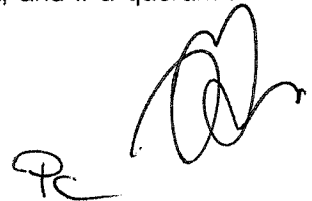
At any meeting of Shareholders every question shall be determined by written resolution signed by all of the Common Shareholders.

4.4 QUORUM AT SHAREHOLDERS' MEETINGS

4.4.1 A quorum for the transaction of business at any meeting of Shareholders shall be the holders of all of the Shares entitled to vote thereat, present in person or by proxy.

4.4.2 If a quorum is present at the opening of a meeting, the Shareholders present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting.

4.4.3 If a quorum is not present within one (1) hour of the opening of a meeting of Shareholders, the Shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business. A notice of the adjourned meeting shall be promptly given by the Corporation to all the Common Shareholders and those Shareholders entitled to vote at such meeting, specifying the time and place of the re-scheduled meeting. Quorum at any adjourned meeting of Shareholders shall be the holders of all of the Shares entitled to vote thereat, and if a quorum is not

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present within one (1) hour of the commencement of a meeting, then the Shareholders present may not transact any business at such meeting.

4.5 CASTING VOTE AT SHAREHOLDERS' MEETINGS

In the case of an equality of votes either upon a show of hands or upon a ballot, the chairman of the meeting shall not be entitled to a second or casting vote.

ARTICLE V - CORPORATE ACTIONS

5.1 NO WIND UP

Without limitation to any restrictions or other prerequisites in this regard contained in the Act:

- (a) The Corporation shall not wind up, liquidate or dissolve or commence any proceedings for the purpose of doing so; and
- (b) No Party shall commence any proceedings;
 - (i) upon the grounds that he has been subjected to oppressive or unfairly prejudicial conduct or that his interests have been unfairly disregarded; or
 - (ii) under the just and equitable rule; or
 - (iii) upon any other grounds whatsoever other than proven fraud commence legal proceedings (other than legal proceedings to enforce the provisions of this Agreement);

for the purpose of:

- (A) causing the Corporation to wind up, liquidate or dissolve; or
- (B) compelling the purchase or repurchase of the Shares of a Shareholder by the Corporation or by any other Shareholder;

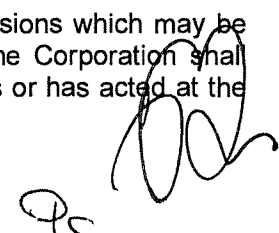
unless such action is previously approved or authorized unanimously by the Common Shareholders, it being understood and agreed that the provisions of this Agreement and the remedies herein provided are intended to be exhaustive.

5.2 SMALL BUSINESS DEDUCTION

In the event that the Corporation is deemed to be associated with any other corporation in which a Shareholder is a shareholder by virtue of this Agreement or the shareholdings of that Shareholder in the Corporation then the Shareholders agree that all appropriate forms and elections will be filed to ensure that, unless otherwise mutually agreed by the Common Shareholders holding a minimum of 66 2/3% of the Common Shares, the Corporation or its nominee has allocated to it, in each taxation year, the amounts necessary with respect to its business limit to enable the Corporation or its nominee to take 50% of the small business deduction available in such taxation year, as those terms are used in the ITA.

5.3 INDEMNITY FOR DIRECTORS AND OFFICERS

Subject to the limitations set forth in the Act, but in addition to any existing provisions which may be contained in the constating documents of the Corporation from time to time, the Corporation shall indemnify a Director or officer, a former Director or officer or any person who acts or has acted at the



Corporation's request as a director or officer of a body corporate of which the corporation is or was a Shareholder or creditor, and his or her heirs, successors, administrators, assigns and other personal representatives at law, against all damages, charges and expenses, including any amount paid to settle any action or satisfy any judgment, reasonably incurred by him or her in respect to any civil, criminal or administrative action or proceeding to which he or she was made a party by reason of being or having been a Director or officer or such body corporate and any costs related thereto, including legal costs and disbursements on a solicitor and his own client full indemnity basis, if:

- (a) he or she acted honestly and in good faith with a view to the best interests of the Corporation or of such body corporate; and
- (b) in the case of any criminal or administrative action or proceeding, he or she had reasonable grounds to believe that his or her conduct was lawful.

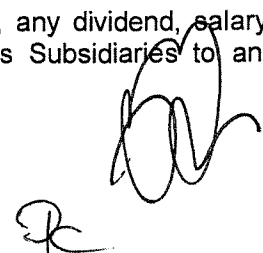
The Corporation shall also indemnify such person in such other circumstances as the Act permits or requires. Nothing in this Section shall limit the right of any person entitled to claim any indemnity apart from the provisions of this Section.

ARTICLE VI – RESTRICTIONS ON CORPORATE ACTION

6.1 RESTRICTIONS

No action will be taken by the Corporation or its directors or officers with respect to any of the following matters unless such action is previously approved or authorized by all of Common Shareholders:

- (a) the sale, lease, transfer, mortgage, pledge or other disposition or any series of related dispositions **out of the ordinary course of the business** of the Corporation:
 - (i) of any assets or group of related assets of the Corporation, or any of its Subsidiaries, having a Fair Market Value in the aggregate or greater than \$10,000.00; or
 - (ii) of any assets of the business of a Subsidiary of the Corporation;
- (b) the issue, allotment, redemption or purchase for cancellation of any shares in the capital of the Corporation or any of its Subsidiaries, or the granting of options, warrants or other rights of purchase, exchange or conversion attached to securities of the Corporation or any of its Subsidiaries to acquire any shares in the capital of the Corporation or any of its Subsidiaries;
- (c) the redemption, repurchase or retirement for value of any shares or other securities of the Corporation, except under the provisions of this Agreement or unless the Corporation offers to redeem, repurchase or retire all of the issued and outstanding shares or securities of such class or, in case a part only of such shares or securities is to be redeemed, repurchased or retired, the Corporation offers to redeem, repurchase or retire such shares or securities on a pro rata basis;
- (d) any change in the authorized signing officers of the Corporation or any of its Subsidiaries in respect of legal documents or transactions with any bank or other financial institution;
- (e) the declaration or payment of, or agreement to declare or pay, any dividend, salary, bonus, fees or other amount by the Corporation or any of its Subsidiaries to any Shareholder or Affiliate of a Shareholder;

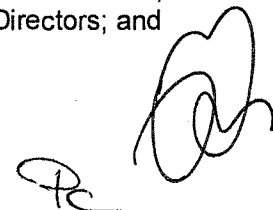


- (f) the consolidation, merger or amalgamation of the Corporation or any of its Subsidiaries with any other corporation, association, partnership or legal entity;
- (g) any amendment to the Articles or by-laws of the Corporation or its Subsidiaries;
- (h) except for transactions between this Corporation and its Subsidiaries, any loan to, or guarantee or indemnity on behalf of or any investment in any Shareholder or other person, firm or corporation, other than investments in certificates of deposit or guaranteed investment certificates created and issued by a Canadian chartered bank or in bonds or obligations have a maturity of not more than one year following the date of the investment;
- (i) the appointment of auditors of the Corporation and its Subsidiaries and any change thereof, and the utilization of any accounting procedures or statement presentation that has not been recommended by the auditors of the Corporation;
- (j) any borrowing by the Corporation or any of its Subsidiaries in excess of \$10,000;
- (k) the sale, lease, transfer, mortgage, pledge or other disposition of all or substantially all of the undertaking of the Corporation or of any Subsidiary;
- (l) the winding-up or liquidation of the Corporation or any of its Subsidiaries, the institution of proceedings to be adjudicated a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada), the consenting to the institution of such proceedings against the Corporation or any of its Subsidiaries, the consenting to the institution of bankruptcy or insolvency proceedings against the Corporation or any of its Subsidiaries under the *Bankruptcy and Insolvency Act* (Canada) or any other analogous laws, the consenting to the filing of any such petition or to the appointment of a receiver or receiver-manager of the property of the Corporation or any of its Subsidiaries, the making of a general assignment for the benefit of creditors, the filing of a proposal to settle payments of creditors' liabilities under the *Companies' Creditors Arrangement Act*, the admission in writing of the insolvency of the Corporation or any of its Subsidiaries, or the taking of any corporate action in furtherance of any of the aforesaid purposes; or
- (m) the entering into by the Corporation of any contract with any Shareholder or any person who does not deal at arm's length with any Shareholder.

6.2 DECISIONS OF DIRECTORS

Subject to Section 6.1, each action or motion of the Directors shall require the unanimous consent of the Directors, except that unless otherwise approved by the Directors in accordance with the terms of this Agreement, funds of the Corporation shall be applied in the following manner and descending order of priority:

- (a) in payment of all proper operating costs and expenses of the Group, including without limitation, amounts payable as remuneration to officers and management of a member of the Group, and a reasonable reserve for working capital;
- (b) in payment of principal and interest when due under any credit arrangement in order of the priority of any security held by such lender, but excluding all Shareholder loans;
- (c) in repayment of the principal amount of loans advanced by Shareholders, and repayment of interest, if any, agreed to be paid on such loans by the Directors; and

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- (d) in payment of distributions to the Shareholders.

6.3 SUBSIDIARIES

- (a) The Corporation shall vote any shares in the capital of each Subsidiary so as to:
 - (i) set the number of directors for each Subsidiary at two (2);
 - (ii) elect a nominee of each Common Shareholder as director of each Subsidiary;
 - (iii) allow a Common Shareholder to replace their nominee to the board of directors of a Subsidiary upon written notice of such replacement being requested; and
 - (iv) ensure that the bylaws of each Subsidiary include the provisions equivalent to Sections 3.3 to 3.10 inclusive and Article IV.
- (b) Each of the Common Shareholders shall:
 - (i) ensure that each director nominated to the board of directors of a Subsidiary shall comply with the terms of Sections 6.1, 6.2 and 6.3(a) in relation to that Subsidiary; and
 - (ii) shall remove any director who contravenes Sections 6.1 or 6.2.

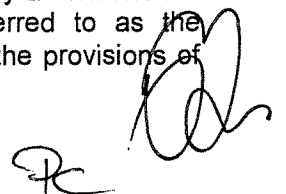
ARTICLE VII - TRANSFER AND ASSIGNMENT OF SHARES

7.1 PROHIBITIONS

- (a) Each of the Shareholders covenants that it will not sell, assign, transfer, pledge, mortgage, charge, create a security interest in, hypothecate, enter into any agreement or option, right or privilege capable of becoming an agreement or option, to or otherwise dispose of, encumber or deal with any of the Shares, Advances or securities convertible into Shares beneficially owned by him or it, except in accordance with the terms of this Agreement, or except with the prior written consent of all of the Common Shareholders. For greater certainty, but without limiting the foregoing, each of the Shareholders shall be bound by the provisions of this Agreement in respect of any Shares which may be acquired by such Shareholder after the date hereof.
- (b) Notwithstanding anything herein contained, every transfer of all or a portion of the Shares held by a Shareholder, and any issue of Shares, in addition to the requirements of this Article VII, shall be subject to the condition that the proposed transferee, or holder, if not already bound by this Agreement, shall first enter into an agreement in compliance with Section 7.2 hereof, in a form satisfactory to the Common Shareholders, to be bound by this Agreement.
- (c) Except with the prior written consent of the Board, no fractional interests in Shares may be transferred by a Shareholder.

7.2 NEW SHAREHOLDERS

Notwithstanding any other provision of this Agreement, any sale, transfer, assignment, disposition or issue of Shares that is permitted under this Agreement (any such sale, transfer, assignment, disposition or issue being hereinafter in this Section referred to as a "**Transaction**") by a Shareholder or the Corporation at any time to any person (hereinafter in this Section referred to as the "**Transferee**") who is not bound by this Agreement at such time shall be subject to the provisions of



this Section. The Transaction shall not be permitted and shall not be completed unless, at or prior to the time of completion, the Transaction complies with Section 7.1 and the Transferee becomes bound by this Agreement in the manner set forth in this Section.

The Transferee shall become bound by this Agreement by delivering an original executed copy of an agreement in a form and content acceptable to the Board and the Common Shareholders which provides, inter alia that such Transferee shall become a party to this Agreement to the Corporation and the Shareholders. Upon the later of the Transferee becoming bound by this Agreement and the Transferee becoming a holder of Shares, the Transferee shall be a Shareholder for purposes of this Agreement and shall be entitled to the rights and benefits of a Shareholder hereunder and shall be subject to the obligations, restrictions and duties of a Shareholder hereunder.

7.3 OBLIGATION TO REGISTER

Any transfer of Shares made in accordance with and pursuant to the provisions of this Agreement shall be recorded on the books and records of the Corporation upon surrender of the certificates representing the Shares being transferred and new certificates shall be issued to the transferees and, except as otherwise specifically required herein, no resolution or consent of the Shareholders shall be required in connection therewith.

7.4 SAFE-KEEPING

Each of the Shareholders agrees that the Corporation shall hold the certificates representing the Shares on behalf of each Shareholder with such certificates to be held at the registered office of the Corporation and shall not be released to any person, including a Shareholder, without the prior written consent of the Board.

7.5 CONTRAVENTION

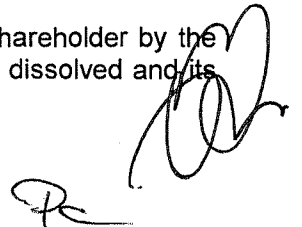
Each Shareholder acknowledges, covenants and agrees that violation of the restrictions set forth in this Agreement will constitute an injury and damage to the other Shareholders which would be impossible to measure monetarily and as a result, the Corporation, in addition to all of its other remedies in law and in equity, and whether pursuant to the terms of this Agreement or otherwise, is entitled to a decree or order restraining any sale, transfer or other disposition of Shares contrary to the terms of this Agreement and any Shareholder who has made or who intends to make a sale, transfer or other disposition of its Shares contrary to the terms of this Agreement will consent to such decree or order and will not plead in defence thereto that there would be other adequate remedies at law.

ARTICLE VIII - OPTION TO PURCHASE

8.1 DISPOSITION

For the purpose of this Article, "**Disposition**" means where the following occurs in relation to a corporate Shareholder, namely:

- (a) proceedings are instituted for the dissolution or winding-up of any such corporate Shareholder;
- (b) such corporate Shareholder is petitioned into bankruptcy or makes an assignment for the benefit of its creditors;
- (c) a certificate of dissolution is issued with respect to such corporate Shareholder by the Registrar of Corporations or such corporate Shareholder is otherwise dissolved and its corporate status terminated; or

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- (a) determined by written agreement (on a per Share basis) between the Vendor (or his duly authorized representative) and the Purchaser; or
- (b) in the absence of such agreement within thirty (30) days of the end of the Exercise Period (such date called the "**Commencement Date**"), the Share Value of the Vendor's Shares as at the Effective Date.

The Purchase Price, as agreed upon by the Remaining Shareholders and the Withdrawing Shareholder, or the Share Value as determined by the Valuators pursuant to Article XIII shall be final and binding on all parties.

8.8 PAYMENT OF PURCHASE PRICE

Subject to the provisions in this Section 8.8 relating to the payment of the Purchase Price for the Vendor's Shares and Shareholders Advances, the provisions of Article XIV shall apply *mutatis mutandis* to the closing of the purchase and sale described herein. The Purchase Price shall be paid in six (6) equal consecutive monthly installments (or earlier at the option of the Purchaser) commencing on the first day of the month following the Closing Date and continuing on the first day of each month thereafter until the Purchase Price is paid with interest at the Prime Rate on the then current outstanding balance from the Closing Date until the date of payment.

ARTICLE IX -- SHOTGUN BUY/SELL ARRANGEMENTS

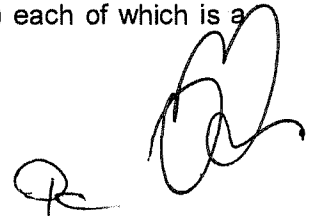
9.1 NOTICE OF PURCHASE OR SALE

- (a) At any time and from time to time any one or more of the Shareholders (such one or more Shareholders being hereinafter in this Article individually referred to as an "**Offeror**" and collectively referred to as the "**Offerors**") may deliver to all but not less than all other Shareholders (such one or more other Shareholders being hereinafter in this Article individually referred to as an "**Offeree**" and collectively referred to as the "**Offerees**") a notice of purchase or sale (any such notice being hereinafter in this Article referred to as the "**Notice of Purchase or Sale**").
- (b) For all purposes of this Article IX, each whole dollar of each Shareholder's Advance shall be regarded as a Share of a class distinct from the other Shares and the term "**Share**" shall be read accordingly.
- (c) Notwithstanding anything to the contrary in this Agreement, neither a Notice of Purchase or Sale nor any Purchase Agreement resulting from a Notice of Purchase and Sale shall be subject to the provisions of Article X or Article XI.

9.2 CONTENTS OF NOTICE OF PURCHASE OR SALE

The Notice of Purchase or Sale shall be effective only if:

- (a) it specifies a date (the "**Notice Date**") that is no more than 10 days after the Notice of Purchase and Sale is sent to the Offerees which shall be designated or shown in the Notice of Purchase or Sale as the Notice Date;
- (b) it contains an offer (the "**Purchase Offer**") made by the Offerors to purchase from the Offerees at the applicable Offer Price per Share, as hereinafter defined, all but not less than all of the Offeree's Shares (collectively the "**Offeree Shares**") each of which is a Share held by one or more of the Offerees;

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- (d) such corporate Shareholder's Shares or Shareholder Advances are seized or attached in any way for the payment of any judgment or order and such seizure or attachment is not released or stayed within thirty (30) days.

8.2 DISPOSITION OF SHAREHOLDER ADVANCE

For all purposes of this Article VIII, each whole dollar of each Shareholder's Advance shall be regarded as a Share of a class distinct from the other Shares and the term "**Share**" shall be read accordingly.

8.3 DISPOSITION OPTION

Immediately prior to the Disposition by any Shareholder (the "**Vendor**") of the whole or any part of its Interest (the date of Disposition being the "**Effective Date**"), the Vendor shall be deemed to have agreed to give to all other Shareholders (in this Article VIII called the "**Offerees**") an option to purchase all of the Vendor's Shares in accordance with this Article and no rights in respect of the whole or any part of the Vendor's Shares shall pass to any person whatsoever except subject to the rights of the Offerees pursuant to this Article.

8.4 NOTICE OF ELECTION

Upon becoming aware that a Disposition is about to be made, the Secretary shall (and any Shareholder may) forthwith give the Offerees notice of the Disposition (the "**Disposition Notice**") and, from immediately prior to the happening of the Disposition, the Offerees shall have the right, but not the obligation, to purchase the whole or any part of the Vendor's Shares at the Purchase Price (as hereinafter defined).

8.5 EXERCISE OF OPTION

To exercise the right granted pursuant to this Article to acquire the Vendor's Shares about to be the subject of a Disposition, an Offeree shall not later than ninety (90) days after the Secretary or Shareholder gives all Offerees the Disposition Notice (the "**Exercise Period**") give to the Secretary a written notice (the "**Buy/Sell Notice**") of its election. Any Offeree who fails to issue a Buy/Sell Notice within the Exercise Period shall be deemed to have waived, absolutely, his right to participate in the purchase of the Vendor's Shares pursuant to this Article VIII. Notwithstanding the foregoing, if the events causing a Disposition have been cured within ninety (90) days after the date the Disposition Notice is delivered to the Offerees, then the Disposition shall be deemed to have not occurred and any Buy/Sell Notice shall be void *ab initio*.

8.6 BINDING AGREEMENT

Upon the delivery of a Buy/Sell Notice by a Purchaser to the Secretary there shall thereby be constituted a binding agreement of purchase and sale between the Purchaser, as purchaser, and the Vendor, as vendor, of that Purchaser's Proportionate Share of the Vendor's Shares at and for the Purchase Price (as hereinafter defined). The Purchaser and Vendor shall take all reasonable steps to close the said sale, which closing shall take place on the ninetieth (90th) day following the expiry of the Exercise Period (the "**Closing Date**").

8.7 PURCHASE PRICE

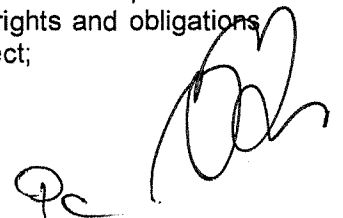
For the purposes of this Article VIII, the term "**Purchase Price**" shall mean and shall be the amount determined on a per Share basis which is either:

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- (c) it contains an offer (the "**Sale Offer**") made by the Offerors to sell to the Offerees at the applicable Offer Price per Share, as hereinafter defined, all but not less than all of the Offeror's Shares (collectively the "**Offeror Shares**");
- (d) it stipulates, with respect to each particular class of Shares outstanding, the price per Share (such price per Share for a Share of a particular class being referred to as the "**Offer Price per Share**" for a share of such class) at which:
 - (i) the Offerors are offering to purchase the Offeree Shares of such class; and
 - (ii) the Offerors are offering to sell the Offeror Shares of such class;

and the Offer Price per Share for a Share of such class shall be the same amount per Share of such class in each case, and for purposes of this Section, in the case of any class of Shares which are issuable in series, each series of Shares shall be deemed to be a separate class of Shares, and provided that the Offer Price per Share in respect to a Shareholder's Advance shall not exceed one hundred cents per dollar of such Shareholder's Advance;

- (e) it stipulates that either one of the Purchase Offer or the Sale Offer may be accepted by an Offeree at any time within the sixty (60) days immediately following the Notice Date;
- (f) it provides that the aggregate purchase price for the Shares which are to be sold pursuant to the agreement (the "**Purchase Agreement**") resulting from the acceptance of the Purchase Offer or the Sale Offer (including deemed acceptance pursuant to Section 9.4) shall be paid by one or more certified cheques or bank drafts at the time of closing the purchase and sale of Shares;
- (g) it stipulates the date of closing for the purchase and sale of the Shares (the "**Closing Date**") which are to be sold pursuant to the Purchase Agreement and such date is a Business Day that is not less than seventy five (75) days and not more than ninety (90) days after the Notice Date;
- (h) it stipulates the place at which the closing of the purchase and sale of the Shares which are to be sold pursuant to the Purchase Agreement is to be the registered office of the Corporation;
- (i) it provides that at the time of closing, the one or more Shareholders whose Shares are to be sold pursuant to the Purchase Agreement shall deliver to the one or more Shareholders purchasing such Shares one or more share certificates representing such Shares in the aggregate and each being duly endorsed in blank by the registered holder thereof;
- (j) the Purchase Offer and the Sale Offer are each capable of being accepted by an Offeree by executing one copy of the Notice of Purchase or Sale and indicating thereon whichever of the Purchase Offer and the Sale Offer is being accepted and sending it to an Offeror at an address stipulated in the Notice of Purchase or Sale by registered mail, postage prepaid, on or before the sixtieth (60th) day immediately following the Notice Date;
- (k) it provides that if any one or more Offerees duly accept the Sale Offer, then the Purchase Offer shall automatically become void and any and all rights and obligations respecting the Purchase Offer shall cease to be of any force or effect;

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- (k) a representation from the Target Shareholder that the First Refusal Offer is a bona fide offer to purchase or acquire the Target Shares and that the Target Shareholder is at arm's length to the Third Party; and
- (l) any other terms and conditions upon which the Target Shares and, possibly, the Shareholder's Account are being offered.

The First Refusal Offer shall constitute an offer to the Continuing Shareholders by the Target Shareholder to sell the Target Shares in accordance with the First Refusal Offer and otherwise in accordance with this Article X.

10.2 ACCEPTANCE OF OFFER

Within the First Refusal Period, any Continuing Shareholder may, by delivering written notice of acceptance thereof (a "**ROFR Acceptance**") to the Target Shareholder, agree to purchase the Target Shares in his Proportionate Share on the terms contained in the First Refusal Offer. A Continuing Shareholder that fails to provide a ROFR Acceptance to the Target Shareholder prior to the expiry of the First Refusal Period shall be deemed to have rejected the First Refusal Offer. If the First Refusal Offer has been partially accepted by some but not all of the Continuing Shareholders before expiration of the First Refusal Period, then the Target Shareholder shall be required to immediately make a similar written offer to the Continuing Shareholder which accepted the First Refusal Offer to sell the remaining Target Shares on the same basis as the First Refusal Offer except that the number of Target Shares shall equal the remaining number of Target Shares.

10.3 CLOSING OF TRANSACTION

The transaction of purchase and sale between the Target Shareholder and each Purchaser shall take place in accordance with the terms specified in the First Refusal Offer, as per section 10.1. At the time specified in the First Refusal Offer, the Target Shareholder shall deliver duly endorsed transfer(s) of the Target Shares, with good title thereto, free and clear of any lien, claim, encumbrance, equity or charge whatsoever, against payment by a Purchaser of the applicable purchase price.

10.4 SALE TO THIRD PARTY

If every Continuing Shareholder rejects or is deemed to have rejected the First Refusal Offer, then the Target Shareholder shall be free for a period of sixty (60) days after expiry of the First Refusal Period to sell the Target Shares to the Third Party, provided:

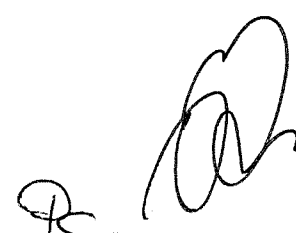
- (a) he offers to sell and completes the sale of the Target Shares on the terms and conditions set out in his First Refusal Offer; and
- (b) the purchaser of the Target Shares becomes bound by the terms of this Agreement in the manner provided in Section 7.2.

10.5 EXPIRY OF THIRD PARTY OFFER

If the Target Shareholder has not completed the sale of all of the Target Shares within sixty (60) days after expiry of the First Refusal Period, he shall immediately thereafter cease to be a Target Shareholder and be required thereafter to comply again with the terms of this Article X with respect to any unsold Target Shares.

10.6 CONDITIONS OF OFFER

Each of the Shareholders covenants and agrees that he shall not:

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- (l) it provides that if two or more Shareholders (any such Shareholder being referred to as a "**Buyer**") become obligated to purchase Shares (the Shares which are to be purchased pursuant to the Purchase Agreement being in the aggregate sometimes referred to as the "**Subject Shares**") pursuant to the Purchase Agreement, then each Buyer shall be obligated to purchase the Subject Shares in accordance with their Proportionate Share, subject to any agreement to the contrary reached by all Buyers (the "**Reallocation Agreement**") and not less than ten (10) days prior to the date (as determined in accordance with this Agreement) on which the purchase and sale of the Subject Shares is to be completed a duplicate original executed copy of the Reallocation Agreement is delivered to each Shareholder that is to sell Subject Shares pursuant to the Purchase Agreement, then the number of Subject Shares of the particular class (and series, if applicable) which each Buyer shall be obligated to purchase shall be changed to give effect to the Reallocation Agreement and provided further that this subparagraph shall only be applicable in relation to a Notice of Purchase or Sale if there is more than one Offeror or more than one Offeree;
- (m) to provide that the obligation of each person that is an Offeror or an Offeree to purchase or sell Shares in accordance with the Purchase Agreement is subject to the condition that the sale of all Shares which are to be sold pursuant to the Purchase Agreement, either by or to such person, be completed concurrently, it being understood that each such person shall be entitled to waive such condition as between such person and any other one or more Offerors or Offerees and that each Offeror and each Offeree is obligated to act in a reasonable and cooperative manner so as to facilitate the concurrent completion of the purchase and sale of all such Shares;
- (n) it is delivered in triplicate to each Offeree;
- (o) the provisions of Article XIV of this Agreement shall be applicable in relation to the purchase and sale of Shares contemplated in the Purchase Agreement;
- (p) it stipulates that the Notice of Purchase or Sale is irrevocable except with the written consent of all the Offerees.

9.3 DELIVERY OF A NOTICE OF PURCHASE OR SALE

- (a) Where there is more than one Offeror:
 - (i) the Notice of Purchase or Sale shall specify a single address for service upon which the Notice of Purchase or Sale and other notices under this Section may be served upon the Offeror; and
 - (ii) the Notice of Purchase or Sale shall specify the numbers or proportions of each of the Offeree's Shares that each of the Offerors shall be purchasing (and who shall be purchasing from whom) in the event that the Offeror becomes obligated to purchase the Shares of all of the Offerees pursuant to this Article IX.
- (b) A Notice of Purchase or Sale shall be delivered by one or more Offerors delivering the Notice of Purchase or Sale to each Offeree, so that the Notice of Purchase or Sale shall have been delivered to each Offeree in the period (the "**Notice Delivery Period**") from and including the fifth day before the Notice Date to and including the second day after the Notice Date. If all Offerees are not served within such seven (7) day period, then the Notice of Purchase or Sale shall be void and of no effect.

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- (c) Where any Notice of Purchase or Sale is served upon an Offeree (the "First Notice"), any subsequent Notice of Purchase or Sale shall be void and of no force and effect unless it is served after the Closing Date of the First Notice.

9.4 ACCEPTANCE OF THE PURCHASE OFFER OR SALE OFFER

If an effective Notice of Purchase or Sale is delivered to an Offeree and the Offeree:

- (a) does not duly accept the Purchase Offer and also does not duly accept the Sale Offer in the manner provided for in the Notice of Purchase or Sale; or
- (b) accepts or purports to accept both the Purchase Offer and the Sale Offer in the manner provided for in the Notice of Purchase or Sale;

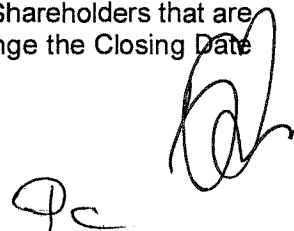
then in either case the Offeree shall be conclusively deemed to have duly accepted the Purchase Offer, and not the Sale Offer, in the manner provided for in the Notice of Purchase or Sale, and the Purchase Agreement referable to the Notice of Purchase or Sale shall be effective in the same manner as if the Offeree shall have duly accepted the Purchase Offer.

9.5 MISCELLANEOUS

- (a) The Corporation shall, as soon as is reasonably possible following service of an effective Notice of Purchase or Sale, provide to the Offerees copies of such financial statements, month end reports, banking records, loan balances and other documents and information as may be reasonably requested by the Offerees from time to time, for the purposes of enabling the Offerees:
 - (i) seeking bank financing or other financial assistance to investigate and enable the purchase of the Offerors' Shares; and
 - (ii) to better estimate the fair value of the Corporation and its assets.
- (b) Once the Offerees have elected (or have been deemed to have elected) under a Notice of Purchase or Sale, the Offerors and Offerees thereunder, may by unanimous agreement in writing, vary the terms of purchase and sale between them and the consent or agreement of the other parties to this Agreement shall not be required. Notwithstanding the foregoing, Section 9.1 and subsections 9.2(d), 9.2(f), 9.2(h), 9.2(i), 9.2(k), 9.2(m), 9.2(o) and 9.2(p) and Sections 9.5 and 9.6 may not be waived or varied without the consent of all Shareholders.
- (c) In the event of a death Disposition, a Notice of Purchase or Sale may not be served under this Article IX until such time as the purchase and sale of Shares under Article VIII has closed or the process commenced thereunder has otherwise been brought to an end.

9.6 DATE FOR COMPLETION OF THE PURCHASE AND SALE

The provisions of Article XIV shall apply mutatis mutandis to the closing of the purchase and sale described herein. The date (the "Closing Date") on which the purchase and sale of the Shares which are to be sold pursuant to the Purchase Agreement shall be completed shall be the date of closing stipulated in the applicable Notice of Purchase or Sale, unless the Closing Date is changed to a different date in accordance with the provisions of this Section. The one or more Shareholders that are to purchase Shares pursuant to the Purchase Agreement shall be entitled to change the Closing Date



up to two (2) times, by a written notice (a "**Closing Date Change Notice**"), to a date (the "**Designated Date**") designated in such Closing Date Change Notice, provided that:

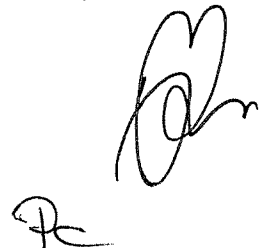
- (a) such Closing Date Change Notice is given to each Shareholder that is to sell Shares pursuant to the Purchase Agreement not less than ten (10) days before the Designated Date; and
- (b) the Designated Date is not more than one hundred twenty (120) days after the Notice Date designated or shown in the applicable Notice of Purchase or Sale.

ARTICLE X - RIGHT OF FIRST REFUSAL

10.1 TRIGGERING NOTICE

If a Common Shareholder (the "**Target Shareholder**") shall receive a bona fide offer from an Arm's Length party (the "**Third Party**") to purchase some or all of its Shares (the "**Target Shares**") which the Target Shareholder wishes to accept, he shall forthwith offer by written notice (the "**First Refusal Offer**") to the other Common Shareholder (the "**Continuing Shareholder**") the right to purchase, receive or otherwise acquire the Target Shares on substantially the same terms as the offer from the Third Party. The First Refusal Offer shall include:

- (a) reasonable particulars as to the identity and background of all of the individual or individuals who are the principals of the Third Party together with a copy of the offer from the Third Party;
- (b) the name of the Target Shareholder and the number and class of Target Shares that are available for sale pursuant to the First Refusal Offer;
- (c) the period of time that a Continuing Shareholder shall have to accept the First Refusal Offer (the "**First Refusal Period**"); provided that such First Refusal Period shall be no less than thirty (30) days;
- (d) the date of closing which shall not be less than fifteen (15) days and not more than ninety (90) days after the end of the First Refusal Period;
- (e) that each Continuing Shareholder is entitled to purchase the Target Shares pro rata using a fraction which has as its denominator the number of Common Shares held by all Continuing Shareholders and which has as its numerator the number of Common Shares held by such Continuing Shareholder;
- (f) the place of closing which shall be in Calgary, Alberta;
- (g) the purchase price per Share for the Target Shares;
- (h) the manner of payment of the purchase price for the Target Shares;
- (i) the amount of the Shareholder's Account of the Target Shareholder and whether or not a Purchaser shall be obligated to assume a portion of that Shareholder's Account;
- (j) a provision that it is capable of being accepted by a Continuing Shareholder by executing one copy of the First Refusal Offer and delivering it to the Corporation within the First Refusal Period;



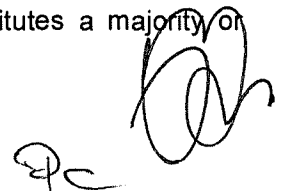
Canadian chartered business valuator (the "Valuator") and the Valuator shall prepare a valuation in writing of the Share Value of the Vendor's Shares;

- (b) If the Purchaser and the Vendor fail to agree on the appointment of a Valuator within the thirty (30) days following the Commencement Date, either of the Purchaser or Vendor may apply to a Justice of the Court of Queen's Bench of Alberta for the appointment of a Valuator and the valuation determined by such Valuator shall be the Share Value of the Vendor's Shares;
- (c) The costs related to the Valuator will be paid by the Vendor and the Purchaser, provided that if the Vendor fails to fund such amount, the Purchaser or Corporation may do so and the costs so funded may be deducted from any amount payable to the Vendor;
- (d) In determining the Share Value of the Vendor's Shares which are the subject matter of the valuation, the Valuators shall be governed by the provisions of Section 13.2 and this 13.1;
- (e) The Valuation Period may be extended to a maximum of ninety (90) days from the Commencement Date with the written consent of both Common Shareholders; and
- (f) The Valuator shall be instructed to provide a specific amount as to the Share Value of the Vendor's Shares and not a range.

13.2 TERMS OF REFERENCE

In determining the Share Value of a Shareholder's Shares, the Valuator in conducting his valuation shall:

- (a) have regard to the highest price that would be available for all assets of the Corporation in an open and unrestricted market between informed and prudent parties acting at Arm's Length and under no compulsion to act and with the Corporation deemed to be a going concern;
- (b) have regard to any tax consequences arising out of the tax cost to the Corporation of realization of the Corporation's assets and the tax costs of the distribution of any earnings or surplus of the Corporation, except in circumstances where the Valuator determines that a discount for part or all of such taxes is not appropriate;
- (c) have regard to the liabilities of the Corporation which:
 - (i) shall not be adjusted or restated except in accordance with generally accepted accounting principles; and
 - (ii) shall be derived from the books and records of the Corporation;
- (d) have regard to the annual earnings of the Corporation for up to but not more than the preceding five (5) fiscal years which shall be based upon the financial statements of the Corporation;
- (e) have submitted to him such financial records and other information concerning the Corporation as he may reasonably require;
- (f) not take into account the fact that the Shares in question constitutes a majority or minority interest;

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- (g) have the right to appoint chartered business valuers, experts, consultants and auditors as he, in his sole discretion, may consider necessary or advisable;
- (h) subject only to the provisions of this Agreement, be the master of his own procedure;
- (i) communicate the results of his determination by a report in writing (hereinafter referred to as the "**Valuation Report**") and deliver same to the Common Shareholders and the Corporation;
- (j) not take into account any life insurance or death benefit proceeds received or receivable on the death of a Shareholder;
- (k) the Share Value for each series or class of Preferred Shares shall be the lesser of (i) its respective Redemption Amount; and (ii) the amount which the holder of such Preferred Share would be entitled to receive upon the winding-up or dissolution of the Corporation assuming that upon such winding-up or dissolution, the assets of the Corporation are disposed of for proceeds of disposition equal to their Fair Market Value; and
- (l) in the event that the Valuator determines a range of values for any class or series of Shares, the Share Value shall be the average (in relation to that class or series) between the range applicable to that class or series.

13.3 VALUATION BINDING

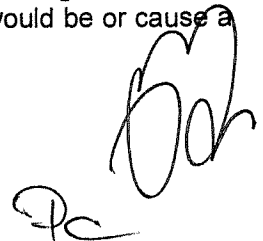
The Parties hereto acknowledge, covenant and agree that they will not apply, nor will they have the right to apply, by any means, to any Court to challenge any findings, determinations, issues of fact or valuations as determined by the Valuator in relation to the conduct of, or the subject matter of, or the results of a Valuation of Shares and the determination and Valuation Report of the Valuator shall be final, conclusive and binding upon all of the Parties for all purposes as in this Agreement provided.

ARTICLE XIV - COMPREHENSIVE PROCEDURE ON CLOSING

14.1 DEFINITIONS

In this Article, unless there is something in the subject matter or context inconsistent therewith:

- (a) "**Buyer**" means, in relation to a Sale, a person including the Corporation that is to purchase Shares pursuant to the Sale, and "**Buyers**", in relation to a Sale, means the one or more persons each of which is a Buyer in relation to the Sale and shall include a Purchaser or Purchasers as provided above;
- (b) "**Closing Time**" means, in relation to a Sale, the time of completing the Sale;
- (c) "**Encumbrance**" means and includes any mortgage, charge, pledge, security interest, lien, encumbrance, action, claim, demand, equity or adverse claim of any nature whatsoever or howsoever arising;
- (d) "**Permitted Encumbrance**" means at any time, in relation to any Sale of Shares, an Encumbrance which is provided for or arises under:
 - (i) this Agreement, unless there is a then continuing breach of this Agreement with respect to such Encumbrance or the completion of the Sale would be or cause a breach of this Agreement with respect to such Encumbrance;



- (a) accept any offer for the purchase of his Shares the consideration for which would be of such a unique nature that the parties would be unable to determine a cash equivalent alternative;
- (b) accept any offer to purchase his Shares from a party or parties with whom he is not dealing at Arm's Length;
- (c) accept any offer that is not subject to the terms of this Article X and Article XI;
- (d) accept any offer to purchase his Shares which is not a bona fide offer; and
- (e) accept any offer to purchase his shares which does not include an offer to purchase his Preferred Shares.

ARTICLE XI - RIGHT TO COME ALONG (PIGGYBACK RIGHT)

11.1 NOTICE OF PROPOSED SALE

If any one or more Common Shareholders (hereinafter in this Article XI called the "**Vendor**") proposes to sell, transfer or assign any of his Shares to the Third Party (as defined in Article X), pursuant to the "First Refusal Offer" (as defined in Article X) then the Vendor shall, but only after full compliance with Article X and within ten (10) days after the expiry of the "**First Refusal Period**" (as defined in Article X) provide written notice thereof to each of the other Common Shareholders and to the Secretary of the Corporation (such notice being hereinafter called the "**Option Notice**"), which Option Notice shall be signed by the Vendor and shall include the same terms as required for the First Refusal Offer.

11.2 EXERCISE OF PIGGYBACK OPTION


Upon receipt of an Option Notice, each of the other Common Shareholders shall thereupon have an option (hereinafter called the "**Piggyback Rights Option**") to exercise his Piggyback Rights as provided in Section 11.4, which Piggyback Rights Option shall be exercised by a Common Shareholder delivering to the Vendor and the Secretary of the Corporation written notice of its exercise of its Piggyback Rights Option, which written notice shall be delivered in the manner contemplated by this Agreement on or before that date which is ten (10) days next following the date of receipt of the Option Notice by the Common Shareholder (such period being called the "**Option Period**").

11.3 FAILURE TO EXERCISE PIGGYBACK OPTION

If a Common Shareholder shall fail to exercise his Piggyback Rights Option as contemplated by Section 11.2 within the Option Period, then such Common Shareholder shall be deemed to have waived, absolutely, any further Piggyback Rights in relation to the transaction that is the subject matter of the Option Notice.

11.4 PIGGYBACK RIGHTS OF COMMON SHAREHOLDERS

If a Common Shareholder delivers to the Vendor, within the Option Period, written notice that such Common Shareholder wishes to exercise its Piggyback Rights Option, then such Common Shareholder (hereinafter called the "**Piggyback Shareholder**") shall be entitled to require that the same percentage of Shares from the Piggyback Shareholder as are being sold by the Vendor shall be sold with and as part of the Target Shares (the right and entitlement of the Shareholder as hereinbefore described being herein referred to as such Shareholder's "**Piggyback Rights**").

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11.5 REJECTION OR NON-COMPLIANCE

If the Vendor and the Piggyback Shareholders shall be entitled to proceed with the sale, transfer or assignment of the Target Shares to the Third Party and such sale, transfer or assignment shall not have been concluded within sixty (60) days from the expiry of the Option Period, then the Piggyback Shareholders' right to complete such sale pursuant to this Article XI shall terminate. Notwithstanding anything herein to the contrary, the Third Party shall not be entitled to purchase any Shares until such time as the provisions of Section 7.2 are complied with.

ARTICLE XII - CORPORATE FINANCING

12.1 TERMS OF SHAREHOLDERS' ADVANCES

In the event the Shareholders shall advance funds to the Corporation, all funds so advanced shall be deemed to be a Shareholder's Advance by each such Shareholder and shall be evidenced by a promissory note issued by the Corporation in favour of such Shareholder or book entry in the Corporation's ledgers setting forth:

- (a) the principal amount of each such Advance;
- (b) the rate of interest payable thereon, which rate shall be Bank of Montreal's Prime Rate plus 1% unless a different rate is established by the Board or this Agreement;
- (c) the terms of repayment which shall be as established by the Board at the time the promissory note is issued by the Corporation,

(such promissory notes being hereinafter referred to as the "Notes").

12.2 REPAYMENT OF SHAREHOLDERS ADVANCES

Except for Notes issued having specified and fixed terms of repayment, all repayments of or on account of Shareholder's Advances, including all Advances evidenced by Notes payable in accordance with this Agreement, and, if applicable, interest thereon, shall be made by the Corporation to Shareholders pro rata in the proportion that the amount that each Shareholder's Account at such time bears to all Shareholder's Accounts then outstanding and no Shareholder shall have the right to demand payment of its Advance except in accordance with the terms of this Agreement.

12.3 SUBORDINATION

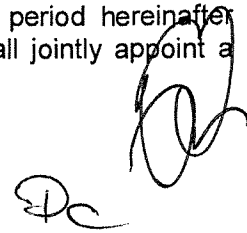
Each of the Shareholders agrees that they shall, at the request of the Directors, subordinate their respective Shareholder's Account and Notes in favour of any bank or lending institution providing financing to the Corporation.

ARTICLE XIII – VALUATION

13.1 VALUATION METHOD

A determination of the Share Value of the Vendor's Shares shall be made in accordance with the terms and conditions set forth in this Article XIII (such terms and conditions and the process set forth being herein referred to as the "Valuation"):

- (a) Within thirty (30) days following the Commencement Date (such period hereinafter called the "Valuation Period"), the Purchaser and the Vendor shall jointly appoint a


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- (ii) the Corporation's Articles unless there is a then continuing breach of the Corporation's Articles or completion of the Sale would be or cause a breach of this Agreement with respect to such Encumbrance; or
 - (iii) any agreement, instrument or document which secures an obligation of the Corporation or any Subsidiary of the Corporation but only in relation to such obligations;
- (e) **"Sale"**:
- (i) in reference to Article VIII, Article X, or Article XI, means and refers to a purchase and sale of Shares as provided for in such applicable Article;
 - (ii) and where this Agreement or the application thereof contemplates a particular purchase or sale of Shares by one or more persons to one or more persons in particular circumstances and pursuant to or referable to any of such Articles hereof, then such purchases and sales of Shares shall be deemed to be a single "Sale" unless otherwise provided for herein;
- (f) **"Seller"** means, in relation to a Sale, a person that is to sell Shares pursuant to the Sale, and **"Sellers"** means, in relation to a Sale, the one or more persons each of which is a Seller in relation to the Sale; and
- (g) **"Seller's Shares"** means, in relation to a Sale, the Shares which are the subject matter of the Sale.

14.2 APPLICATION AND TERMS AND CONDITIONS

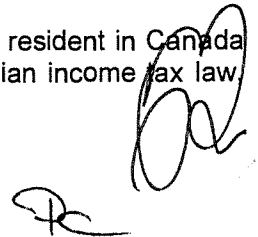
Except as otherwise in this Article provided, and except to the extent that they may be inconsistent with any applicable provisions of any Article hereof, the following provisions of this Article shall apply to any Sale:

- (a) **Share Split.** In order to avoid, as far as practical, the purchase and sale of fractional shares, the Parties to this Agreement agree to authorize a share split of all the existing Shares, in such amounts as they may agree; provided that if the parties are unable to agree, then any purchase and sale of Shares hereunder shall continue under the terms hereof but be rounded to the nearest whole number.
- (b) **Closing Date and Place.** The Sale shall be completed on the date and at the place determined in accordance with the provisions of this paragraph:
 - (i) the Sale shall be completed on the date and at the place which are in accordance with the applicable provisions of this Agreement;
 - (ii) if the date for the completion of the Sale is not fixed or determined in accordance with any other provision of this Agreement or by mutual agreement of the Buyers and the Sellers, then the Sale shall be completed on the earliest Business Day which is designated by the Buyers by written notice given to the Sellers not less than ten (10) Business Days, and not more than thirty (30) Business Days, prior to the date so designated;
 - (iii) if a place for the completion of the Sale is not fixed or designated in accordance with any other provision of this Agreement or by mutual agreement of the Buyers

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and the Sellers, then the Sale shall be completed at the registered office of the Corporation.

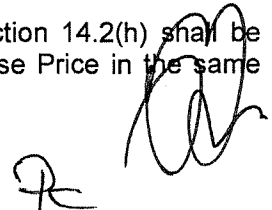
- (c) **Closing Arrangements.** At or before the Closing Time, each Seller that is to sell Seller's Shares to a Buyer shall deliver the following to the Buyer, namely:
- (i) one or more certificates representing such Seller's Shares which shall be duly endorsed in blank for transfer by the person in whose name such certificate shall have been issued and all such endorsements shall be guaranteed by a Canadian chartered bank or a representative thereof;
 - (ii) such other documents as are to be delivered to the Buyer in connection with the completion of the Sale as provided for in this Agreement or any other document binding on such Seller in relation to such Sale;
 - (iii) such documents as the Buyer or the Corporation may reasonably require to entitle the Buyer to require the Corporation to register the transfer of such Shares to the Buyer and to entitle the Buyer to become the registered holder of such Shares;
 - (iv) such documents as the Buyer may reasonably require to confirm that such Seller's Shares are not subject to any Encumbrance except for Permitted Encumbrances;
 - (v) if any of such Seller's Shares were held by a deceased Shareholder immediately before a deceased Shareholder's death, such documents as the Buyer or the Corporation may reasonably require to evidence that the Seller of such Shares has the right to sell and transfer such Shares to the Buyer so that the Buyer acquires good and marketable title thereto free and clear of any Encumbrances except for Permitted Encumbrances; and
 - (vi) if in connection with the Sale any indebtedness owing by the Corporation to such Seller is being sold by such Seller to the Buyer, an assignment by which such indebtedness as the Buyer is purchasing (and any security for or applicable in relation to the payment of such indebtedness) is assigned to the Buyer, which assignment shall:
 - (A) be dated the date of the completion of the Sale; and
 - (B) be executed by such Seller; and
 - (C) be in such form as is approved by the Board, such approval not to be unreasonably withheld or delayed.
- (d) **Residence of Seller.** At the Closing Time each Seller shall execute and deliver to each Buyer a certificate bearing that day's date wherein such Seller certifies, as being true, at such time a statement which is one (and not the other) of the statements contemplated in subparagraphs (a) and (b) below, namely:
- (i) a statement to the effect that on that date such Seller is resident in Canada for purposes of the ITA; or
 - (ii) a statement to the effect that on that date such Seller is not resident in Canada for purposes of the ITA but for purposes of applying Canadian income tax law



including any tax treaties or conventions to which Canada is a party, such Seller is resident in some other jurisdiction which shall be identified by name in the statement.

- (e) **Guarantees.** If immediately after the completion of the Sale no Shares are held by a particular Seller, then the following provisions shall apply:
- (i) at the Closing Time the Buyers shall deliver to the Seller one or more instruments to release and discharge the Seller from all guarantees. If the Buyers are unable to obtain an instrument to release and discharge a Seller from any guarantees, then the provisions of the first sentence of this subparagraph shall not apply, and subparagraph (ii) shall apply, in respect to such guarantees;
 - (ii) with respect to a Guarantee Agreement to which this subparagraph applies, at the Closing Time the Buyers shall deliver to the Seller one or more agreements in a form satisfactory to the Seller, acting reasonably, pursuant to which the Buyers and the Corporation agree, jointly and severally, to indemnify, hold harmless and defend the Seller from and against any and all claims which may be made against the Seller in respect to any one or more of such guarantee and all costs and expenses relating to any such claim.
- (f) **Resignations.** Except as may be otherwise agreed by the Board, if immediately after the completion of the Sale, no Shares are held by a particular Seller, then that Seller shall deliver to the Buyers resignations made by each and every person that is a nominee of the Seller and is a director of the Corporation or any Subsidiary of the Corporation, and each such resignation shall be executed by the person by whom it is made and shall evidence the resignation of such person from all positions as a director of the Corporation and its Subsidiaries.
- (g) **Title to Seller's Shares.** At the Closing Time each Seller that is to sell Seller's Shares to a Buyer shall transfer and deliver to the Buyer a good and marketable title to such Seller's Shares free and clear of all Encumbrances except for Permitted Encumbrances.
- (h) **Satisfaction of Purchase Price.** At the Closing Time each Buyer shall satisfy the Purchase Price for the Seller's Shares to be purchased by such Buyer from a Seller and shall do so in the following manner:
- (i) as to any amount required to be withheld and remitted to any government or governmental authority or official thereof in respect to the Sale of such Seller's Shares pursuant to any legislation properly applicable to such Sale, by sending to such government, governmental authority or official a cheque payable to such government, governmental authority or official, as the case may be, for such amount;
 - (ii) as to the balance of such Purchase Price, by satisfying the same in the manner provided for in any applicable provisions of this Agreement and any other documents which are binding on the Buyer and the Seller in relation to such Sale, and if there are no other such applicable provisions, the balance of such purchase price shall be satisfied by delivering to the Seller one or more certified cheques or bank drafts made payable to the Seller in an aggregate amount equal to such balance.

Any amount satisfied as provided for in subparagraph (i) of Section 14.2(h) shall be applied on account of amounts payable in respect to the Purchase Price in the same



order as such amounts would otherwise become payable. This paragraph shall only be applicable with respect to a Sale to the extent that the terms otherwise applicable to the Sale in accordance with or as contemplated by this Agreement do not provide for the payment or satisfaction of the applicable purchase price.

- (i) **Reallocation Agreement.** Where there is more than one Buyer, the Buyers shall purchase the Seller's Shares in accordance with the terms of the applicable provision of this Agreement; provided that the Buyers may not less than ten (10) days prior to the date on which the purchase and sale of the Seller's Shares is to be completed, deliver to the Seller a duplicate originally executed agreement (the "**Reallocation Agreement**") setting out the proportion of the Seller's Shares to be acquired by all Buyers, whereupon the number of Seller's Shares which each Buyer shall be obligated to purchase shall be changed to give effect to the Reallocation Agreement.

14.3 SECURITY

The parties agree that so long as any installment of the Purchase Price payable by any Buyer for Shares remains payable to the Seller, the Buyer shall as additional security for such indebtedness execute and deliver in favour of the Seller in a form satisfactory to the Seller's solicitors, acting reasonably, a pledge of the Buyer's Shares.

ARTICLE XV – ARBITRATION

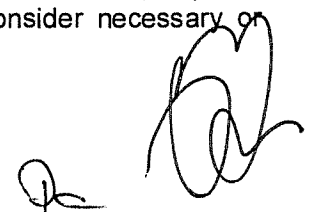
15.1 DISPUTE OR DISAGREEMENT

If there is a dispute or disagreement under this Agreement that is not resolved by the Common Shareholders, other than a dispute as to the Purchase Price, any Common Shareholder or Common Shareholders (the "**Appellant**") may notify the Corporation and the other Shareholder of its desire to have the matter resolved by arbitration, and unless within ten (10) days following such notice the matter is resolved, the dispute shall be submitted to arbitration.

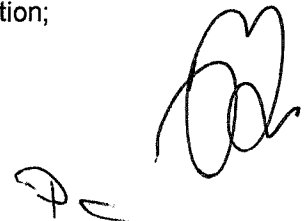
15.2 APPOINTMENT OF ARBITRATOR

In an arbitration pursuant to Section 15.1:

- (a) The Appellant and the other Shareholder shall appoint a single arbitrator (the "**Arbitrator**") who shall have such technical and other qualifications as may be reasonably necessary to enable the Arbitrator to properly adjudicate upon the matter;
- (b) The Appellant and the other Shareholder shall be deemed to have failed to concur in the appointment of a single arbitrator if the arbitrator is not appointed within fifteen (15) days after the service by one party upon the other party of a notice requesting that it concur in such appointment. Either party to the proposed arbitration shall then be entitled to apply to a Justice of the Court of Queen's Bench of Alberta who shall have jurisdiction to appoint an arbitrator;
- (c) The Arbitrator shall determine the issue or issues of fact calling for determination by the arbitration proceeding, which shall include any necessary interpretation of the provisions of this Agreement;
- (d) The Arbitrator shall have the right to appoint chartered business valuers, experts, consultants and auditors as they in their sole discretion may consider necessary or advisable;

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- (e) Subject only to the provisions of this Agreement, the Arbitrator shall be the master of its own procedure;
- (f) The decision of the Arbitrator shall be in writing and shall be delivered to all of the parties to the dispute;
- (g) The decision of the Arbitrator shall be final and binding on the parties;
- (h) All expenses of the arbitration, including the costs and expenses of the arbitrator and costs associated with the appointment thereof shall be shared and borne jointly and equally by the parties to that arbitration. Subject to any award by an arbitrator, each party to the Arbitration shall bear its individual costs to participate in and represent its position at the arbitration;
- (i) The arbitration shall be conducted in Calgary, Alberta and, except as modified in this Article, in accordance with the *Arbitration Act (Alberta)* as amended from time to time;
- (j) In the event of the failure, refusal or inability of the Arbitrator to act, a new arbitrator shall be appointed in his stead, which appointment shall be made in the same manner as hereinbefore provided for the appointment of the Arbitrator so failing, refusing or unable to act;
- (k) It shall be a condition of the appointment of any Arbitrator that the Arbitrator shall maintain in strict confidence all documents, the transcripts of the proceedings and other materials and all information disclosed by or on behalf of the parties in the arbitration and shall not use the same or allow the same to be used for any purpose collateral to the arbitration and, at the request of the party that provided any documents or other printed materials, shall return all originals and any copies of such documents and printed materials. The Arbitrator shall be responsible for ensuring that his or her officers, employees, representatives and consultants comply with this obligation of confidentiality;
- (l) The Parties to this Agreement acknowledge, covenant and agree that they will not apply, nor will they have the right to apply, by any means, to any Court to challenge any findings, determinations or issues of fact as determined by the Arbitrator nor will they appeal or have the right to appeal to any Court with respect to any findings, determinations or awards resulting from the arbitration process, all of which shall be final, conclusive and binding for all purposes;
- (m) As provided above, each party to the arbitration shall bear its own costs of an arbitration; provided that if court proceedings to stay litigation or compel arbitration are necessary, the party who unsuccessfully opposes such proceedings shall pay all associated costs in connection with such court proceedings and the arbitration tribunal may award all other costs of an arbitration;
- (n) In order to prevent irreparable harm, the Arbitrator shall have the power to grant temporary or permanent injunctive or other equitable relief;
- (o) Prior to the appointment of an Arbitrator a party may, notwithstanding any other provision of this Agreement, seek temporary injunctive relief from any court of competent jurisdiction; provided that the party seeking such relief shall (if arbitration has not already been commenced) simultaneously commence arbitration;

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- (p) The obligation to arbitrate any claim shall extend to the successors, assigns and beneficiaries of the parties, and the parties shall use their best efforts to cause the obligation to arbitrate any claim to extend to any officer, director, employee, shareholder, agent, trustee, affiliate, or Subsidiary;
- (q) The terms hereof shall not limit any obligations of a party to defend, indemnify or hold harmless another party against court proceedings or other claims, losses, damages or expenses; and
- (r) If any part of the arbitration agreement constituted by this Section 15.2 is held to be unenforceable, it shall be severed and shall not affect either the duty to arbitrate or any other part of this provision.

ARTICLE XVI - GENERAL

16.1 ENDORSEMENT ON SHARE CERTIFICATES

Any and all certificates representing Shares now or hereafter owned by the Shareholders during the currency of this Agreement (whether such Shares are issued initially or with respect to a transfer or otherwise) shall have endorsed thereon in bold type the following legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF A UNANIMOUS SHAREHOLDERS AGREEMENT AND SUCH SHARES ARE NOT TRANSFERABLE ON THE BOOKS OF THE CORPORATION EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF SUCH AGREEMENT."

16.2 APPOINTMENT OF AGENT

The Secretary is hereby appointed as agent for the Parties hereto to effect any transfer of Shares of the Corporation in accordance with the terms hereof.

16.3 CONSENTING AGREEMENT

Wherever in this Agreement the unanimous consent of the Shareholders is required, any written agreement or Shareholders' resolution signed by all of the Shareholders, shall constitute the formal written consent of the Shareholders for all purposes as contemplated or required hereunder.

16.4 NON-COMPETITION

Each Shareholder and its Principals shall not, without the prior written consent of the other Parties for a period commencing on the date of this Agreement and ending three years after the Shareholder sells all of its Shares in accordance with this Agreement and neither the Shareholder nor its Principals (if applicable) is a director, officer or employee of the Corporation:

- (a) within the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba, directly or indirectly, in any manner whatsoever including either individually, in partnership, jointly or in conjunction with any other Person, or as employee, consultant, independent contractor, principal, agent, director, officer, owner or shareholder:
 - (i) be engaged in any undertaking or business;

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- (ii) have any financial or other interest (including an interest by way of royalty or other compensation arrangements) in or in respect of the business of any Person which carries on an undertaking or business;
- (iii) advise, lend money to, guarantee the debts or obligations of or give security on behalf of any Person which carries on an undertaking or business; or
- (iv) permit its name to be used or employed by any Person engaged or concerned with or interested in any aspect of an undertaking or business;

that is in whole or in part the same as or substantially similar to or competitive with the business of the Corporation as carried on during the period commencing on the date of this Agreement and ending on the date that the Shareholder sells all of its Shares in accordance with this Agreement and neither the Shareholder nor its Principal (if applicable) is a director, officer or employee of the Corporation.

Notwithstanding the foregoing, a passive equity investment by the Shareholder or a Principal (if applicable) and/or any of their respective Affiliates in any Person which carries on a business that is in whole or in part the same as or substantially similar to or competitive with the business of the Corporation as carried on as of the date of this Agreement and whose equity securities are listed on a recognized stock exchange, where the equity investment does not in the aggregate exceed 5% of the issued equity shares of that Person, shall not be a breach or contravention of this Agreement.

For the purposes of this section, a business is substantially similar to the business of the Corporation if the business resembles (but is not necessarily identical to) the business of the Corporation or fundamental aspects of the business of the Corporation, in one or more (but not necessarily all) material, relevant or significant respects, and/or has a general nature or character related to that of the business of the Corporation.

16.5 NON-SOLICITATION

Each Shareholder and its Principals shall not, directly or indirectly, either for a period commencing on the date of this Agreement and ending on the date on which the Shareholder sells all of its Shares in accordance with this Agreement and neither the Shareholder nor its Principals is a director, officer or employee of the Corporation (the "**Shareholder Period**") or:

- (b) for a period of three years after the Shareholder Period, hire, employ or otherwise contract with, interfere with, solicit, entice away or otherwise obtain the withdrawal from the Corporation of, any employee or consultant of the Corporation;
- (c) for a period of three years after the Shareholder Period, solicit orders for any products or services which compete with or are substantially similar to products or services offered or in development by the Corporation during the Shareholder Period from customers or clients of the Corporation with whom the Shareholder or Principal dealt during the Shareholder Period;
- (d) for a period of three years after the Shareholder Period, solicit or accept business from any customers or clients of the Corporation with whom the Shareholder or Principal dealt during the Shareholder Period;
- (e) for a period of three years after the Shareholder Period, become associated, directly or indirectly with any customer or client of the Corporation or undertake any discussion with any such customer or client with the aim of encouraging that Person to alter or terminate

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its relationship with the Corporation or to otherwise cease dealing with the Corporation;
and

- (f) for a period of three after the Shareholder Period, make negative or disparaging statements regarding the Corporation.

16.6 PAST SHAREHOLDERS

Any Shareholder who has disposed of all of its Shares and his Principals shall no longer be bound by any of the provisions of this Agreement other than:

- (a) those relating to the payment of the Purchase Price for Shares previously purchased by such Shareholder pursuant to the provisions of this Agreement;
- (b) the provisions in respect of the payment of any unpaid Purchase Price or Advance until such time as the unpaid Purchase Price or Advance is repaid in full;
- (c) the provisions of this Agreement dealing with liability for any guarantee or indemnity granted by any such Shareholder in respect to any event occurring prior to the date of the disposition of all that Shareholder's Shares; and
- (d) sections 16.4 and 16.5 until the time periods contained in said sections have expired.

16.7 TIME OF THE ESSENCE

Where a specific time period is imposed on the Board, the Corporation or another party under this Agreement, the Board may extend such time period to such date as the Board determines appropriate, acting reasonably. Time shall be of the essence of this Agreement and every part hereof, and no extension or variation of this Agreement shall operate as a waiver of this provision.

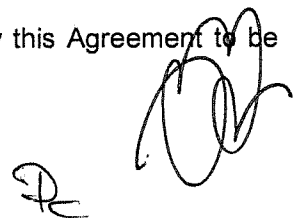
16.8 NON-WAIVER

No provision of this Agreement shall be deemed to be waived unless such waiver is in writing. Any waiver of any default committed by any of the Parties hereto in the observance of the performance of any part of this Agreement shall not extend to or be taken in any manner to affect any other default. Any Party which is entitled to any right or benefit under this Agreement may, and shall be entitled and have the right to, waive any term or condition relating to the application of this Agreement in relation to any matter or transaction provided that any such waiver shall only be effective if it is in writing signed by such Party and delivered to the Corporation, the Common Shareholders and the Party to whom such waiver is directed. If a particular Party waives any term or condition relating to the application of this Agreement in relation to any matter or transactions, as aforesaid, then in relation to the specific matter or transaction which is the subject matter of such waiver, each person that is then a Party or that subsequently becomes a Party shall be entitled to rely upon such waiver in the same manner and to the same extent as if such waiver had been directed and delivered to such person by the particular Party.

16.9 NOTICES

The provisions of this Section apply to any notice, consent, agreement, offer or other communication (any such notice, offer or communication being referred to in this Section as a "Notice") contemplated or provided for in this Agreement:

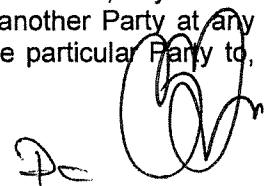
- (a) **Manner of Giving Notice.** Any Notice required or permitted by this Agreement to be given or sent or delivered to, or received by, a person:



- (i) shall be in writing;
- (ii) shall be addressed to such person at such person's Notice Address;
- (iii) shall be given to such person:
 - (A) by delivery, including delivery by courier, to such person;
 - (B) by prepaid registered or certified mail, return receipt requested, mailed in Canada in an envelope addressed to such person's Notice Address; or
 - (C) by transmission by telecopier or e-mail to such person at such person's telecopier number to the attention of such person's telecopier address or to such person's e-mail address;
- (iv) shall, if being given to the Corporation, also be given to each Shareholder other than the Shareholder giving such Notice;
- (v) shall be given as follows:
 - (A) if to the Corporation or the Secretary, at the then registered office of the Corporation;
 - (B) if to a Shareholder, at the address of such Shareholder last appearing on the records of the Corporation;

(herein called such Party's "Notice Address").

- (b) **Deemed Delivery.** Any Notice given to a person as aforesaid:
 - (i) if given by delivery (other than by mail), shall be deemed to have been given, sent and delivered to, and received by, such person on the day on which it is so delivered;
 - (ii) if given by mail, shall be deemed to have been given, sent and delivered to, and received by, such person on the day on which it is delivered as evidenced by a receipt, acknowledgment or other document issued by a postal authority; and
 - (iii) if given by transmission by telecopier or by e-mail, shall be deemed to have been given, sent and delivered to, and received by, such person on the first Business Day after the recipient confirms receipt of such transmission.
- (c) **Receipt of Notice.** If at any time a Party receives a Notice which is not given, sent or delivered in accordance with any applicable provisions of this Agreement, such Notice shall be deemed to have been given, sent or delivered to, and received by, such Party at such time as it is received but otherwise in accordance with this Section and all other applicable provisions of this Agreement.
- (d) **Notices Deemed to be Given to Transferees of Shares.** Any Notice which at any time is actually given or sent or delivered to or received by, any particular Shareholder shall be deemed to have at the same time been given, sent and delivered to, and received by, each person that is a Principal of the particular Shareholder or acquires any Shares from the Shareholder after such time. For purposes of this Section, any Notice which is given by a particular Party to, and actually received by, another Party at any time shall be deemed to have at the same time been given by the particular Party to,



and actually received by each person that is a Principal of that other Party or acquires any Shares from that other Party after such time.

16.10 AMENDMENT

This Agreement may be amended at any time and from time to time only upon the unanimous written agreement of the Shareholders and the Corporation.

16.11 DURATION OF AGREEMENT

Save and except as otherwise herein provided, this Agreement shall continue and remain in force until:

- (a) The dissolution or bankruptcy of the Corporation, whereupon this Agreement shall forthwith and without more cease and determine;
- (b) The written agreement of all of the Shareholders to terminate this Agreement; or
- (c) The acquisition by one person of legal and beneficial ownership of all Shares.

16.12 ENUREMENT

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

16.13 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.

16.14 SEVERANCE CLAUSE

If any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable, in any respect, such invalidity, illegality or unenforceability shall not affect any of the provisions of this Agreement but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained therein.

16.15 EXECUTION

This Agreement may be executed in any number of counterparts by any one or more of the Parties. Each executed counterpart shall be deemed to be an original and such counterparts shall together constitute one and the same Agreement.

16.16 SUPERSEDING AGREEMENT

This Agreement supersedes all former understandings and agreements relating to the subject matter of this Agreement and all such understandings and agreements are hereby declared to be of no further force or effect.

16.17 UNANIMOUS SHAREHOLDERS AGREEMENT AND APPLICATION OF THE ACT

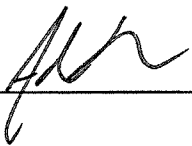
This Agreement shall be construed as a unanimous shareholders agreement in relation to the Act. The provisions of Section 146 of the Act shall apply to this Agreement.

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IN WITNESS WHEREOF the parties have caused to be executed this Agreement all as of the day and year first above written.

EACH OF THE PARTIES ACKNOWLEDGES THAT HE HAS HAD AN OPPORTUNITY TO HAVE THIS AGREEMENT REVIEWED BY INDEPENDENT LEGAL COUNSEL.




PACER CONSTRUCTION HOLDINGS CORPORATION


Per: _____
**Richard Pelletier, P.Eng.
President & CEO**

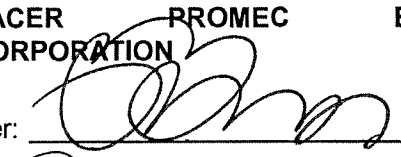



CONSTRUCTION PROMEC INC.


Per: _____
**PETER CAPKUN
PRESIDENT & CEO**



PACER PROMEC ENERGY CORPORATION


Per: _____ **DIRECTOR**

DIRECTOR

[SIGNATURE PAGE FOR PACER PROMEC ENERGY CORPORATION
UNANIMOUS SHAREHOLDERS AGREEMENT
MADE EFFECTIVE AS OF THE 17 DAY OF OCTOBER 2013]

**FIRST AMENDMENT
TO
PACER PROMEC ENERGY CORPORATION SHAREHOLDERS AGREEMENT**

First Amendment to Shareholders Agreement (this "**Amendment**"), dated as of June 25, 2014, by and among **PACER CONSTRUCTION HOLDINGS CORP.**, a corporation incorporated under the laws of Canada and having its head office in Calgary, Alberta ("**Pacer**"), **CONSTRUCTION PROMEC INC.**, a corporation incorporated under the laws of Canada and having its head office in Rouyn-Noranda, Quebec ("**Promec**"), and **PACER PROMEC ENERGY CORPORATION**, a corporation incorporated under the laws of Alberta and having its head office in Calgary, Alberta (the "**Corporation**"), amending that certain Shareholders Agreement, dated as of October 17, 2013, by and among Pacer, Promec and the Corporation (the "**Shareholders Agreement**").

WHEREAS:

A. Pacer intends to enter into a Share Purchase Agreement dated on or about the date hereof with MasTec, Inc., a corporation incorporated under the laws of the State of Florida, USA ("**MasTec**"), and the other parties named therein (the "**Purchase Agreement**").

B. Pacer, Promec and the Corporation desire that the Shareholders Agreement be amended as set forth herein.

NOW THEREFORE THIS AMENDMENT WITNESSETH THAT in consideration of the foregoing premises and recitals and in consideration of the covenants and agreements of each of the parties hereto, and other good and valuable consideration the receipt of which is hereby acknowledged, the parties hereto covenant and agree together as follows:

1. Amendment to Non-Competition. Section 16.4 of the Shareholders Agreement is amended by adding as the ultimate paragraph thereof the following:

"Notwithstanding the foregoing, this Section 16.4 shall not apply to (i) MasTec or any of its Affiliates (other than Pacer) or any Principal of MasTec or any of its Affiliates (other than the direct Principal of Pacer)."

2. Amendment to Non-Solicitation. Paragraphs (e) and (f) of Section 16.5 of the Shareholders Agreement are revised to be designated paragraphs (d) and (e), respectively, and the pre-amble to Section 16.5 and paragraphs 16.5(b), (c) and (d) of the Shareholders Agreement are deleted in their entirety and replaced with the following:

"16.5 Non-Solicitation

Each Shareholder and its direct Principals shall not, directly or indirectly, for a period commencing on the date of this Agreement and ending on the date on which the Shareholder sells all of its Shares in accordance with this Agreement and neither the Shareholder, nor its direct Principals is a director, officer or employee of the Corporation (the "**Shareholder Period**") and:

- (a) for a period of three years after the Shareholder Period, hire, employ or otherwise contract with, interfere with, solicit, entice away for otherwise obtain the withdrawal from the Corporation of, any employee or consultant of the Corporation; provided, however, that the foregoing shall not apply to (i) soliciting any employee or consultant whose employment or engagement by the Corporation shall have been terminated by the Corporation for a period of at least six months prior to such person's employment or engagement by such Shareholder or such Principal, it being understood that for purposes of this Agreement, advertisements published or disseminated in generally available media not targeted at particular persons shall not be deemed to be a solicitation and (ii) any consulting firm providing consulting services to the Corporation the engagement of which by Pacer or any of its Affiliates would not prevent such firm from fulfilling its obligations to the Corporation and provided that the individual consultants employed by such firm who are providing services to the Corporation do not provide services to such Shareholder or such Principal;
- (b) for a period of three years after the Shareholder Period, solicit orders for any products or services from customers or clients of the Corporation with whom the Shareholder or such Principal dealt during the Shareholder Period if such provision of such products or services to such customers or clients of the Corporation by such Shareholder or such Principal would constitute a breach of Section 16.4 of this Agreement;
- (c) for a period of three years after the Shareholder Period, solicit or accept business from any customers or clients of the Corporation with whom such Shareholder or such Principal dealt during the Shareholder Period if engaging in such business with such customers or clients of the Corporation by such Shareholder or such Principal would constitute a breach of Section 16.4 of this Agreement;"

3. Amendment to Directors. Section 3.1 of the Shareholders Agreement is amended by adding after the words "Richard Pelletier" a new paragraph that reads as follows:

"In the event Richard Pelletier no longer acts as a director of the Corporation, Pacer shall appoint an individual who:

- (a) is the Chief Executive Officer, President or Chief Financial Officer of Pacer or the Chief Executive Officer, President or Chief Financial Officer of MasTec, Inc.;
- (b) is not a director or officer of any corporation that is an Affiliate of Pacer or that is an Affiliate of MasTec, Inc. carrying on business in the Provinces of Manitoba, Saskatchewan, Alberta and British Columbia (any such subsidiary a "**MasTec Canada Subsidiary**"); and

(c) enters into a Confidentiality Agreement with the Corporation, in a form reasonably satisfactory to the Corporation, pursuant to which such individual shall agree to not, directly or indirectly, provide to any MasTec Canada Subsidiary, or any director, officer, employee or consultant thereof, any confidential or proprietary pricing or cost data of the Corporation.

In the event Pacer desires to appoint an individual who does not meet the aforementioned requirements, Pacer may not do so without the prior written consent of Promec, which consent may be withheld."

4. Effectiveness. Sections 1, 2 and 3 of this Amendment shall be automatically effective upon the closing of the share purchase contemplated by the Purchase Agreement.

5. Representations and Warranties. Each of Pacer, Promec and the Corporation represents and warrants to, and agrees with, each other that this Amendment has been duly authorized by all necessary action on its part, has been duly executed by a duly authorized officer or representative, and constitutes legal, valid and binding obligations, enforceable in accordance with its terms thereof, subject to applicable bankruptcy or insolvency laws generally affecting or limiting the enforcement of creditors rights. Except as expressly amended by this Amendment, the Shareholders Agreement remains in full force and effect.

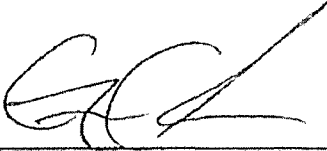
6. Counterparts. This Amendment may be executed in any number of counterparts which, when taken together, shall constitute one original. Any telecopied or electronically transmitted signature hereto shall be deemed a manually executed and delivered original.

7. Further Agreements. Each of the parties hereto shall execute and deliver such additional documents and instruments and shall perform such additional acts as may be necessary or appropriate in connection with this Amendment and all transactions contemplated by this Amendment to effectuate, carry out and perform all of the covenants, obligations and agreements of this Amendment and such transactions.

8. Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with the laws of the Province of Alberta.

IN WITNESS WHEREOF the parties have caused to be executed this Amendment all as of the day and year first above written.

EACH OF THE PARTIES ACKNOWLEDGES THAT IT HAS HAD AN OPPORUNITY TO HAVE THIS AMENDMENT REVIEWED BY INDEPENDENT LEGAL COUNSEL.



PACER CONSTRUCTION HOLDINGS CORPORATION

Per: 

Richard Pelletier, P.Eng.
President & CEO

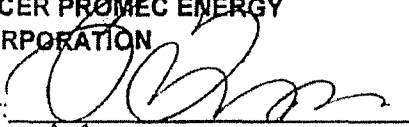
CONSTRUCTION PROMEC INC.

Per: 

PETER CAPKUN
PRESIDENT, CEO



PACER PROMEC ENERGY CORPORATION

Per: 

R. PELLETIER
PRESIDENT

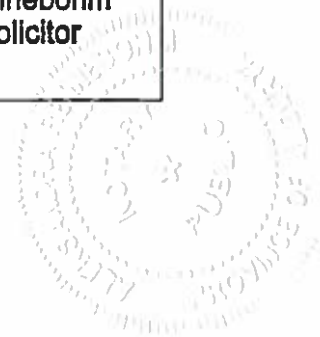
*[Signature Page for Pacer Promec Energy Corporation
First Amendment to Unanimous Shareholders Agreement
Made Effective as of the 25th day of June, 2014]*

This is Exhibit "E"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015

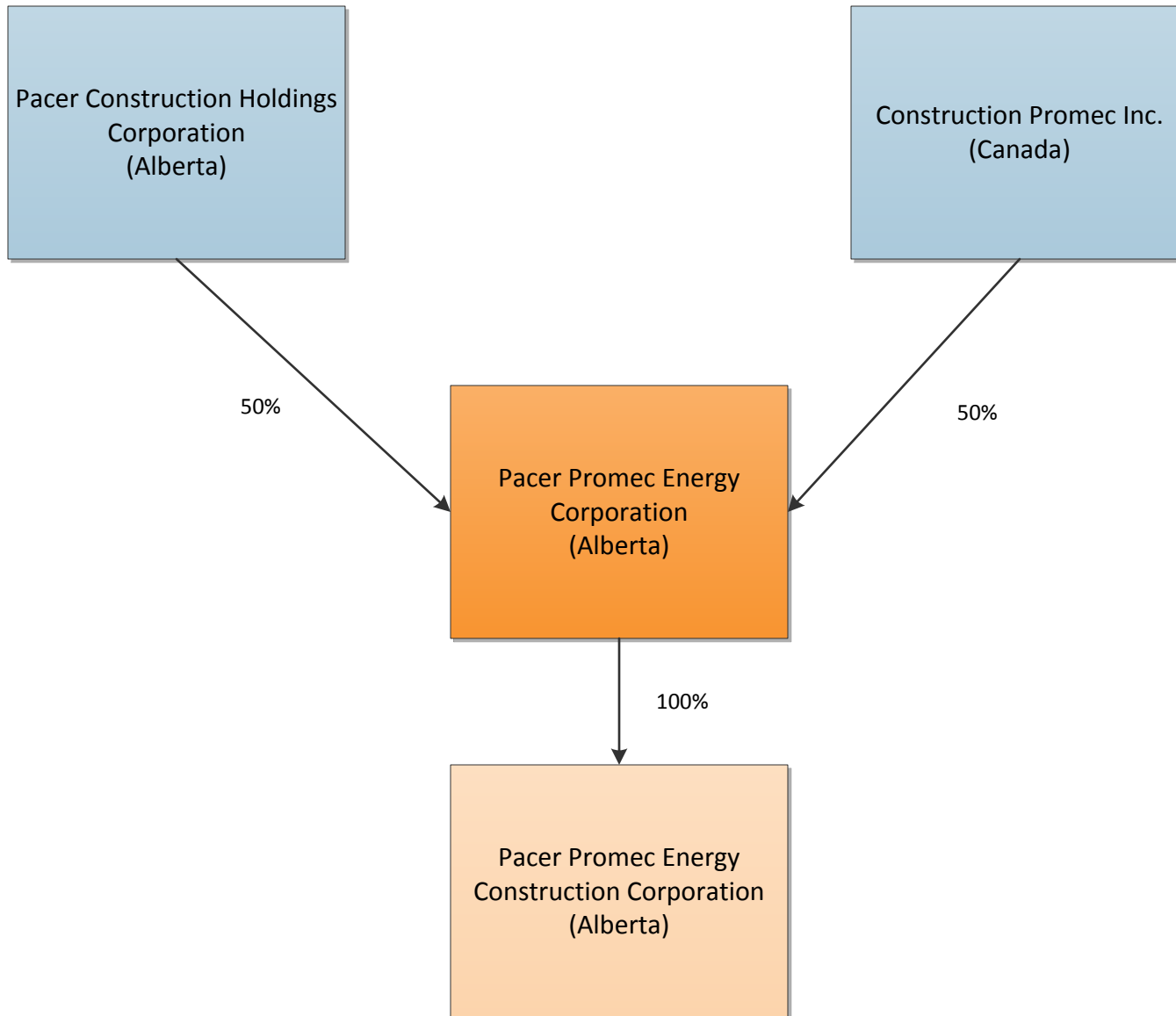


A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



CORPORATE FLOW CHART OF PACER/PROMECC ENTITIES

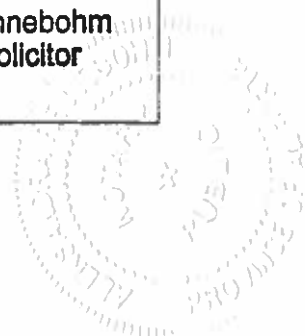


This is Exhibit "F"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



CREDIT AGREEMENT dated as of May 23, 2014, at Montréal, Québec

BETWEEN: PACER PROMEC ENERGY CORPORATION, a corporation incorporated under the laws of Alberta and having its registered office in Calgary, Alberta,

(including its successors and permitted assigns, the "Borrower")

AND: CONSTRUCTION PROMEC INC., a corporation incorporated under the laws of Canada and having its registered office in Rouyn-Noranda, Québec,

(including its successors and permitted assigns, "Promec")

AND: PACER CONSTRUCTION HOLDINGS CORPORATION, a corporation incorporated under the laws of Alberta and having its registered office in Calgary, Alberta,

(including its successors and permitted assigns, "Pacer")

AND: NATIONAL BANK OF CANADA, a Canadian bank having its registered office in the City of Montréal, Québec

(including its successors and assigns, the "Lender")

WHEREAS the Borrower has requested that the Lender make available to it certain credit facilities, and the Lender has agreed to such request, subject to the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement, capitalized terms, unless the context otherwise requires or unless otherwise defined, have the respective meanings set out below (and all such terms that are defined in the singular have the corresponding meaning in the plural and *vice versa*):

- 1.1.1 "Acquisition", with respect to any Person, means any transaction or series of transactions whereby such Person purchases, acquires or obtains (i) the Control of another Person, (ii) the whole or substantial part of another Person's properties and assets, or (iii) a business, line of business or division of another Person;
- 1.1.2 "Affiliate" means, with respect to a Person, any other Person that directly or indirectly Controls, or is Controlled by, or is under common Control with, that Person;
- 1.1.3 "Agreement" means this agreement and all schedules attached hereto, as same may be amended, restated, replaced or superseded from time to time;

1.1.4 **"Applicable Laws"** means, with respect to any Person, property, transaction or event, all present or future laws, statutes, regulations, rules, orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction in any applicable jurisdiction;

1.1.5 **"Applicable Margin" or "Applicable Rate"** means, with respect to each type of Loan, the following applicable percentage:

Prime Rate Loans	Bankers' Acceptances	Letters of Credit ¹	Stand-By Fee
0.50%	2.25%	2.25%	0.45%

1.1.6 **"Bankers' Acceptance"** means, at the Lender's discretion, either a depository bill subject to the *Depository Bills and Notes Act* (Canada) or a bill of exchange subject to the *Bills of Exchange Act* (Canada), in each case, drawn by the Borrower and accepted by the Lender;

1.1.7 **"Borrowing Base"** means the amount determined by the Lender as being the sum, without duplication, of:

- (a) 85% of the net aggregate book value of the Borrower's "good" accounts receivable of less than 90 days past due from the original invoice due date, owed by debtors located in Canada which are governmental entities, institutional clients or investment grade clients (i.e. rated AAA to BBB- by Standard & Poors or equivalent rating), or such other clients approved by the Lender at its entire discretion, free from Liens ranking or capable of ranking in priority to the Security and resulting from sale of services, excluding: (i) accounts owed by Affiliates, (ii) accounts in dispute and bad or doubtful accounts, (iii) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor; and (iv) any accounts which the Lender has previously determined to be ineligible,
- (b) 75% of the net aggregate book value of the Borrower's "good" accounts receivable of less than 90 days past due from the original invoice due date, owed by debtors (others than those mentioned in (i) immediately above) located in Canada, free from Liens ranking or capable of ranking in priority to the Security and resulting from sale of services, excluding: (i) accounts owed by Affiliates, (ii) accounts in dispute and bad or doubtful accounts, (iii) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor; and (iv) any accounts which the Lender has previously determined to be ineligible,
- (c) 50% of the net aggregate book value of all holdback amounts on contracts owed to the Borrower, for a maximum of \$2,500,000,

1 Other than documentary letters of guarantee, the rates and commissions in respect of which will be determined in accordance with the rates in effect at the Lender from time to time

- 1.1.15 "**Credit Facilities**" means, collectively, Facility 1, Facility 2 and Facility 3;
- 1.1.16 "**Current Ratio**" means, for any Person at any date, the current assets of such Person divided by the current liabilities of such Person, all as determined in accordance with GAAP;
- 1.1.17 "**Debt Service**" means, for any period, the principal amount paid or payable during such period in respect of Indebtedness, including all principal amount paid or payable during such period under the Loan Documents;
- 1.1.18 "**Default**" means any event or circumstance which constitutes an Event of Default or which, with the lapse of time, the giving of a notice or both, would constitute an Event of Default;
- 1.1.19 "**Discount Rate**", on any given day, means the bankers' acceptance discount rate of the Lender for the applicable period in effect at or about 10:00 a.m. (Montréal time) on such day for a comparable period or, if such day is not a Business Day, on the immediately preceding Business Day;
- 1.1.20 "**Discounted Proceeds**" means, with respect to any Bankers' Acceptance, an amount equal to the result of the following mathematical formula, rounded to the nearest whole dollar:

$$\text{Bankers' Acceptance Face Amount} \times \left(\frac{1}{1 + \left(A \times \frac{B}{C} \right)} \right)^*$$

* = rounded to the nearest fifth decimal point

where, "A" is the Discount Rate;

"B" is the period of the selected Bankers' Acceptance expressed in days,
and

"C" is 365.

- 1.1.21 "**Disposition**" means, for any Person, any sale, lease, transfer, conveyance or other disposition (including pursuant to a sale and leaseback transaction), of any of that Person's properties or assets (including shares or other securities), in one transaction or a series of transactions;
- 1.1.22 "**Distribution**" means any payment in cash or in kind that provides a return on, or constitutes a distribution or redemption of, the equity or capital of a Person (other than by way of the issuance of new equity interests), any setting aside of cash or property for any such purpose, and any other payment in cash or in kind by a Person to any shareholder of such Person, or to any Affiliate, or holder of Subordinated Debt of such Person, including, without limitation, reverse earn-out payments, dividends or repayment of debt or making of loans to any such Person;

- 1.1.23 "**EBITDA**" means, for any period, the earnings for such period before (x) Interest Charges, (ii) the aggregate of all taxes (including future taxes) for such period, (iii) the aggregate of all depreciation, amortization and other like reductions to income not involving or requiring an outlay of cash for such period, and (iv) losses and gains incurred in connection with non-cash extraordinary items, the whole in accordance with GAAP;
- 1.1.24 "**Environmental Activity**" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including, without limitation, movement through or in the air, soil, surface water, groundwater, wetlands, land or subsurface strata;
- 1.1.25 "**Environmental Laws**" means all laws, rules and regulations, and any orders or legally binding policies, in each case as now or hereafter in effect, relating to the regulation or protection of human health, safety or the environment or relating to any Environmental Activity, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Contaminants;
- 1.1.26 "**Financial Assistance**" means any form of direct or indirect financial assistance of any other Person by means of a loan, guarantee or otherwise, or any obligations (contingent or otherwise) intended to enable another Person to incur or pay any debt or comply with any agreements related thereto or to otherwise assure or protect creditors of another Person against loss in respect of debt or any other obligations of such other Person;
- 1.1.27 "**Fixed Charge Coverage Ratio**" means, for any period, the ratio of (i) EBITDA less cash taxes for such period, Distributions made during said period and unfunded Capital Expenditures made during said period, to (ii) Debt Service and Interest Charges;
- 1.1.28 "**GAAP**" means generally accepted accounting principles in Canada in effect from time to time applied in a consistent manner from period to period;
- 1.1.29 "**Guarantors**" means Promec and Pacer, and their respective successors and assigns, and any Subsidiary of the Borrower who becomes a guarantor under a Security Document, and "**Guarantor**" means any one of them;
- 1.1.30 "**Hedging Contract**" means any agreement, whether or not in writing, relating to any transaction that is a commodity swap, futures contract, commodity option, cap, collar or floor transaction, any foreign exchange contract, currency swap agreement, interest rate hedging agreement, interest rate swap, cap or collar agreement or any other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing;
- 1.1.31 "**Indebtedness**" for any Person means the sum, without duplication, of:
- (a) indebtedness of such Person for monies borrowed or raised, including any indebtedness represented by a note, bond, debenture or other similar instrument of such Person;

- (b) indebtedness of such Person arising from loans of commodities, bankers' acceptances, letters of credit or letters of guarantee;
- (c) indebtedness of such Person for the deferred purchase price of property or services, other than for consumable non-capital goods and services purchased in the ordinary course of business, including arising under any conditional sale or title retention agreement, and all indebtedness secured by Purchase Money Mortgage;
- (d) obligations of such Person under Capital Leases;
- (e) the aggregate amount at which shares in the capital of such Person that are redeemable at the option of the holder thereof may be redeemed;
- (f) any indebtedness of others guaranteed by such Person;
- (g) Liens granted by such Person in respect of Indebtedness owed by third parties;
- (h) the Negative Value of Hedging Contracts or similar obligation obligating such Person to make payments, whether periodically or upon the happening of a contingency, to the extent required to be accounted for as a liability or a contingency in the financial statements of such Person in accordance with GAAP; and
- (i) all other obligations of such Person;

in each case, all as is required to be disclosed in the financial statements or notes thereto of such Person in accordance with GAAP;

- 1.1.32 **"Interest Charges"** means, with respect to any period, the sum (without duplication) of all interests, fees, charges and expenses, however characterized, paid or payable in respect of Indebtedness, including, without limitation, all interest capitalized or deferred during such period, and all interests, fees, charges and expenses paid or payable under the Loan Documents during such period;
- 1.1.33 **"Investment"** means the acquisition (whether for cash, property, services, securities or otherwise) of shares, bonds, notes, debentures, partnership or other property interests or other securities of any other Person or any agreement to make any such acquisition;
- 1.1.34 **"ISDA Master Agreement"** means the applicable standard Master Agreement of the International Swap Dealers Association Inc. in effect from time to time in use at the Lender and includes all its schedules, credit support annexes and all confirmations documented pursuant thereto;
- 1.1.35 **"Letter of Credit"** means a stand-by or documentary letter of credit or guarantee issued by the Lender on behalf of the Borrower for the purpose of (i) paying suppliers of goods or (ii) providing security or a guarantee to a third party that the Borrower or a person designated by the Borrower will perform a contractual obligation owed to such third party;

- 1.1.36 "**Lien**" means a mortgage, hypothec, legal hypothec, prior claim, pledge, lien, charge or encumbrance, whether fixed or floating, on, or any security interest in any property, whether immovable or real, movable or immovable, or mixed, tangible or intangible or a pledge for hypothecation thereof or trust or presumed or deemed trust or any other mechanisms of right benefiting the holder thereof or any conditional sale agreement or other title retention agreement or equipment trust relating thereto or any lease relating to property which would be required to be accounted for as a Capital Lease on the balance sheet of a Person;
- 1.1.37 "**Loan Documents**" means this Agreement, the Security Documents, the Hedging Contracts and the ISDA Master Agreement entered into with the Lender and any other present and future document relating to any of the foregoing, as amended, supplemented or restated from time to time;
- 1.1.38 "**Loans**" means collectively the Prime Rate Loans, the Bankers' Acceptances and the Letters of Credit and "**Loan**" means, individually, any of the Loans;
- 1.1.39 "**Material Adverse Change**" means, with respect to any Person, any circumstance, event or development which has had or could reasonably be expected to have a Material Adverse Effect;
- 1.1.40 "**Material Adverse Effect**" means (i) a material adverse effect on the condition (financial or otherwise), business, operations, assets or properties of the Borrower or a Guarantor, (ii) a material adverse effect on the ability of the Borrower or a Guarantor to timely pay any amounts due under any Loan Document or fulfill any material covenant or perform any material obligation under any Loan Document, or (iii) a material adverse effect on the legality, validity or enforceability of any of the Loan Documents or the rights or remedies of the Lender under any Loan Document;
- 1.1.41 "**Negative Value of Hedging Contracts**" means, with respect to any Person, on any day the costs incurred or that would be incurred by a counterparty further to cancellations, buybacks, reversals, terminations or assignments on such day of a Hedging Contract and to which such Person is a party, as established from time to time in good faith by such counterparty on the basis of the market value of such Hedging Contract, but in case of default, on the basis of the formula proposed by the "ISDA Master Agreement" of the International Swaps and Derivatives Association, Inc. (version 2002) under section 6 (e) "Payments on Early Termination" in the case of currency or interest exchange agreements or other agreements governed by such agreement;
- 1.1.42 "**Permitted Liens**" means:
- (a) reservations in any original grants from the Crown of any land or interest therein, statutory exceptions to title and reservations of mineral rights (including coal, oil and natural gas) in any grants from the Crown or from any other predecessors in title;
 - (b) restrictions, servitudes, easements, licenses, restrictive covenants, rights-of-way and rights of access or use for purposes of public utility, or for encroachments, rights of view or otherwise, including, without in any way limiting the generality of the foregoing, the sewers, drains, gas and water mains, steam transport, electric light and power or telephone and telegraph conduits, poles and cables, pipelines

- (i) the rights reserved to or vested in governmental authorities by statutory provisions or by the terms of leases, licences, franchises, grants or permits, which affect any land, to terminate any such leases, licences, franchises, grants or permits or to require annual or other payments as a condition to the continuance thereof;
- (j) security to public utilities or governmental authorities when required by the utility or governmental authority in connection with the supply of services or utilities to any Person in the operation of its business, and security granted as part of any refundings or renewals thereof provided the security is restricted to the same collateral;
- (k) any Purchase Money Mortgage and any conditional sales agreement or other title retention agreement (including any Capital Lease) with respect to assets of such Person provided the obligations of such Person under such Purchase Money Mortgage, Capital Lease, conditional sales agreement or other title retention agreement are permitted under this Agreement, and any Lien granted as part of any refunding or renewal of the outstanding amount secured by such Purchase Money Mortgage, Capital Lease, conditional sales agreement or other title retention agreement provided such Lien is restricted to the same collateral and the obligations of such Person under such Liens are permitted under this Agreement;
- (l) Liens for the benefit of the Lender.

1.1.43 "**Person**" means any natural person, corporation, company, partnership, joint venture, unincorporated organization, trust, association, a government or any department or agency thereof or any other entity;

1.1.44 "**Potential Prior-Ranking Claims**" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any Applicable Law, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Lender for repayment of any amounts owing under this Agreement;

1.1.45 "**Prime Rate**" means, for any day, the annual rate of interest announced by the Lender from time to time as being its reference rate then in effect for determining interest rates for commercial loans denominated in Canadian Dollars made by it in Canada;

1.1.46 "**Prime Rate Loan**" means a loan denominated in Canadian Dollars made under Facility 1 and bearing interest at the Prime Rate plus the Applicable Margin;

1.1.47 "**Purchase Money Mortgage**" means :

- (a) any Lien created, issued or assumed to secure Indebtedness not in excess of the value of the underlying property granted as security as a part of, or issued or incurred to provide funds to pay, the purchase price of any immovable property or movable property, provided that such Lien is limited to the property so acquired and is created, issued or assumed substantially concurrently with the acquisition of such property; and

- (b) any renewal, refunding or extension of any such Lien securing Indebtedness in a principal amount not in excess of the unpaid principal amount of the Indebtedness secured thereby immediately prior to such renewal, refunding or extension;
- 1.1.48 "**Release**" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;
- 1.1.49 "**Security**" means the security and subordinations granted and the guarantees, undertakings and acknowledgments provided to or for the benefit of the Lender pursuant to Article 9;
- 1.1.50 "**Security Documents**" means any document or agreement evidencing or relating to the Security;
- 1.1.51 "**Shareholders' Equity**" for any Person means, at any time, the amount which would, in accordance with GAAP, then be included as shareholders' equity on a consolidated balance sheet of such Person including, without limitation, (i) equity attributable to the issuance of preferred shares redeemable, at the option of the said Person, in more than one year (but not including equity attributable to the issuance of preferred shares redeemable within one year or shares as payment-in-kind dividends on existing shares), (ii) contributed surplus, (iii) retained earnings, and (iv) Subordinated Debt;
- 1.1.52 "**Subordinated Debt**" means Indebtedness that is subordinated, both as to principal, interest and accessories, on terms satisfactory to the Lender, to the obligations owing to the Lender hereunder or under any other Loan Document;
- 1.1.53 "**Subsidiary**" means a Person that is under the Control of another Person;
- 1.1.54 "**Taxes**" means any tax whatsoever, including, without limitation, any federal, state, provincial, municipal, school, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamps, occupation, premium, environmental, customs duties, capital stock, capital, franchise, profits, withholding, social security, unemployment, disability, property, sales, use, transfer, registration, value added, goods and services, *ad valorem* or other tax, fee, assessment or charge of any kind whatsoever, (including Canada Pension Plan and Provincial pension plan contributions), including any interest, penalty, or addition thereto, whether disputed or not;
- 1.1.55 "**Total Debt**" means all obligations of a Person, which according to GAAP, should be classified on the Person's balance sheet as liabilities or to which reference should be made by footnotes thereto, including, and whether or not so classified, all Indebtedness, but excluding tax liabilities, trade accounts payable, obligations under operating leases and other accrued obligations incurred in the ordinary course of business and any Subordinated Debt;
- 1.1.56 "**Total Debt to Capitalization Ratio**" means the ratio of Total Debt to Capitalization.

1.2 Accounting Terms and Calculations

Unless otherwise provided, (i) terms and expressions of an accounting or financial nature have the respective meanings given to such terms and expressions under GAAP, (ii) calculations must be made in accordance with GAAP insofar as applicable, and (iii) financial covenants must be calculated on a consolidated basis.

1.3 Headings

The headings are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

1.4 Governing Law

This Agreement is governed by and construed in accordance with laws of the Province of Québec and the laws of Canada applicable therein.

1.5 Previous Agreements

This Agreement, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the whole and entire agreement between the parties in respect of the Credit Facilities. There are no verbal agreements, undertakings or representations in connection with the Credit Facilities.

2. THE CREDIT FACILITIES

2.1 Description and Amounts

- 2.1.1 The Lender agrees to make available to the Borrower a demand revolving credit facility (the "Facility 1") in a principal amount not to exceed the lesser of (i) \$30,000,000 and (ii) the Borrowing Base.
- 2.1.2 The Lender agrees to make available to the Borrower a treasury risk management facility (the "Facility 2") having an aggregate risk content not exceeding \$500,000.
- 2.1.3 The Lender agrees to make available to the Borrower a demand MasterCard facility (the "Facility 3") for a principal amount not exceeding \$350,000.

2.2 Purpose of Credit Facilities

- 2.2.1 Borrower will use the proceeds of Facility 1 and Facility 3 for its general corporate purposes.
- 2.2.2 Facility 2 is an authorization for Borrower to incur obligations under Hedging Contracts entered into with the Lender and is granted only to assist the Borrower in its hedging strategies, as approved from time to time by the Lender. Borrower may not use Hedging Contracts for speculation purposes.

2.3 Availability and Loan Options

- 2.3.1 Facility 1 will revolve and, accordingly, Loans may be obtained, repaid and re-borrowed until Lender terminates same. Loans may be obtained under Facility 1 in the form of:

- (a) Prime Rate Loans;
- (b) Bankers' Acceptances; and
- (c) Letters of Credit, for an aggregate face amount at all times not to exceed \$5,000,000;

provided that Facility 1 is made available at the sole discretion of the Lender and the Lender may cancel or restrict availability of any unused portion of Facility 1 at any time and from time to time upon notice to Borrower. For greater certainty, the Borrower acknowledges that the aggregate outstanding Loans under Facility 1 (including, without limitation, all Letters of Credit) must not at any time exceed the maximum amount permitted under Section **Error! Reference source not found.** as per the most recent report on the Borrowing Base delivered to the Lender in accordance with Section 14.3.

- 2.3.2 Facility 2 and Facility 3 are also demand Facilities and may be cancelled at any time by the Lender upon notice to Borrower.

2.4 Notice of Loans

- 2.4.1 To obtain a Loan under Facility 1 (other than a Prime Rate Loan), the Borrower must give a notice to the Lender in the form of Schedule 2.4 (a "**Drawdown Notice**") specifying:

- (a) the amount of the Loan;
- (b) the date of the Loan, which must be a Business Day; and
- (c) to the extent applicable, the period of the Loan.

- 2.4.2 Borrower may draw Prime Rate Loans under Facility 1 by requesting a direct advance or by debiting the bank account specifically designated for such purposes by the Lender by way of drafts, checks, electronic transfer or other means acceptable to Lender, and each such debit shall constitute a Prime Rate Loan under Facility 1.

2.5 Conversions and Renewals

- 2.5.1 Provided that no Default or Event of Default has occurred and is continuing, the Borrower may convert the whole or any part of the outstanding Loans under Facility 1 to another form of permitted Loan and renew Bankers' Acceptances and Letters of Credit, provided that Bankers' Acceptances may not be converted prior to the maturity of their respective periods.

- 2.5.2 In order to obtain a conversion or renewal mentioned in Section 2.5.1, the Borrower must give to the Lender in writing a notice in the form of Schedule 2.4 (a "**Conversion Notice**") at least two (2) Business Days in advance of such conversion or renewal.

2.6 Other Facilities

The Hedging Contracts and Facility 3 shall be governed by the terms and provisions of separate agreements delivered in connection with such facilities, including such Hedging

Contracts and ISDA Master Agreement, and the MasterCard credit card agreements and documentation in effect from time to time.

3. BANKERS' ACCEPTANCES

3.1 Particulars of Bankers' Acceptances

Each Bankers' Acceptance requested by the Borrower to be accepted by the Lender shall have a period between 30, 60, 90, 180 days, subject to market availability, with no days of grace (as that term is defined in the *Bills of Exchange Act* (Canada)).

Furthermore, the Borrower shall not be entitled to request an advance by way of Banker's Acceptance which would result in the nominal amount thereof being less than \$1,000,000 and all advances by way of Bankers' Acceptances must be in multiples of \$100,000.

3.2 Discount of Bankers' Acceptances

The Bank agrees, in accordance with the terms and conditions set forth herein, to purchase Bankers' Acceptances accepted by it. Any Bankers' Acceptance so purchased by the Bank may be held by it for its own account or sold or traded in the money market, either directly or through securities brokers or dealers or a clearing house within the meaning of the *Depository Bills and Notes Act* (Canada), in accordance with the arrangements made by the Lender.

3.3 Lender to Make Discounted Proceeds Available to Borrower

The Lender shall make the amount equal to the Discounted Proceeds in respect of any Bankers' Acceptance discounted by it, less the amount of any stamping fees payable in relation thereto, available to the Borrower, on the issuance date, in funds immediately available to the Borrower by depositing same in the account held at the Lender for management of Facility 1.

3.4 Maturity Date of Bankers' Acceptances

Upon maturity of a Banker's Acceptance, the Borrower shall pay to the Lender an amount equal to the face amount of the maturing Bankers' Acceptance, except for the portion of said face amount or part thereof which is to be converted or renewed in accordance with Section 2.5.

3.5 Deemed Conversion on Maturity Date

In the event the Borrower does not deliver to the Lender any conversion or renewal notice or make a payment as contemplated in the immediate preceding paragraph, or, in the event the Borrower does deliver any such notice, but at any relevant date of conversion, there exists a Default or an Event of Default, then the Borrower shall be deemed to have issued a conversion notice requesting that the portion of the Advance outstanding by way of Bankers' Acceptances about to mature be converted into Prime Rate Loans.

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3.6 Lender to Sign Bankers' Acceptances on Behalf of Borrower

In order to facilitate advances, conversions and renewals with respect to the Bankers' Acceptances, the Borrower hereby authorizes the Lender to sign, endorse and complete Bankers' Acceptances on its behalf in handwritten or by facsimile or mechanical signature or otherwise and, once so signed, endorsed and completed, to purchase, discount, negotiate same or deposit them in a clearing house as contemplated in the *Depository Bills and Notes Act* (Canada), the whole as and when deemed necessary by the Lender for all purposes hereof. In this regard, the parties hereto do hereby agree as follows:

- 3.6.1 all Bankers' Acceptances so signed, endorsed and completed on behalf of the Borrower by the Lender shall bind the Borrower as fully and effectually as if signed in the handwriting of and duly issued by the proper signing officers of the Borrower;
- 3.6.2 neither the Lender nor any of its directors, officers, employees or representatives shall be liable for any action taken or omitted to be taken by it or them under this Section, except for its or their own intentional or gross fault;
- 3.6.3 the Borrower shall pay upon demand to the Lender, the nominal amount of any form of Bankers' Acceptance, which on its face appears or purports to have been issued by the Borrower, was circulated fraudulently or without authority by any Person and which was subsequently presented to the Lender for payment and paid by the Lender and shall indemnify and hold harmless the Lender from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on or incurred by or asserted against the Lender in any way relating to, arising out of or resulting from the fraudulent, unauthorized or illegal issuance or use of such Bankers' Acceptance, it being understood that the Borrower shall have no obligation or liability under this subsection when any such event shall have occurred as a result of the Lender's intentional or gross fault or that of its directors, officers, employees or representatives. Following any such payment by such Borrower, any amount recovered by the Lender from a third party in connection with such Bankers' Acceptance shall be remitted to the Borrower by the Lender forthwith after deducting therefrom any amounts (including the reasonable costs and expenses incurred by the Lender in connection with such recovery) not otherwise paid by such Borrower; and
- 3.6.4 upon the request of the Borrower, the Lender shall cancel all of the forms of Bankers' Acceptances which shall have been signed, endorsed and completed by the Lender on behalf of the Borrower as hereinabove contemplated in this Section and which shall not as yet have been issued in accordance with such instructions of the Borrower, provided that under such circumstances, the Lender shall have no liability for failing to make any further requested advance, conversion or renewal by way of Bankers' Acceptances.

3.7 Waiver

The Borrower shall not claim from the Lender any days of grace for the payment at maturity of any Bankers' Acceptance presented to and accepted by the Lender pursuant to this Agreement. Furthermore, the Borrower hereby waives any defence to payment which might otherwise exist if for any reason a Bankers' Acceptance shall be held by the Lender in its own right at the maturity thereof.

3.8 Obligations Absolute

The obligations of the Borrower with respect to Bankers' Acceptances under this Section shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

- 3.8.1 any lack of validity or enforceability of any draft accepted by the Lender as a Bankers' Acceptance, except where such lack of validity or enforceability shall have resulted from the Lender's intentional or gross fault or that of its directors, officers, employees or representatives; or
- 3.8.2 the existence of any defence, right of action, right of compensation or set-off or claim of any nature whatsoever which the Borrower may at any time have or have had against the holder of a Bankers' Acceptance, the Lender that accepted such Bankers' Acceptance or any other Person, whether in connection with this Agreement or otherwise.

3.9 Availability

The availability of Bankers' Acceptances is subject to funds being available for such purpose in the Canadian money market; the Lender will notify the Borrower if Bankers' Acceptances cease to be so available as well as when availability resumes.

4. LETTERS OF CREDIT

4.1 Application

At least two (2) Business Days prior to the issue of any Letter of Credit, the Borrower shall execute a duly authorized application with respect to such Letter of Credit and each Letter of Credit shall be governed by the terms and conditions of the relevant application for such contract. If there is any inconsistency at any time between the terms of this Agreement and the terms of such application for such Letter of Credit, the terms of such application shall govern.

4.2 Availability

Letters of Credit will be issued for such transactions and on such terms and conditions as are mutually agreed upon between the applicable Borrower and the Lender and are not inconsistent with the provisions of this Article 4. Letters of Credit may only be for an aggregate amount outstanding at any time not exceeding \$5,000,000.

4.3 Term of Letters of Credit

No Letter of Credit may mature on a day that is not a Business Day or more than 365 days after the date of its issue. No Letter of Credit may be revoked prior to its expiry date unless the consent of the beneficiary of the Letter of Credit has been obtained.

4.4 Loans

Each Letter of Credit constitutes from the date of its issue an outstanding Loan under the Facility 1 in a principal amount equal to the maximum amount of the obligation of the Lender

5. FEES AND INTEREST

5.1 Arrangement Fees

The Borrower must pay an arrangement fee of \$64,000 to the Lender upon execution of this Agreement. Such fee shall be non-refundable, despite the fact that the Credit Facilities may not be disbursed, for any reason.

5.2 Costs and Expenses

The Borrower must pay within ten (10) days of the demand thereof the amount of all costs and expenses (including legal and other professional fees) incurred by the Lender in connection with the preparation, negotiation, execution and administration of the Loan Documents, as well as the costs and expenses incurred by the Lender in connection with the enforcement of, or the preservation of any rights under, any Loan Document.

5.3 Standby Fee

The Borrower must pay to the Lender a standby fee on the unused portion of Facility 1. The standby fee will be calculated monthly at the Applicable Rate, will accrue daily on the unutilized and uncanceled portion of the amount of Facility 1 from and including the date on which all of the conditions for the initial advance of Facility 1 are met and will be payable monthly in arrears on the 26th day of each month.

5.4 Letter of Credit Fees

The Borrower must pay a fee for each Letter of Credit issued at its request. Letter of Credit fees are calculated at the Applicable Rate on the face amount of each Letter of Credit and on the basis of the number of days included in the period of same divided by 365 or 366 days, as the case may be, for each Letter of Credit issued under Facility 1, subject to a minimum of \$100.00. Any such fee must be paid to the Lender upon the issue (or any renewal) by it of the relevant Letter of Credit.

The Borrower must pay to the Lender administrative charges in connection with amendments to Letters of Credit at the rates and on the terms generally applicable to the other customers of the Lender.

5.5 Bankers' Acceptance Fees

Upon the issue of any Bankers' Acceptance, the Borrower must pay to the Lender a Bankers' Acceptance fee at the Applicable Rate. The acceptance fee will be calculated on the face amount of the applicable Bankers' Acceptance and for the number of days included in the period of same.

5.6 Interest on Prime Rate Loans

Interest on each Prime Rate Loan shall accrue at a rate per annum equal to the Applicable Margin plus the Prime Rate in effect from time to time during the period of time that the Prime Rate Loan is outstanding. Such interest shall be payable in Canadian Dollars monthly in arrears on the 26th day of each month and shall be calculated on the principal amount of the Prime Rate Loan on the basis of the actual number of days elapsed in a year of 365 or 366

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days, as the case may be. Changes in the Prime Rate shall cause an automatic and immediate adjustment of the interest rate payable on Prime Rate Loans without the necessity of any notice to the Borrower.

5.7 Interest Act (Canada)

For the purposes of the Interest Act (Canada) only, the annual rate of interest equivalent to a rate otherwise calculated under this Agreement (and the Applicable Margin) is equal to the rate so calculated multiplied by the actual number of days included in a given year and divided by 365 days.

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law.

5.8 Interest on Arrears

Any amount payable hereunder which is not paid when due, whether at stated maturity, upon acceleration or otherwise, will (unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same) bear interest at the Prime Rate in effect from time to time increased by 5%. Interest on arrears is compounded monthly and is payable on demand.

6. REPAYMENTS AND ANNUAL REVIEW

6.1 Repayment

Loans under Facility 1 and Facility 3 are expected to revolve with operating requirements. Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, and regardless of the maturities of any outstanding instruments or contracts, the Loans under Facility 1 and Facility 3 are repayable on demand and the Lender may terminate Facility 1 and Facility 3 at any time, without notice or demand.

Upon demand or termination, the Borrower shall pay to the Lender all amounts outstanding under Facility 3 and all Loans outstanding under Facility 1 including, without limitation, an amount equal to the aggregate of the face amounts of all Bankers' Acceptances and Letters of Credit which are unmatured or unexpired, which amount shall be held by the Lender as security for the Borrower's obligations to the Lender in respect of such instruments or contracts. The Lender may enforce its rights to realize upon its Security and retain an amount sufficient to secure the Lender for the Borrower's obligations to the Lender in respect of such instruments or contracts.

6.2 Mandatory Payments

The Borrower must make such payments as may be necessary to ensure that the outstanding Loans under Facility 1 will not at any time exceed the lesser of (i) the maximum amount of the Facility 1, and (ii) the Borrowing Base.

6.3 No Set-off

All payments by the Borrower to the Lender shall be made without setoff, compensation, counterclaim or deduction of any kind.

6.4 Annual Review

The availability, terms and conditions of the Credit Facilities hereunder are subject to periodic review by the Lender, including without limitation, the annual review scheduled for May 30, 2015.

7. PLACE AND CURRENCY OF PAYMENT AND TAXES

7.1 Place of Payments

Unless otherwise specified, all payments to be made by the Borrower must be made to the Lender at its branch of account located at the address set out below its signature or using the account designated as such by the Lender. The Borrower authorizes and directs the Lender to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable by the Borrower to the Lender pursuant to this Agreement.

7.2 Time and Currency of Payments

Any payment that is due on a day that is not a Business Day may be made on the next Business Day but will bear interest until received in full. All payments must be made in funds which are immediately available on the date on which payment is due, before 1:00pm EST. Interest and fees payable under this Agreement are payable both before and after any or all of and an Event of Default, demand and judgement.

All amounts payable under this Agreement must be paid in Canadian Dollars.

7.3 Payments Net of Taxes

If, due to the application of any tax or levy, the Borrower is compelled by law to make any withholding or deduction in respect of any payment due or made by it, the Borrower must pay to the Lender such additional amount as may be necessary in order that the payment actually received by the Lender be equal to the payment which otherwise would have been received in the absence of such withholding or deduction (or any additional withholding or deduction). Without limitation, for greater certainty, the Borrower shall not be required to pay income or similar taxes of the Lender.

8. CONDITIONS PRECEDENT TO LOANS

8.1 Conditions Precedent to the Initial Loan

The Borrower may not obtain a Loan under the Credit Facilities until the following conditions precedent have been fulfilled to the satisfaction of the Lender:

- 8.1.1 This Agreement and all other Loan Documents (or counterparts thereof) shall have been executed by the Lender, the Borrower and the Guarantors parties thereto, and fully executed originals of such documents shall have been delivered to the Lender.
- 8.1.2 The Lender must have received, in form and substance satisfactory it, each of the following documents:

- (a) certified copies of the organizational documents and by-laws of the Borrower and the Guarantors;
- (b) certificates of good standing in respect of the Borrower and the Guarantors in all relevant jurisdictions;
- (c) certified copies of resolutions authorizing the transactions contemplated in this Agreement and the other Loan Documents and of the documents attesting to the authenticity of the signatures of the Persons acting on behalf of the Borrower and the Guarantors;
- (d) certificates of officers of the Borrower and of each Guarantor attesting to various questions of fact, including the absence of Default, Event of Default and Adverse Material Change and confirming representations and warranties;
- (e) evidence of the registration or filing of the Security Documents required pursuant to Article 9 in all jurisdictions that the Lender may reasonably require;
- (f) certificates of insurance evidencing appropriate insurance coverage for the assets and undertakings of the Borrower, as required hereunder, and naming the Lender as additional beneficiary thereof;
- (g) the Borrowing Base report contemplated in Section 14.3;
- (h) the audited annual financial statements of the Borrower and each Guarantor for their respective fiscal years ended in 2013, and with respect to Borrower, showing no change with its in-house financial statements previously delivered to the Lender;
- (i) legal opinions addressed to the Lender from counsels to the Lender relating to the incorporation, capacity, authorization and due execution of this Agreement and of the other Loan Documents (other than the Hedging Contracts) with respect to Promec and the validity and enforceability of the Loan Documents (other than the Hedging Contracts and ISDA Master Agreement) as well as the registration of the Security Documents, attaching search reports at the relevant movable security registers;
- (j) legal opinions addressed to the Lender from counsels to the Borrower and Pacer with respect to incorporation, capacity, authorization and due execution of this Agreement and of the other Loan Documents (other than the Hedging Contracts); and
- (k) such other documents relative to the Loan Documents and the transactions contemplated therein as the Lender may reasonably require.

8.1.3 The representations and warranties contained in the Loan Documents shall be true on and as of the date of the applicable Loan with the same effect as if such representations and warranties had been made on and as of such date, and the Borrower shall have delivered to the Lender a certificate from one of its senior officers to such effect.

- 8.1.4 There shall exist no Default or Event of Default as of the date of the applicable Loan and the making of the applicable Loan would not result in the occurrence of a Default or Event of Default, and, without limitation, no Material Adverse Change shall have occurred since the date of the information provided by Borrower or Guarantors to the Lender, and the Borrower shall have delivered to the Lender a certificate from one of its senior officers to such effect.
- 8.1.5 All fees and expenses owing by the Borrower to the Lender at the time of execution of this Agreement must have been paid in full.
- 8.1.6 The Lender shall have performed and be satisfied with the results of a full due diligence review on the Borrower and the Guarantors covering, without limitation, the assets, the financial position, the corporate structure and organizational documents, material contracts, claims and laws suits, and backlog and work in progress.

8.2 Conditions Precedent to All Loans

The Borrower may not obtain any Loan under the Credit Facilities or convert or renew any Loan under the Credit Facilities unless:

- 8.2.1 to the extent required pursuant to the terms hereof, the Borrower has given a Drawdown Notice or Conversion Notice, as applicable;
- 8.2.2 all representations and warranties contained herein or in any other Loan Document are true and correct in all material respects as of the date that the relevant Loan is made, except for changes therein expressly permitted or expressly contemplated by this Agreement;
- 8.2.3 no Material Adverse Change has occurred since the date hereof as determined by the Lender in good faith;
- 8.2.4 no Default or Event of Default has occurred and is continuing or would result after giving effect to such Loan, conversion or renewal; and
- 8.2.5 after giving effect to any Loan, conversion or renewal, the outstanding principal amount of the Facility 1 would not exceed the Borrowing Base.

Each matter described in Sections 8.2.2, 8.2.3, 8.2.4 and 8.2.5 hereof shall be deemed to be certified by the Borrower as at the date that the relevant Loan is made.

8.3 Waiver of Conditions Precedent

The conditions precedent provided for in this Article are for the sole benefit of the Lender. The Lender may waive such conditions precedent, in whole or in part, with or without conditions, without prejudice to any other or future rights that it might have against the Borrower or any other Person.

to Permitted Liens. Each Security Document must be in form and substance satisfactory to the Lenders and remain valid and in force at all times.

10. REPRESENTATIONS AND WARRANTIES

The Borrower and each of the Guarantor, represents and warrants for itself, that:

10.1 Corporate Existence, Power and Capacity

It is a Person validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite corporate or other power necessary to own its assets and carry on its business as now being or as proposed to be conducted, and is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure to so qualify could have a Material Adverse Effect.

10.2 Financial Statements and Financial year

The financial statements of the Guarantors and the Borrower delivered to the Lender are complete and correct and fairly present the balance sheet and results of operations of each of them, all in accordance with GAAP (except as disclosed therein and except, with respect to unaudited financial statements, for the absence of footnotes and normal year-end audit, and quarter-end, adjustments). The financial year of the Borrower ends on December 31 of each year.

10.3 Litigation

Except as set forth in Schedule 10.3, there are no legal or arbitration proceedings, or any proceedings by or before any governmental or regulatory authority or agency, or any claim or investigation under Environmental Laws, or any labour disputes, now pending or, to the best of the knowledge of the Borrower, threatened against the Borrower or any of its properties or rights that, if adversely determined, could have a Material Adverse Effect.

10.4 No Breach

The execution and delivery of the Loan Documents and the performance by the Borrower and each Guarantor of their respective obligations thereunder do not, and will not conflict with, result in a breach of or require any consent or approval (other than those that have been obtained) under, (i) its organizational documents or by-laws, or (ii) to the extent that a breach of failure to obtain third party consent could have a Material Adverse Effect, any applicable law or regulation, or any order, injunction or judgment of any court or governmental or regulatory authority or agency, or any agreement or instrument to which it is a party or by which it or any of its property is bound.

The creation of the security pursuant to the Security Documents will not conflict with, result in a breach of, or require any consent (other than those that have been obtained) under any material agreement or instrument to which the Borrower or any Guarantor is a party or by which it or any of its property is bound.

10.5 Authorization and Validity

Each of the Borrower and Guarantors has all necessary corporate power, authority and legal right to execute, deliver and perform its obligations under the Loan Documents to which it is a party, has duly authorized by all necessary organizational action the execution, delivery and performance of its obligations under such Loan Documents and has duly and validly executed and delivered the Loan Documents to which it is a party. The obligations of the Borrower and each Guarantor under the Loan Documents to which it is a party constitute legal, valid and binding obligations, enforceable against such party in accordance with their terms, except to the extent that such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights, and subject to such qualifications as are typically found in enforceability opinions in respect to loan and security documents governed by the laws respectively applicable to this Agreement and the other Loan Documents.

10.6 Taxes

The Borrower has filed all income tax returns and all other material tax returns and paid all Taxes and Potential Prior-Ranking Claims in the amounts that are required to be filed or paid by it, except where failure to do so could not have a Material Adverse Effect. The charges, accruals and reserves on the books of the Borrower in respect of taxes and other governmental charges are adequate.

10.7 Compliance with Laws and Permits

Each of the Borrower and Guarantors is in compliance in all material respects with all Applicable Laws. Each of the Borrower and Guarantors holds all material permits, licenses, approvals, consents and other authorizations required under all Applicable Laws to own its assets and to carry on its business as now being or as proposed to be conducted or as previously conducted.

10.8 Environmental Matters

Except as set forth in Schedule 10.8, the business carried on and the property owned or used at any time by the Borrower and, to the knowledge of the Borrower, its predecessors (including the lands owned or occupied by it and the waters on or under such lands) have at all times been carried on, owned or used in compliance with all Environmental Laws applicable at all relevant times except where that failure to comply with Environmental Laws could not have a Material Adverse Effect. Except as set forth in Schedule 10.8, the Borrower is not subject to any proceedings alleging the violation of any Environmental Law, and no part of its business or property is the subject of any proceeding to evaluate whether remedial action is needed as a result of any Environmental Activity on any lands owned or occupied by it, and there are no circumstances that could reasonably be expected to give rise to any such proceedings or to any liability related to any Environmental Activity on any lands used in or related to its business or property on any lands on which it has disposed or arranged for the disposal of any materials arising from the business carried on by it, or regarding the violation of any Environmental Law by it or by any other person for which it is responsible, except where such proceedings or liability could not have a Material Adverse Effect. All Contaminants disposed of, treated or stored on lands owned or occupied by the Borrower have been disposed of, treated and stored in compliance with all Environmental Laws except where the failure to do so could not constitute a Material Adverse Effect. Except as set forth in Schedule 10.8, there are no proceedings and

there are no circumstances or material facts which could give rise to any proceeding in which it is or could be alleged that the Borrower is responsible for any domestic or foreign clean up or remediation of lands contaminated by Contaminants or for any other remedial or corrective action under any Environmental Laws, in each case, which could have a Material Adverse Effect.

10.9 Corporate Structure

10.9.1 Schedule 10.9 contains a complete and correct description of the corporate structure of the Borrower, and indicates (a) the jurisdiction of organization of each such party, (b) each Person holding ownership interests in such party, and (c) the nature of the ownership interests held by each such Person and the percentage of ownership of such party represented by such ownership interests. The Borrower is not engaged in any joint venture or partnership with any other Person.

10.9.2 All of the issued and outstanding shares of the Borrower were validly issued as fully paid and non-assessable shares in the Borrower's capital, are owned by each of the stockholders thereof, to the Borrower's knowledge, free and clear of any and all Liens. There are no outstanding rights to purchase, options, warrants or similar rights or agreements pursuant to which the Borrower may be required to issue, sell, repurchase or redeem any of its shares or other equity securities or any shares or other equity securities of its Subsidiaries.

10.10 Location of Offices and Names

Schedule 10.10 completely and accurately indicates (a) the location of the registered and chief executive offices, as well as all places of business of the Borrower, and (b) the exact name and all trade names used by the Borrower.

10.11 Pension Plans

All pension plans established by the Borrower for any of its employees are duly registered where required by, and in good standing under, all Applicable Laws, and all required contributions under such plans have been made and the respective pension funds are funded in accordance with the rules of the applicable pension plans and all Applicable Laws and no past service or experience deficiency funding liabilities exist thereunder.

10.12 Labour Matters

Except as set forth in Schedule 10.12, the Borrower is not a party to a collective bargaining or any other agreement with a union. There are no strikes, lockouts or slowdowns against the Borrower pending or, to the knowledge of the Borrower, threatened that could constitute a Material Adverse Change. The hours worked by and payments made to employees of the Borrower have not been in violation of any applicable federal, provincial, state, local or foreign law dealing with such matters. All payments due from the Borrower, or for which any claim may be made against the Borrower, on account of wages and employee health and welfare insurance, workers' compensation and other benefits, have been paid or accrued as a liability on its books.

10.13 Intellectual Property

The Borrower owns, or is licensed to use, free from material restrictions, all trademarks, service marks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower does not infringe upon the rights of any other person, except for any such infringements that, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

10.14 Insurance

The undertaking, property and assets of the Borrower are insured as provided for under Section 11.1.7.

10.15 No Material Adverse Change and No Default

Except as set forth in Schedule 10.15, there has been no Material Adverse Change between December 31, 2013 and the date of this Agreement. No Default or Event of Default has occurred and is continuing.

10.16 True and Complete Disclosure

The written (including electronic) information, reports, financial statements and documents furnished or to be furnished by or on behalf of the Borrower or Guarantors to the Lender in connection with the negotiation, preparation, execution, delivery or performance of the Loan Documents, do not and will not, as of the date furnished, contain any untrue statement of material fact or omit to state any material fact necessary to make the statements therein, not misleading in light of the then current circumstances.

11. AFFIRMATIVE COVENANTS

11.1 General Covenants of the Borrower

The Borrower will:

- 11.1.1 *Legal Existence* – preserve and maintain its legal existence and all of its franchises, licenses, permits, rights, privileges, consents, approvals and regulatory approvals required for the operation of its business, the non preservation, obtaining or maintenance of which could reasonably be expected to result in a Material Adverse Change;
- 11.1.2 *Residence* – at all times remain a corporation resident in Canada within the meaning of the *Income Tax Act* (Canada);
- 11.1.3 *Conduct of Business* – conduct its business in a proper and efficient manner and consistent with past practices, keep proper books, records and accounts in accordance with GAAP; preserve, protect and obtain all intellectual property, the non preservation, protection or obtaining of which could reasonably be expected to result in a Material Adverse Change; and preserve and maintain, in good repair, working order and condition, all other properties used in the conduct of its business, the non preservation or maintenance of which could reasonably be expected to result in a Material Adverse Change;

- 11.1.4 *Legal Compliance* – comply with all Applicable Laws including but not limited to Environmental Laws, the non compliance with which could reasonably be expected to result in a Material Adverse Change;
- 11.1.5 *Payment of Taxes* – promptly pay and discharge all taxes, assessments, charges and levies, prior to the date on which penalties attach thereto, to the exception of such tax, assessment, charge or levy which (i) is not yet due or (ii) is being validly contested in good faith and by appropriate proceedings and provided adequate reserves with respect thereto are maintained on the books of the Borrower, in accordance with GAAP, and promptly pay and discharge, as they become due, all other Indebtedness and other liabilities;
- 11.1.6 *Government Filings* – make and maintain all filings required by any governmental or regulatory authority or agency unless the failure to do so could not constitute a Material Adverse Change;
- 11.1.7 *Insurance* – insure and maintain all of its assets (and those of the Subsidiaries) insured, in favour of the Lender, at their full replacement value against all loss or damage caused by theft, fire and any other risk with respect to which a prudent administrator would insure himself, by means of an all risks insurance policy (including floods and earthquakes) acceptable to the Lender, without co-insurance clause. The policies shall include extended coverage clauses to cover additional rebuilding costs which may result from the application of a regulation or order and to cover damage resulting from leaks in the fire protection system. The Borrower shall also maintain insurance, in favour of the Lender, covering a business interruption insurance for an amount enough to cover operating expenses for one year. These Insurance policies shall be maintained with reputable insurers acceptable to the Lender. The Borrower shall name the Lender as beneficiary of the indemnities payable pursuant to these policies and the Borrower must designate this name on policies which shall in addition include (a) a standard hypothecary guarantee clause (or mortgage endorsement) approved by the Insurance Bureau of Canada, preventing the invalidation of the policies because of any reference contained in the insurance application or omitted therefrom or any act or negligence of the applicant and (b) provisions preventing their cancellation or amendment to the detriment of the Lender for any reason whatsoever including the failure to pay a premium required to renew a policy, unless this failure to pay, omission or other default has not been remedied within thirty (30) days following receipt by the Lender of a written notice of such default or omission.

The Borrower shall also maintain appropriate builder or contractor insurance with respect to which a prudent administrator would insure himself and in accordance with the relevant project contracts requirements.

Furthermore, the Borrower shall maintain civil liability insurance for an amount of at least \$2,000,000 per incident.

The Lender may in addition require such other future coverage that a prudent lender would reasonably require.

At least fifteen (15) days before expiry of a policy or before the due date of the payment for the next premium, the Borrower shall remit the renewal certificate and proof of payment of the premium for twelve (12) months to the Bank.

Should the Borrower fail to comply with the provisions of this Section, the Lender may, at the Borrower's expense, take out the insurance it shall deem appropriate;

- 11.1.8 *Access* – permit representatives of the Lender, from time to time during normal business hours and upon no more than two (2) Business Days' prior notice, to examine, copy and make extracts from its books, records or other information, to inspect any of its properties or assets, and to discuss its business and affairs with its officers, auditors, counsels and other professional advisors;
- 11.1.9 *Auditors* – have as auditors a major North American accounting firm acceptable to the Lender;
- 11.1.10 *Payment of Obligations* – pay, discharge or otherwise satisfy (i) at or before maturity or before it becomes delinquent, all Indebtedness owed to any Person including without limitation all Potential Prior-Ranking Claims, and (ii) in accordance with its usual business practices, all other liabilities of whatever nature, except in both cases when the amount or validity thereof is being contested and adequate reserves with respect thereto are maintained by the Borrowers in accordance with GAAP;
- 11.1.11 *Banking Activities* – transact and maintain all of the Borrower's banking activities with the Lender and deposit all revenues in the bank account opened by the Lender at the Lender's Branch of Account for management of the Facility 1.

11.2 Notices

The Borrower will provide prompt notice to the Lender of:

- 11.2.1 any Material Adverse Change, any other event, circumstance, act or omission which in any such case individually or in the aggregate has, or is reasonably likely to have, a Material Adverse Effect and any other Event of Default,;
- 11.2.2 any default by it under any Permitted Lien;
- 11.2.3 suit, litigation or other proceeding which is commenced or threatened against or by the Borrower for an amount in excess of \$1,000,000, it being understood that all such suits which currently exist are described on Schedule 10.3;
- 11.2.4 any matter (i) relating to compliance with Environmental Laws, or (ii) relating to the environment or any Environmental Activity and requiring or that may require that remedial or corrective action be taken by the Borrower under any Environmental Laws, unless same could not have a Material Adverse Effect;
- 11.2.5 any change whatsoever in its name or trade names or in the province of its registered or chief executive office;
- 11.2.6 the creation of any Subsidiary;
- 11.2.7 any loss or damage (in excess of \$1,000,000) to property and assets which are subject to the Security which gives rise to a claim under any insurance maintained by the Borrower.

11.3 Use of Proceeds

The Borrower will use the proceeds of the Credit Facilities only for the purposes permitted under this Agreement.

11.4 Further Assurances

The Borrower will, and will cause each of the Guarantors to, cooperate with the Lenders and execute such further instruments and documents as the Lender may reasonably request to carry out to their satisfaction the transactions contemplated by the Loan Documents.

11.5 Representations and Warranties

The Borrower will ensure that all representations and warranties made in this Agreement are true and correct as of the date hereof and at each time a certification in respect of these representations and warranties is delivered to the Lender (or is deemed to have been made in accordance with Section 8.2 hereof) unless before or at the time any such representation and warranty is made, the Borrower delivers to the Lender a written notice that such representation or warranty cannot be made and disclosing the reasons therefore, and the Lender consents thereto. At all other times, the Borrower will ensure that all representations and warranties made in this Agreement remain true and correct. The representations and warranties made in this Agreement shall survive the execution and delivery of the Loan Documents and the obtaining of Loans from time to time.

11.6 General Covenants of the Guarantors

Each of the Guarantor will:

11.6.1 *Legal Existence* – preserve and maintain its legal existence and all of its franchises, licenses, permits, rights, privileges, consents, approvals and regulatory approvals required for the operation of its business, the non preservation, obtaining or maintenance of which could reasonably be expected to result in a Material Adverse Change;

11.6.2 *Conduct of Business* – conduct its business in a proper and efficient manner and consistent with past practices, keep proper books, records and accounts in accordance with GAAP;

11.6.3 *Auditors* – have as auditors a qualified accounting firm acceptable to the Lender;

and none of the Guarantors will:

11.6.4 without the consent of the Lender, enter into any transaction of merger, amalgamation or consolidation or any other form of business combination with any other Person, or liquidate, wind up or dissolve itself (or suffer any liquidation, winding-up or dissolution or any proceedings therefor) or continue itself under the laws of any other statute or jurisdiction;

11.6.5 enter into any transaction giving effect to a prohibited change under Section 12.9;

- 12.3.4 carry on any business, directly or indirectly, other than the business currently carried on by it or similar businesses and activities ancillary or related thereto or take any action that would constitute a Material Adverse Change.

12.4 Investments, Acquisitions and Capital Expenditures

The Borrower will not, directly or indirectly:

- 12.4.1 except with the consent of the Lender, have any Subsidiary unless such Subsidiary is a wholly-owned Subsidiary incorporated under the federal or provincial laws of Canada with its registered and chief executive office in a province of Canada and in the same lines of business as the Borrower or in businesses ancillary or related thereto;
- 12.4.2 except as permitted by Section 12.7, make any material loan to any Person that is not a Subsidiary qualifying under the preceding paragraph;
- 12.4.3 make Acquisitions in an amount which, in the aggregate, in any financial year, would exceed \$1,000,000, provided that should a Default or an Event of Default be outstanding at the time of any Acquisition or if such Acquisition would likely create such a Default or Event of Default, no Acquisition shall be permitted;
- 12.4.4 make Capital Expenditures in an amount which, in the aggregate, in any financial year, would exceed \$7,000,000; provided that should a Default or an Event of Default be outstanding at the time of the making of any Capital Expenditure or if the making of such Capital Expenditure would likely create such a Default or Event of Default, no Capital Expenditure shall be permitted;
- 12.4.5 make any private or public tender offer for the shares or securities of another Person whose governing body has not approved such offer ("hostile take-over").

12.5 Amendments

The Borrower will not amend any of its constituting documents or by-laws or any documents related to any of them in a manner that would be prejudicial to the interests of the Lender or in conflict with any of the Loan Documents.

12.6 Restricted Payments and Distributions

The Borrower shall not, directly or indirectly, voluntarily purchase, redeem, defease, pay or prepay any principal of, premium, interest or other amount payable in respect of any Indebtedness, other than Indebtedness to the Lender under the Loan Documents and Indebtedness otherwise permitted hereunder (other than Subordinated Indebtedness), unless, in the latter case, doing so could cause or is likely to cause a Material Adverse Effect.

The Borrower shall be permitted to make Distributions which constitute repayment of Subordinated Indebtedness to its shareholders, provided that such Distribution is made effective as at the end of its fiscal year and :

- 12.6.1 at the time of such a Distribution, a Default or Event of Default shall not have occurred or be continuing and the making of such a Distribution is not likely to create, after giving effect to such a Distribution, a Material Adverse Change or a Default or Event of Default;

12.6.2 at the time of such a Distribution and after giving effect to such a Distribution, the Total Debt to Capitalization Ratio is lower than or equal to 60%;

12.6.3 the total amount Subordinated Debt due to all shareholders after giving effect to such Distribution is at least \$5,000,000 in principal;

12.6.4 the Shareholder's Equity is at least of \$20,000,000 both before and after giving effect to such Distribution;

all of which determinations and calculations of ratios to be based on the audited financial statements of the Borrower, a copy of which must also be delivered to the Lender, together with the compliance report mentioned in Section 14.1.1.

12.7 Financial Assistance and Investments

The Borrower will not provide any Financial Assistance to any Person, including shareholders and management, or make any Investments in any Person (other than the creation of Subsidiaries in accordance with the terms and conditions of this Agreement), other than in its normal course of business.

12.8 Transactions with Related Parties

The Borrower will not engage in any material transactions with any related party, including the Guarantors, on terms and conditions less favourable in any material respect to it than those that could be obtained on an arm's length basis from unrelated third parties. For the purposes of this Section 12.8, (i) related party means, with respect to a Person, another Person that Controls or is Controlled by or is under common Control with the relevant Person, and (ii) the definition of Control must be read replacing 51% by 20%.

12.9 Change of Control

The Borrower will not permit any change in the ownership of its securities that would result in (i) Promec owning less than 40% of (a) the issued and outstanding shares of the Borrower or (b) the voting rights attached to all of the issued and outstanding shares of the Borrower, (ii) Pacer owning less than 40% of (a) the issued and outstanding shares of the Borrower or (b) the voting rights attached to all of the issued and outstanding shares of the Borrower, and (iii) Pacer and Promec together, owning less than 100% of (a) the issued and outstanding shares of the Borrower or (b) the voting rights attached to all of the issued and outstanding shares of the Borrower.

12.10 Change of Location

12.10.1 The Borrower will not, without the consent of the Lender, (i) move any of its material tangible assets outside of the Provinces of Québec or Alberta, as the case may be; or (ii) change the location of the registered or chief executive offices to a location outside of the Province of Québec or Alberta.

- 15.1.2 the Borrower defaults under the terms of any other Indebtedness where such Indebtedness is of an amount exceeding \$500,000 or where such default entitles the creditor thereof to realize its security on all or a substantial or material portion of the assets of the Borrower, and such default continues after the applicable notice or grace period, if any;
- 15.1.3 a Guarantor defaults under the terms of any Indebtedness where such Indebtedness is of an amount exceeding \$1,000,000 or where such default entitles the creditor thereof to realize its security on all or a substantial or material portion of the assets of such Guarantor, and such default continues after the applicable notice or grace period, if any;
- 15.1.4 any representation, warranty or certification made or deemed made by the Borrower or a Guarantor in any Loan Document proves to be false or misleading as of the time made or deemed to be made in any material respect;
- 15.1.5 subject to paragraph 15.1.10 above, the Borrower or a Guarantor fails or neglects to perform, keep or observe any of the covenants contained in Articles 9, 11, 12 or 13;
- 15.1.6 the Borrower or a Guarantor becomes unable to pay its debts generally as such debts become due or is adjudicated or admits to being bankrupt or insolvent;
- 15.1.7 the Borrower or a Guarantor (i) applies for or consents to the appointment of a receiver, or trustee of itself or of all or a substantial part of its property or assets, (ii) makes a general assignment for the benefit of its creditors, (iii) takes advantage of any law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or (iv) takes any action for the purpose of effecting any of the foregoing;
- 15.1.8 a proceeding is commenced against the Borrower or a Guarantor in any jurisdiction seeking (i) its bankruptcy, reorganization, liquidation, dissolution, arrangement or winding-up, or similar relief, (ii) the appointment of a receiver, trustee or the like of all or any substantial part of its property, or (iii) the seizure or the attachment of or similar process issued or levied against any part of its property having a value of more than \$500,000; and in each case of any such proceeding or appointment, the same is not contested, or if contested, the effect thereof has not been stayed within 20 days thereafter;
- 15.1.9 a proceeding is commenced, a notice of intention is filed (including, without limitation, a prior notice of exercise of a hypothecary recourse) or any other enforcement action is taken by any Person against the Borrower or a Guarantor in any jurisdiction seeking the possession, foreclosure or retention, or sale or other disposition of, or enforcement over, any part of the property of the Borrower or a Guarantor a value of more than \$500,000, and such proceeding is not, within twenty (20) days after commencement thereof, or such shorter period as would permit such assets to be sold thereunder, discharged or contested in good faith by the Borrower or such Guarantor.
- 15.1.10 the Borrower or a Guarantor defaults in the performance of any of its other obligations under a Loan Document and such default continues unremedied for a period of ten (10) Business Days or more after written notice by the Lender to the Borrower; or
- 15.1.11 there is, in the opinion of the Lender, a Material Adverse Change.

15.2 Remedies

If an Event of Default occurs and is continuing, the Lender may, on giving written notice to the Borrower, terminate the right of the Borrower to use the Credit Facilities, declare all indebtedness of the Borrower under the Loan Documents to be immediately payable and demand immediate payment of the whole or part thereof, and exercise all of the rights and remedies of the Lender including its rights and remedies under any Loan Document.

Upon receipt of such written notice, the Borrower shall immediately pay to the Lender all Loans outstanding under the Credit Facilities and all other obligations of the Borrower to the Lender in connection with the Credit Facilities under this Agreement including, without limitation, an amount equal to the aggregate of the face amounts of all Bankers' Acceptances and Letters of Credit which are unmatured or unexpired, which amount shall be held by the Lender as security for the Borrower's obligations to the Lender in respect of such instruments or contracts. The Lender may enforce its rights to realize upon its security and retain an amount sufficient to secure the Lender for the Borrower's obligations to the Lender in respect of such contracts or instruments.

Nothing contained in the foregoing Events of Default section shall limit any right of the Lender under this Agreement to terminate or demand payment of, or cancel or restrict availability of any unused portion of, any demand or other discretionary facility made available under this Agreement.

16. MISCELLANEOUS

16.1 Books and Accounts

The Lender will keep books and accounts evidencing the transactions made pursuant to this Agreement. The Lender shall record the principal amount of each Loan, the payment of principal and interest and all other amounts becoming due to the Lender under this Agreement. Absent manifest error, such books and accounts will be deemed to represent accurately such transactions and the indebtedness of the Borrower under the Credit Facilities.

16.2 Determination

In the absence of manifest error, any determination made by the Lender of the amounts payable hereunder will be conclusive and binding upon the Lender and the Borrower.

16.3 Assignments and Participations

16.3.1 The Borrower may not assign its rights, or the amounts to be received by it, under this Agreement.

16.3.2 The Lender may assign its rights and obligations hereunder (including outstanding Loans owing to it) to any financial institution provided that, unless an Event of Default has occurred and is continuing, it obtains the prior written consent of the Borrower, which consent shall not be unreasonably withheld or denied. When the assignment becomes effective, the assignee will become a lender hereunder and will benefit from the rights and be liable for the obligations of the assigning Lender, proportionally to the assigned Loans, and, to the same extent, the assigning Lender will be released from its obligations.

16.3.3 No assignment or participation may increase for the Borrower the costs of the Loans pursuant to Section 7.3.

16.3.4 The Lender may disclose to potential or actual assignees any confidential information concerning the Borrower in its possession, provided that, unless an Event of Default has occurred and is continuing, it obtains the prior written consent of the Borrower, which consent shall not be unreasonably withheld or denied, the whole without liability to the Borrower for such disclosure or the results thereof.

16.4 Amendments and Waivers

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing signed by the Borrower and the Lender. No failure or delay, on the part of the Lender, in exercising any right or power hereunder or under any Security Document shall operate as a waiver thereof.

16.5 Set-off

The Lender is authorized, but not obligated, at any time, to apply any credit balance, whether or not then due, to which the Borrower is entitled on any account in any currency at any branch or office of the Lender in or towards satisfaction of the obligations of the Borrower due to the Lender under this Agreement. The Lender is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.

16.6 Indemnification

16.6.1 If any law, regulation, administrative decision or guideline or decision of a court (i) increases the cost of the Credit Facilities for the Lender or (ii) reduces the income receivable by the Lender from the Credit Facilities (including, without limitation, by reason of the imposition of reserves, taxes or requirements as to the capital adequacy of the Lender but in no event by reason of taxes on the overall net income of the Lender), the Lender may send to the Borrower a statement indicating the amount of such additional cost or reduction of income; in the absence of manifest error, this statement shall be conclusive evidence of the amount of such additional cost or reduction of income and the Borrower must pay forthwith said amount to the Lender.

16.6.2 The Borrower must pay on demand the amount of any loss suffered by the Lender as a result of the conversion or repayment of a Loan before the maturity date of its period, irrespective of the cause of such conversion or repayment (including a repayment resulting from a demand for payment after the occurrence of an Event of Default). In the absence of manifest error, a statement prepared by the Lender indicating the amount of such loss and the method by which the loss was calculated will be binding and conclusive.

16.6.3 The Borrower must indemnify the Lender, its respective directors, officers, employees, attorneys, agents and controlling persons (each an "Indemnified Person") from and against any loss, liability, cost or expense (including costs of any investigation, cleanup, removal or other similar action, damages of any kind, settlement costs and legal and other professional fees) that may be instituted or asserted against or incurred by any such Indemnified Person as a result of the evaluation, negotiation or documenting of the transactions contemplated by the Loan Documents or as the result of credit having been

extended, suspended or terminated under this Agreement and the other Loan Documents and the administration of such credit, and in connection with or arising out of the transactions contemplated hereunder and thereunder and any actions or failures to act in connection therewith or of the non-compliance by the Borrower with any Environmental Laws or any claim under Environmental Laws in connection with the operations of, or any property owned or operated by, the Borrower, or as a result of an Environmental Activity.

16.7 Enurement

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

16.8 Severability

If any provision of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor invalidate, affect or impair any of the remaining provisions of this Agreement.

16.9 Solidary

Where more than one Person is liable for any obligation under this Agreement, then the liability of each such Person for such obligation is solidary (joint and several) with each other such Person.

16.10 Time of Essence and Obligations Absolute

The mere lapse of time fixed for performing an obligation hereunder shall have the effect of putting the Borrower in default thereof. The obligations of the Borrower hereunder shall not be reduced, limited or cancelled pursuant to the occurrence of any event of *force majeure*, the Borrower expressly assuming the risk of superior force.

16.11 Inconsistency

In the event of inconsistency between this Agreement and any other Loan Document, the provisions of this Agreement must be accorded precedence.

16.12 Language

The parties acknowledge that they have requested that this Agreement and all ancillary documents be drawn up in the English language. *Les parties reconnaissent avoir exigé que cette convention ainsi que tous les documents y afférents soient rédigés en anglais seulement.*

17. NOTICES

Unless otherwise provided, any notice to be given to a party in connection with this Agreement will be given in writing and will be given by personal delivery, by a reputable delivery service or by telecopier, addressed to the recipient at its address specified under its signature or such other address as may be notified by such party to the others pursuant to this Article.

Vertical line of small text along the right edge of the page.

Any notice given by personal delivery or by a delivery service will be conclusively deemed to have been given at the time of such delivery and, if given by telecopier, on the day of transmittal if before 3:00 p.m. on a Business Day, or on the following Business Day if such transmission occurs on a day which is not a Business Day or after 3:00 p.m. on a Business Day. If the telecopy suffers any interruptions by way of a strike, slow-down, a *force majeure*, or any other cause, a party giving a notice must do so using another means of communication not affected by the disruption.

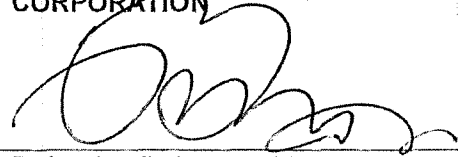
[signature page follows]

11/15/2001 10:00:00 AM

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

**PACER PROMEC ENERGY
CORPORATION**

Per:



Richard Pelletier, President

Address: 200, 1040 – 7th Avenue SW
Calgary, Alberta T2P 3G3

Attention: President

Telecopier: 587 352-5257

CONSTRUCTION PROMEC INC.

Per:

Peter Capkun, President

Per:

Denis René, Secretary

Address: 346 Aimé-Vincent
Vaudreuil Québec J7V 5V5

Attention: Vice-President, Operations

Telecopier: 450 510-9501

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

PACER PROMEC ENERGY CORPORATION

Per:

Richard Pelletier, President


Address: 200, 1040 – 7th Avenue SW
Calgary, Alberta T2P 3G3

Attention: President

Telecopier: 587 352-5257

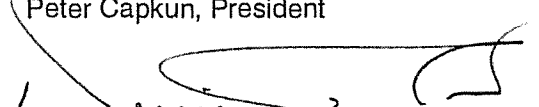
CONSTRUCTION PROMEC INC.

Per:



Peter Capkun, President

Per:



Denis René, Secretary

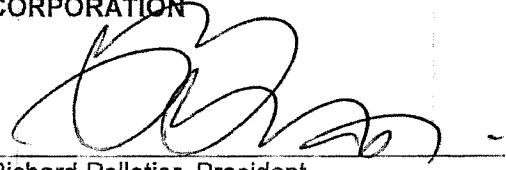
Address: 346 Aimé-Vincent
Vaudreuil Québec J7V 5V5

Attention: Vice-President, Operations

Telecopier: 450 510-9501

**PACER CONSTRUCTION HOLDINGS
CORPORATION**

Per:



Richard Pelletier, President

Address: 1105 - 7th Avenue SW
Calgary, Alberta T2P 1B2

Attention: President

Telecopier: 403 301-0206

NATIONAL BANK OF CANADA

Per:

Pierre Gendron, Manager

Per:

Name:

Title:

Address: 600 de La Gauchetière
Street West
Ground Floor
Montréal, Québec H3B 4L2

Attention: Account Manager

Telecopier: 514 394-4144

**PACER CONSTRUCTION HOLDINGS
CORPORATION**

Per:

Richard Pelletier, President

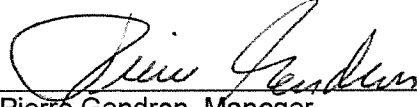
Address: 1105 - 7th Avenue SW
Calgary, Alberta T2P 1B2

Attention: President

Telecopier: 403 301-0206

NATIONAL BANK OF CANADA

Per:


Pierre Gendron, Manager

Per:


Name:
Title:

ÉTIENNE JULIEN Director Corporate Financial Group Transit: 6601-1
--

Address: 600 de La Gauchetière
Street West
Ground Floor
Montréal, Québec H3B 4L2

Attention: Account Manager

Telecopier: 514 394-4144

In witness whereof, the Borrower has caused this Notice to be executed and delivered by its duly authorized officer this _____ day of _____, _____.

PACER PROMEC ENERGY CORPORATION

By: _____
Name:
Title:

11/15/2011 10:00:00 AM

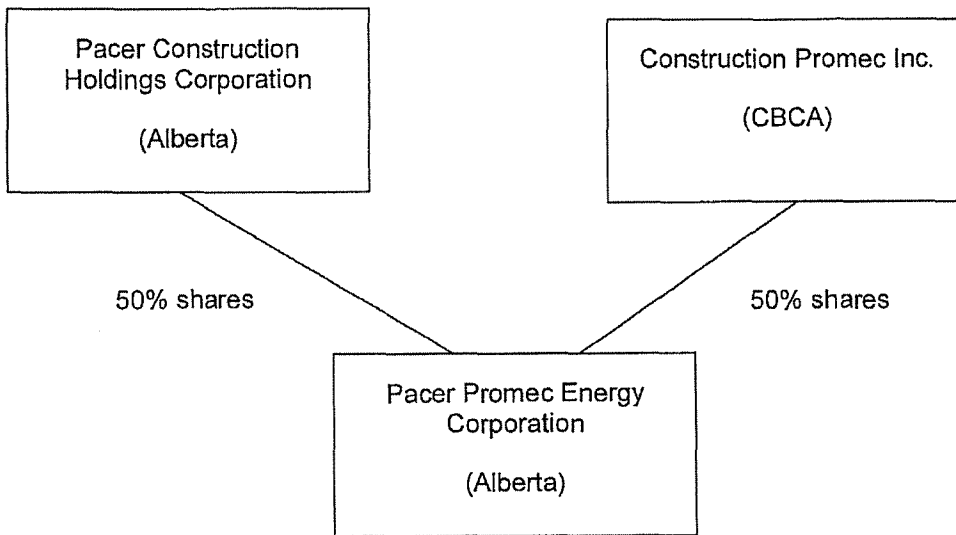
SCHEDULE 10.8
ENVIRONMENTAL MATTERS

None

11/15/2011 10:00:00 AM

SCHEDULE 10.9
CORPORATE STRUCTURE

(SEE ATTACHED)



SCHEDULE 10.10

LOCATION OF OFFICES AND NAMES

Records office:

1900, 520 – 3rd Avenue SW, Calgary, Alberta T2P 0R3

Registered office:

200, 1040 – 7th Avenue SW, Calgary, Alberta T2P 3G3

Chief executive office:

200, 1040 – 7th Avenue SW, Calgary, Alberta T2P 3G3

Other places of business – places where equipment is located:

- Syncrude Canada Ltd
Mildred Lake Plant Site
PO Bag 4009, Fort McMurray
Alberta Canada T9H 3L1
- Imperial Oil- Kearl Site (KEP OPP2)
- Canadian Natural Resources (Horizon Oil Sands Site)
Bag 4025
Fort McMurray, AB T9H 3H5

Name:

Pacer Promec Energy Corporation

Trade Names:

None

SCHEDULE 10.15

MATERIAL ADVERSE CHANGES

The shareholders of Pacer Holdings Construction Corporation ("PCHC") have received an offer for the sale of all the issued and outstanding shares of PCHC which will include PCHC's 50% interest in the Borrower. This offer is not yet firm and binding. Due diligence has been undertaken and is continuing by the proposed purchaser. The offer provides for usual earn out price adjustments on future revenues. The impact on the Borrower of the sale of the shares of PCHC would be minimal and possibly beneficial as the proposed purchaser is a publicly traded American contractor who is active in the same field but is not specialized in mining or oil work.

6. As of the Reference Date, the Total Debt to Capitalization Ratio was _____ %, as demonstrated in the calculations set forth in appendix A to this certificate.
7. As of the Reference Date, the Fixed Charge Coverage Ratio was _____ to 1:00, as demonstrated in the calculations set forth in appendix A to this certificate.
8. As of the Reference Date, the Current Ratio was _____ to 1.00, as demonstrated in the calculations set forth in appendix A to this certificate.
9. [for yearly reports only - As of the Reference Date, and for the period included in the attached statements, an amount of \$_____ was paid to shareholders on account of Distributions, the whole in accordance with Section 12.6 of the Credit Agreement, and:
 - at the time of such a Distribution, no Default or Event of Default had occurred or was continuing and the making of such a Distribution did not create, after giving effect to such a Distribution and as at the date hereof, a Material Adverse Change or a Default or Event of Default;
 - at the time of such a Distribution, the Total Debt to Capitalization Ratio was lower than or equal to 60% and such ratio remained, after giving effect to such Distribution until the date hereof, lower or equal to 60%;
 - the total amount Subordinated Debt due to all shareholders after giving effect to such Distribution until the date hereof remained at at least \$5,000,000 in principal;
 - the Shareholder's Equity was at least of \$20,000,000 before giving effect to such Distribution and after giving effect to such Distribution until the date hereof remained at at least of \$20,000,000.]
10. Attached hereto are sufficient details to reconcile the attached financial statements to each of the elements referred to in the calculations set forth in appendix A to this certificate.

List of Defaults or Events of Default (either list or state "none". If any exist, set out particulars, period of existence and actions proposed)

Dated this _____ day of _____, _____.

PACER PROMEC ENERGY CORPORATION

By: _____
Name:
Title:

APPENDIX A
MAINTENANCE OF RATIOS
(ARTICLE 13 OF THE CREDIT AGREEMENT)

Date: _____, _____

1. TOTAL DEBT TO CAPITALIZATION RATIO

Total Debt	(a) \$	_____
Capitalization	(b) \$	_____
Total Debt to Capitalization Ratio: (a) ÷ (b)		
[Section 13.1.1: ≤ 70% until December 31, 2014 and ≤60% thereafter]		

2. FIXED CHARGE COVERAGE RATIO

EBITDA	(a) \$	_____
Cash taxes	(b) \$	_____
Distributions	(c) \$	_____
Unfunded Capital Expenditures	(d) \$	_____
Debt Service	(e) \$	_____
Interest Charges	(f) \$	_____
Fixed Charge Coverage Ratio: (a) – [(b) + (c) + (d)] ÷ [(e) + (f)]		
[Section 13.1.2: ≥ 1.75 to 1:00]		

3. CURRENT RATIO

Current assets	(a) \$	_____
Current liabilities	(b) \$	_____
Current Ratio: (a) ÷ (b)		
[Section 13.1.3 : ≥ 1.15 to 1.00]		

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SCHEDULE 14.3
PACER PROMEC ENERGY CORPORATION
BORROWING BASE REPORT

To: National Bank of Canada

The report is given pursuant to the credit agreement dated as of May 23, 2014 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") between Pacer Promec Energy Corporation, as borrower, Construction Promec Inc. and Pacer Construction Holdings Corporation, as guarantors, and National Bank of Canada, as lender. Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as those ascribed to them in the Credit Agreement.

The undersigned hereby certifies to the Lender that it is the _____ of the Borrower and as such is duly authorized to execute and deliver this borrowing base report. The undersigned officer hereby further certifies to the Lender, as of _____, that:

- (a) The undersigned is familiar with and has examined the provisions of the Credit Agreement, and has made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower;
- (b) Attached hereto as Appendix A is a calculation of the Borrowing Base for the Borrower;
- (c) Attached hereto are the following reports in respect of the Borrower (the "Reports"): (i) an aged list of accounts receivable, (ii) an aged list of accounts payable, (iii) the amount of all Potential Prior-Ranking Claims, including the amount of all supplier payables with respect to identifiable unpaid inventory delivered within 30 days, (iv) a list of work in progress and of backlog work, in the form submitted by the Lender;
- (d) All of the information set out in Appendix A and in the Reports is accurate and complete in all respects, and all amounts certified as Potential Prior-Ranking Claims are current amounts owing and not in arrears;
- (e) Based on such Appendix A, the Borrowing Base is: _____ and the amount available for Loans under the Facility 1 is _____.

Dated this _____ day of _____, _____.

PACER PROMEC ENERGY CORPORATION

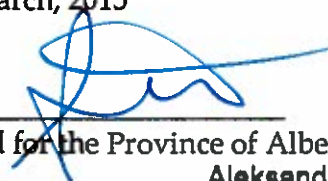
By: _____
Name:
Title:

APPENDIX A
BORROWING BASE CALCULATION
ACCOUNTS RECEIVABLE

	<u>Total</u>
(i) 85% of the net aggregate book value of the Borrower's "good" accounts receivable of less than 90 days past due from the original invoice due date, owed by debtors located in Canada which are governmental entities, institutional clients (such as hospitals and schools) or investment grade clients (i.e. rated AAA to BBB- by Standard & Poors or equivalent rating), or such other clients approved by the Lender at its entire discretion	\$ _____
Less:	
(ii) accounts subject to Liens ranking or capable of ranking in priority to the Security	\$ _____
(iii) accounts owed by Affiliates	\$ _____
(iv) accounts in dispute and bad or doubtful accounts	\$ _____
(v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor	\$ _____
(vi) any accounts which the Lender has previously determined to be ineligible;	\$ _____
Sub-total: (i) – [(ii) + (iii) + (iv) + (v) + (vi)]	A \$ _____
Marginable accounts receivable at 85% of "A"	B \$ _____
(vii) 75% of the net aggregate book value of the Borrower's "good" accounts receivable of less than 90 days past due from the original invoice due date, owed by debtors located in Canada (others than those in (i) above)	\$ _____
Less:	
(viii) accounts subject to Liens ranking or capable of ranking in priority to the Security	\$ _____
(ix) accounts owed by Affiliates	\$ _____
(x) accounts in dispute and bad or doubtful accounts	\$ _____

(xi) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor	\$
(xii) any accounts which the Lender has previously determined to be ineligible;	\$
Sub-total: (vii) - [(viii) + (ix) + (x) + (xi) + (xii)]	C \$
Marginable accounts receivable at 75% of "C"	D \$
(xiii) 50% of the net aggregate book value of all holdback amounts on contracts owed to the Borrower, for a maximum of \$2,500,000	E \$
Sub-Total: B + D + E	F \$
Less (without duplication):	
(xiv) Potential Prior-Ranking Claims	G \$
(xv) amounts payable to contractors having notified their contracts	H \$
(xvi) amounts payable to contractors on project where a builders' lien has been registered	I \$
(xvii) amounts payable to contractors on projects where the owner or the Borrower has not retained the statutory holdbacks	J \$
Sub-total (G) + (H) + (I) + (J)	K \$
Borrowing Base : (F - K)	\$
Amount currently outstanding under Facility 1	\$
Amount available (deficit)	\$ or (\$ __)

This is Exhibit "G"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



2500141421728

PACER PROMEC ENERGY CORPORATION

as Obligor

and

NATIONAL BANK OF CANADA

as Secured Party

SECURITY AGREEMENT

May 23, 2014

SECURITY AGREEMENT

Security Agreement dated as of May 23, 2014 (the “**Agreement**”) made by Pacer Promec Energy Corporation (the “**Obligor**”), to and in favour of National Bank of Canada (the “**Secured Party**”).

WHEREAS, pursuant to, and subject to the terms and conditions of, a Credit Agreement dated as of the date hereof (as amended, supplemented or restated from time to time, the “**Credit Agreement**”) among the Obligor, as borrower, Construction Promec Inc. and Pacer Construction Holdings Corporation, as guarantors, and the Secured Party, as lender, the Lender has agreed to extend to the Obligor certain credit facilities, the whole as more fully described in the Credit Agreement;

AND WHEREAS, the obligations of the Secured Party to make available such credit facilities pursuant to the Credit Agreement are conditioned upon the execution and delivery by the Obligor of a security agreement in favour of the Secured Party, in the form hereof, to secure all of the Obligations;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

“**Agreement**” means this security agreement as may be amended, supplemented or otherwise modified from time to time.

“**Collateral**” has the meaning specified in Section 2.1 of this Agreement.

“**Credit Agreement**” shall have the meaning attributed to such term in the Preamble of this Agreement.

“**Instruments**” means (i) a bill, note or cheque within the meaning of the *Bills of Exchange Act* (Canada) or any other writing that evidences a right to the payment of money and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, or (ii) a letter of credit and an advice of credit if the letter or advice states that it must be surrendered upon claiming payment thereunder, or (iii) chattel paper or any other writing that evidences both a monetary obligation and a security interest in or a lease of specific goods, or (iv) documents of title or any other writing that purports to be issued by or addressed to a bailee and purports to cover such goods in the bailee's possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers, or (v) any document or writing commonly known as an instrument, but excludes investment property.

“**Intellectual Property**” means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and nonpublic business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications

for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, service marks, certification marks, trade dress, logos, applications, registrations and renewals for any of the foregoing and the goodwill connected with the use of and symbolized by any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; (viii) any other intellectual property and industrial property; (ix) income, fees, royalties, damages, claims and payments for past, present, or future infringements, dilutions or other violations thereof; (x) rights corresponding thereto throughout the world; and (xi) rights to sue for past, present or future infringements, dilutions or other violations thereof.

“Lien” means:

- (a) a lien, charge, mortgage, deed of trust, pledge, security interest or conditional sale or title retention agreement in the nature of security which secures payment or performance of an obligation;
- (b) an assignment, lease, consignment, deposits, trust or deemed trust that secures payment or performance of an obligation;
- (c) a garnishment; and
- (d) any other encumbrance of any kind in the nature of security which secures payment or performance of an obligation.

“Obligations” means all of the Obligor’s obligations, direct or indirect, incurred towards the Lender (whether such obligations result from a loan, line of credit or any other agreement which may result in advances of monies, overdraft facilities or protection, issuance of letters guarantees, letters of credit, bills of exchange or any other financial advantage whatsoever which may be procured by the Lender) pursuant to, under, or arising from, the Loan Documents, as such obligations are, from time to time, modified, extended or renewed.

“Obligor” shall have the meaning attributed to such term in the Preamble of this Agreement.

“PPSA” means the *Personal Property Security Act* (Alberta) and the regulations promulgated thereunder and other applicable personal property security legislation of the applicable Canadian province or provinces (including the Civil Code of Quebec and the regulations respecting the register of personal and movable real rights promulgated thereunder) as all such legislation now exists or may from time to time hereafter be amended, modified, recodified, supplemented or replaced, together with all rules, regulations and interpretations thereunder or related thereto.

“Restricted Asset” has the meaning specified in Section 2.4(1) of this Agreement.

“Secured Party” shall have the meaning attributed to such term in the Preamble of this Agreement.

“Secured Obligations” has the meaning specified in Section 2.2 of this Agreement.

“Securities” means securities as defined in the *Securities Transfer Act* (Alberta).

“Security Interest” has the meaning specified in Section 2.2

Section 1.2 Interpretation.

- (1) Capitalized terms used in this Agreement but not defined have the meanings given to them in the Credit Agreement. Terms defined in the PPSA and the *Securities Transfer Act (Alberta)* (“STA”) and used but not otherwise defined in this Agreement have the same meanings. For greater certainty, the terms “account”, “chattel paper”, “document of title”, “equipment”, “goods”, “instrument”, “intangible”, “investment property”, “money”, “personal property” and “proceeds” have the meanings given to them in the PPSA; and the terms “certificated security”, “control”, “delivery”, “entitlement holder”, “financial asset”, “securities account”, “securities intermediary”, “security entitlement” and “uncertificated security” have the meanings given to them in the STA or the PPSA as applicable.
- (2) The rules of interpretation specified the Credit Agreement shall be applicable to this Agreement.

ARTICLE 2 ARTICLE 2 SECURITY

Section 2.1 Grant of Security.

- (1) Subject to Section 2.4 and Section 2.5, the Obligor grants to the Secured Party a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Secured Party all of the property, assets, effects and undertaking of the Obligor whether now owned or hereafter acquired and all of the property, assets, effects and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the “Personal Property Collateral”), including all of the Obligor's:
 - (a) present and after-acquired personal property including:
 - (i) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing and materials used or consumed in the businesses of the Obligor;
 - (ii) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;
 - (iii) accounts due or accruing and all related agreements, books, accounts, invoices, letters, documents and papers recording, evidencing or relating to them;
 - (iv) money, documents of title, chattel paper, financial assets and investment property;
 - (v) security accounts and all of the credit balances, securities entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;
 - (vi) Instruments and Securities; and

- (vii) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licenses and other contractual benefits;
 - (b) Intellectual Property;
 - (c) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2.1(a) and Section 2.1(b); and
 - (d) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2.1(a) and Section 2.1(c) inclusive, including the proceeds of such proceeds.
- (2) Subject to Section 2.4 and Section 2.5, the Obligor hereby charges as and by way of a floating charge in favour of the Secured Party all the presently owned or held and hereafter acquired property, assets, effects and undertaking of the Obligor of whatsoever nature and kind and wheresoever situate, other than such of the Obligor's property, assets, effects and undertakings of the Obligor as are validly and effectively subjected to the security interest granted to the Secured Party pursuant to Section 2.1(1) (all of which property, assets, effects and undertakings so charged by this Section 2.1(2) are herein collectively called the "Other Collateral", and together with the Personal Property Collateral the "Collateral") including, without limiting the generality of the foregoing, all presently owned or held and hereafter acquired right, title and interest of the Obligor in and to real and immovable and leasehold property and rights whether in fee or of a less estate and all interest in and rights relating to lands and all easements, rights of way, privilege, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held and all structures, buildings, plant, machinery, fixtures, apparatus and fixed assets and the charge created by this Section 2.1(2) shall be a floating charge such that the Obligor shall not have power without the prior written consent of the Secured Party to:
- (a) create or permit to exist any Lien against any of the Other Collateral which ranks or could in any event rank in priority to or *pari passu* with the security interest constituted by this Agreement, save and except as permitted in accordance with the Credit Agreement; or
 - (b) grant, sell, exchange, transfer, assign, lease or otherwise dispose of the Other Collateral, save and except as permitted in accordance with the Credit Agreement.

Section 2.2 Secured Obligations.

The security interests, assignments, mortgages, charges, hypothecations and pledges granted by the Obligor under this Agreement (collectively, the "Security Interest") secure the payment and performance of the following (collectively, the "Secured Obligations"):

- (a) the Obligations of the Obligor; and
- (b) all expenses, costs and charges incurred by or on behalf of the Secured Parties in connection with this Agreement, the Security Interest or the Collateral, including all reasonable legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in

connection with any of the foregoing matters or otherwise in connection with the Secured Party's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement or any other Loan Document.

Section 2.3 Attachment.

The Obligor acknowledges that (i) value has been given, (ii) it has rights in the applicable Collateral or the power to transfer rights in the Collateral to the Secured Party (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.

Section 2.4 Scope of Security Interest.

- (1) To the extent that an assignment of amounts payable and other proceeds arising under or in connection with, or the grant of a security interest in any agreement, licence, lease, permit, instrument or quota of the Obligor would constitute a default under, or a breach of, or would result in the termination of, such agreement, licence, lease, permit, instrument or quota (each, a "Restricted Asset"), the Security Interest with respect to each Restricted Asset will constitute a trust created in favour of the Secured Party pursuant to which the Obligor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Secured Party on the following basis:
 - (a) subject to the Credit Agreement, until the Security Interest is enforceable, the Obligor is entitled to receive all such proceeds; and
 - (b) whenever the Security Interest is enforceable, (i) all rights of the Obligor to receive such proceeds cease and all such proceeds will be immediately paid over to the Secured Party and (ii) the Obligor will take all actions requested by the Secured Party to collect and enforce payment and other rights arising under the Restricted Asset.
- (2) The Security Interest with respect to trademarks constitutes a security interest in, and a charge, hypothecation and pledge of such Collateral in favour of the Secured Party, but does not constitute an assignment or mortgage of such Collateral to the Secured Party.
- (3) Until the Security Interest is enforceable, the grant of the Security Interest in the Intellectual Property does not affect in any way the Obligor's rights to commercially exploit the Intellectual Property, defend it, enforce the Obligor's rights in it or with respect to it against third parties in any court or claim and be entitled to receive any damages with respect to any infringement of it.
- (4) The Security Interest does not extend to consumer goods.
- (5) The Security Interest does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Obligor, but the Obligor will stand possessed of any such last day upon trust to assign and dispose of it as the Secured Party may reasonably direct.

Section 2.5 No Control Agreements.

Notwithstanding anything to the contrary herein, in no event shall the Obligor or any Subsidiary thereof be required to execute control agreements to perfect the Security Interests granted hereunder,

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including in (i) any deposit, commodity or securities account (including, without limitation, securities entitlements and related assets) or (ii) other assets requiring perfection through control.

Section 2.6 Grant of Licence to Use Intellectual Property.

For the purpose of enabling the Secured Party, during an Event of Default, to exercise rights and remedies hereunder, and for no other purposes, the Obligor hereby grants to the Secured Party an irrevocable, non-exclusive license, (exercisable without payments of royalty or other compensation to the Obligor) to use, assign, license or sub-license any of the Collateral of the Obligor consisting of Intellectual Property in which the Obligor now has or hereafter acquires rights, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The Secured Party covenants and agrees that it will not exercise its rights under the foregoing license except during the time that it shall be lawfully entitled to exercise its rights and remedies hereunder.

Section 2.7 Care and Custody of Collateral.

- (1) The Secured Party shall keep the Collateral in its possession identifiable in accordance with its customary practice for the Collateral of such type.
- (2) Without limiting any other rights or remedies under this Agreement, the Secured Party may upon the occurrence of an Event of Default, (i) notify any Person obligated on an Instrument, Security or account to make payments to the Secured Party, whether or not the Obligor was previously making collections on such accounts, chattel paper, instruments, and (ii) assume control of any proceeds arising from the Collateral.
- (3) The Secured Party has no obligation to collect dividends, distributions or interest payable on, or exercise any option or right in connection with, any Collateral. The Secured Party has no obligation to protect or preserve any Collateral from depreciating in value or becoming worthless and is released from all responsibility for any loss of value. In the physical keeping of any Securities, the Secured Party is only obliged to exercise the same degree of care as it would exercise with respect to its own Securities kept at the same place.
- (4) The Secured Party may, upon the occurrence of any Event of Default, sell, transfer, use or otherwise deal with any investment property included in the Collateral over which the Secured Party has control, on such conditions and in such manner as the Secured Party in its sole discretion may determine.

Section 2.8 Rights of the Obligor.

- (1) Until the occurrence of an Event of Default, the Obligor is entitled to vote the Securities and other financial assets that are part of the Collateral and to receive dividends and distributions on such Securities and financial assets, as may be permitted by the Credit Agreement. Upon the occurrence of an Event of Default, all rights of the Obligor to vote (under any proxy given by the Secured Party (or its nominee) or otherwise) or to receive distributions or dividends cease and all such rights become vested solely and absolutely in the Secured Party.
- (2) Any distributions or dividends received by the Obligor contrary to Section 2.8(1) or any other moneys or property received by the Obligor after the Security Interest is enforceable will be received as trustee for the Secured Party and shall be immediately paid over to the Secured Party.

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ARTICLE 3 ENFORCEMENT

Section 3.1 Enforcement.

The Security Interest becomes and is enforceable against the Obligor upon the occurrence of an Event of Default.

Section 3.2 Remedies.

Whenever the Security Interest is enforceable, the Secured Party may realize upon the Collateral and enforce the rights of the Secured Party by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral by any method permitted by law;
- (c) sale, grant of options to purchase, or lease of all or any part of the Collateral;
- (d) holding, storing and keeping idle or operating all or any part of the Collateral;
- (e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Secured Party were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Secured Party or its nominee if not already done);
- (f) collection of any proceeds arising in respect of the Collateral;
- (g) collection, realization or sale of, or other dealing with, accounts;
- (h) license or sublicense, whether on an exclusive or nonexclusive basis, of any Intellectual Property for such term and on such conditions and in such manner as the Secured Party in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such Intellectual Property);
- (i) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Secured Party;
- (j) application of any moneys constituting Collateral or proceeds thereof in accordance with this Agreement;
- (k) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;
- (l) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;

- (m) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (n) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Obligor; and
- (o) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

Section 3.3 Additional Rights.

In addition to the remedies set forth in Section 3.2 and elsewhere in this Agreement, whenever the Security Interest is enforceable, the Secured Party may:

- (a) require the Obligor, at the Obligor's expense, to assemble the Collateral at a place or places designated by notice in writing and the Obligor agrees to so assemble the Collateral promptly upon receipt of such notice;
- (b) require the Obligor, by notice in writing, to disclose to the Secured Party the location or locations of the Collateral and the Obligor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Obligor or otherwise;
- (d) redeem any prior Lien against any Collateral, procure the transfer of such Lien to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Obligor absent manifest error and provided the Secured Party has exercised reasonable diligence in verifying such accounts);
- (e) pay any liability secured by any Lien against any Collateral (all such payments to be added to the Obligations);
- (f) carry on all or any part of the business of the Obligor and, to the exclusion of all others including the Obligor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by the Obligor for such time as the Secured Party sees fit, free of charge, and the Secured Party is not liable to the Obligor for any act, omission or negligence (other than their own gross negligence or willful misconduct) in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;
- (g) borrow for the purpose of carrying on any of the businesses of the Obligor or for the maintenance, preservation or protection of the Collateral and grant a Lien in the Collateral, whether or not in priority to the Security Interest, to secure repayment;
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Obligor; and

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- (i) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Obligor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Secured Party, the Secured Party may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

Section 3.4 Exercise of Remedies.

The remedies hereunder including under Section 3.2 and Section 3.3 may, subject to the applicable laws to the extent required thereby, be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Secured Party however arising or created. The Secured Party is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Secured Party in respect of the Secured Obligations including the right to claim for any deficiency.

Section 3.5 Receiver's Powers.

- (1) Any receiver appointed by the Secured Party is vested with the rights and remedies which could have been exercised by the Secured Party in respect of the Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Secured Party, provided such remuneration is on commercially reasonable terms.
- (2) Any receiver appointed by the Secured Party will act as agent for the Secured Party for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Obligor or as agent for the Secured Party as the Secured Party may determine in its discretion. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.
- (3) The Secured Party, in appointing or refraining from appointing any receiver, does not incur liability to the receiver, the Obligor or otherwise and is not responsible for any misconduct or negligence of such receiver.

Section 3.6 Appointment of Attorney.

- (1) The Obligor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Obligor and in the name of the Obligor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, the Obligor hereby gives the Secured Party the power and right, on behalf of the Obligor, without notice to or assent by the Obligor, to do any or all of the following:

- (a) in the name of the Obligor or its own name, or otherwise, take possession of and endorse and collect any cheques, drafts, notes, acceptances or other instruments for the payment of moneys due with respect to any Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Secured Party for the purpose of collecting any and all such moneys due whenever payable;
- (b) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Secured Party may request to evidence the Secured Party's Security Interest in such Intellectual Property and the goodwill and general intangibles of the Obligor relating thereto or represented thereby;
- (c) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;
- (d) execute, in connection with any sale provided for in this Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and
- (e) (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Secured Party or as the Secured Party shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (5) defend any suit, action or proceeding brought against the Obligor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Secured Party may deem appropriate; (7) assign any Intellectual Property (along with the goodwill of the business to which any such Intellectual Property pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Secured Party shall in its sole discretion determine; and (8) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and do, at the Secured Party's option and the Obligor's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's Security Interests therein and to effect the intent of this Agreement, all as fully and effectively as the Obligor might do.

Notwithstanding anything to the contrary in this Section 3.6, the Secured Party agrees that it will not exercise any rights under the power of attorney provided for in this Section 3.6 unless an Event of Default shall have occurred and the Secured Party shall have given the Obligor notice of its intent to exercise the rights under the power of attorney provided for in this Section 3.6.

- (2) If the Obligor fails to perform or comply with any of its agreements contained herein, the Secured Party, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.
- (3) The expenses of the Secured Party incurred in connection with actions undertaken as provided in this Section 3.6, together with interest thereon at a rate per annum equal to the highest rate per annum at which interest would then be payable on any category of past due Canadian Dollar Prime-Based Loans under the Credit Agreement, from the date of payment by the Secured Party to the date reimbursed by the Obligor, shall constitute Obligations and shall be payable by the Obligor to the Secured Party on demand.
- (4) The Obligor hereby ratifies all that said attorneys shall lawfully do or cause to be done in accordance with the terms hereof. And in accordance with this Section 3.6 all powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created hereby are released.

Section 3.7 Dealing with the Collateral.

- (1) The Secured Party is not obliged to exhaust their recourse against the Obligor or any other Person or against any other security they may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Party may consider desirable.
- (2) The Secured Party may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligor and with other Persons, sureties or securities as they may see fit without prejudice to the Secured Obligations, the liability of the Obligor or the rights of the Secured Party in respect of the Collateral.
- (3) Except as otherwise provided by law or this Agreement, the Secured Party is not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral in accordance with the terms hereof or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless. Notwithstanding the foregoing, the Secured Party shall be responsible to the Obligor for gross negligence or willful misconduct.

Section 3.8 Standards of Sale.

Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, and subject always to the provisions of the PPSA, the Obligor acknowledges that:

- (a) the Collateral may be disposed of in whole or in part;
- (b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;

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- (c) any assignee of such Collateral may be the Secured Party or a customer of any such Person;
- (d) any sale conducted by the Secured Party will be at such time and place, on such notice and in accordance with such procedures as the Secured Party, in its sole discretion, may deem advantageous;
- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of Applicable Law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of the Collateral may be on such terms and conditions as to credit or otherwise as the Secured Party, in its sole discretion, may deem advantageous; and
- (g) the Secured Party may establish an upset or reserve bid or price in respect of the Collateral.

Section 3.9 Dealings by Third Parties.

- (1) No Person dealing with the Secured Party or an agent or receiver is required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Secured Party by the Obligor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease of Collateral is made, (v) the propriety or regularity of any sale or other dealing by the Secured Party with the Collateral, or (vi) how any money paid to the Secured Party have been applied.
- (2) Any bona fide purchaser of all or any part of the Collateral from the Secured Party or any receiver or agent will hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Obligor, which each the Obligor specifically waives (to the fullest extent permitted by law) as against any such purchaser together with all rights of redemption, stay or appraisal which the Obligor has or may have under any rule of law or statute now existing or hereafter adopted.

Section 3.10 Proceeds to be Turned Over to Agent

If an Event of Default shall occur, all proceeds received by the Obligor consisting of cash, cheques and other near-cash items shall be held by the Obligor in trust for the Secured Party and shall, forthwith upon receipt by the Obligor, be turned over to the Secured Party in the exact form received by the Obligor (duly endorsed by the Obligor to the Secured Party, if required). All proceeds received by the Secured Party hereunder shall be held by the Secured Party in a collateral account maintained under its sole dominion and control. All proceeds while held by the Secured Party in a collateral account (or by the Obligor in trust for the Secured Party) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied thereto as provided in Section 3.11.

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Section 3.11 Application of Proceeds

At such intervals as may be agreed upon by the Obligor and the Secured Party, or, if an Event of Default shall have occurred, at any time at the Secured Party's election, the Secured Party may apply all or any part of proceeds constituting Collateral and any proceeds of and distribution in respect of Collateral in payment of the Obligations as provided in the Credit Agreement.

ARTICLE 4 GENERAL

Section 4.1 Notices.

Any notice to the parties hereto shall be delivered in writing to their respective addresses set out in the Credit Agreement and in the manner set out therein.

Section 4.2 Discharge.

The Security Interest will be discharged upon, but only upon, full and indefeasible payment and performance of the Secured Obligations. Upon the discharge of the Secured Obligations and at the request and expense of the Obligor, the Secured Party will execute and deliver to the Obligor such releases, discharges, financing statements and other documents or instruments as the Obligor may reasonably require and the Secured Party will promptly redeliver to the Obligor, or as the Obligor may otherwise direct the Secured Party, any Collateral in its possession.

If any of the Collateral shall be sold, transferred or otherwise disposed of by the Obligor in a transaction permitted by the Credit Agreement then the Secured Party, at the request and sole expense of the Obligor, shall promptly execute and deliver to the Obligor all releases or other documents necessary or reasonably desirable for the release of the Security Interest created by this Agreement in such Collateral.

Section 4.3 No Merger.

This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Secured Party will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Secured Party in respect of the Secured Obligations. The representations, warranties and covenants of the Obligor in this Agreement survive the execution and delivery of this Agreement and any advances under the Credit Agreement. Notwithstanding any investigation made by or on behalf of the Secured Party these covenants, representations and warranties continue in full force and effect until this Agreement shall terminate (or thereafter to the extent provided therein).

Section 4.4 Further Assurances.

The Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Secured Party may reasonably require and take all further steps relating to the Collateral or any other property or assets of the Obligor that the Secured Party may reasonably require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Collateral Agent. Whenever the Security Interest is enforceable, the Obligor will do all acts and things and execute and deliver all documents and instruments that the Collateral Agent may reasonably require for facilitating the sale or other disposition of the Collateral in connection with its realization.

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Section 4.5 Supplemental Security.

This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Secured Party.

Section 4.6 Successors and Assigns.

This Agreement is binding on the Obligor and its successors and permitted assigns, and enures to the benefit of the Secured Party and their respective successors and permitted assigns. This Agreement may be assigned by the Secured Party in accordance with the Credit Agreement and, in such event, any such assignee will be entitled to all of the rights and remedies of the Secured Party as set forth in this Agreement or otherwise. In any action brought by an assignee to enforce any such right or remedy, the Obligor will not assert against the assignee any claim or defence which the Obligor now has or may have against the Secured Party. The Obligor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Secured Party which may be unreasonably withheld.

Section 4.7 Enforcement Expenses; Indemnification

- (1) The Obligor agrees to pay or reimburse the Secured Party for all its costs and expenses incurred in enforcing or preserving any rights under this Agreement and the other Credit Documents to which the Obligor is a party, including, without limitation, the reasonable fees and disbursements of a single outside counsel to the Secured Party in each relevant jurisdiction.
- (2) The Obligor agrees to pay, and to save the Secured Party harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement, in each case to the extent the Obligor would be required to do so pursuant to the Credit Agreement.
- (3) The Obligor agrees to pay, and to save the Secured Party harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Obligor would be required to do so pursuant the Credit Agreement.
- (4) The agreements in this Section 6.7 shall survive repayment of the Obligations and all other amounts payable under the Credit Agreement and the other Loan Documents.

Section 4.8 Set-Off

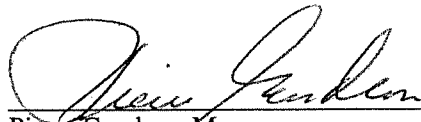
In addition to any rights and remedies of the Secured Party provided by law, the Secured Party shall have the right, without notice to the Obligor, any such notice being expressly waived by the Obligor to the extent permitted by applicable law, upon the Obligations becoming due and payable by the Obligor (whether at the stated maturity, by acceleration or otherwise), to apply to the payment of such Obligations, by setoff or otherwise, any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Secured Party, any affiliate thereof or any of their respective branches or agencies to or for the credit or the account of the Obligor. The Secured Party agrees promptly to notify the Obligor after any such

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

PACER PROMEC ENERGY CORPORATION

Per: _____
Richard Pelletier, President

NATIONAL BANK OF CANADA

Per:  _____
Pierre Gendron, Manager

Transmitting Party

TORYS LLP

Suite 4600, 525 - 8th Avenue SW
Calgary, AB T2P 1G1

Party Code: 60003409
Phone #: 403 776 3726
Reference #:

Security Agreement

Control #: F03191794

Registration Date: 2014-May-23

Registration #: 14052332978

Financing Change Statement

Use this section to Renew or Discharge this Registration. Note before returning, make a photocopy for your file.

Place an (X) in the appropriate box

Renew for: (1-25 years) _____

QR Renew for Infinity:

Total Discharge : Discharge permanently removes ALL record of the registration(s).

Name of Person Authorized to Complete this section	Authorized Signature	Area Code & Telephone #:	Reference #:





Security Agreement

Control #: F03191794

Registration Date: 2014-May-23

Registration #: 14052332978

The Registration Term is 10 Years

This Registration Expires at 11:59 PM on 2024-May-23

Debtor(s)

Block

1 PACER PROMEC ENERGY CORPORATION
1040 7th Avenue SW, Suite 200
Calgary, AB T2P 3G3

Secured Party / Parties

Block

1 NATIONAL BANK OF CANADA
600 de La Gauchetiere West
Montreal, QC H3B 4L2

Collateral: General

Block **Description**

1 All present and after-acquired personal property of the debtor.

End of Verification Statement

Transmitting Party

TORYS LLP

Suite 4600, 525 - 8th Avenue SW
Calgary, AB T2P 1G1

Party Code: 60003409
Phone #: 403 776 3726
Reference #:

Land Charge

Control #: F03191797

Registration Date: 2014-May-23

Registration #: 14052332997





Land Charge

Control #: F03191797

Registration Date: 2014-May-23

Registration #: 14052332997

The Registration Term is Infinity

Debtor(s)

Block

1 PACER PROMEC ENERGY CORPORATION
1040 7th Avenue SW, Suite 200
Calgary, AB T2P 3G3

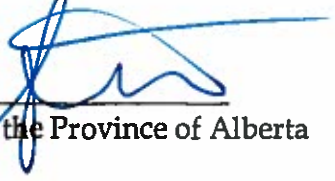
Secured Party / Parties

Block

1 NATIONAL BANK OF CANADA
600 de La Gauchetiere West
Montreal, QC H3B 4L2

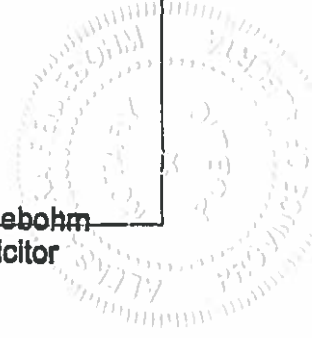
End of Verification Statement

This is Exhibit "H"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



1900/41/25 729

HYPOTHEC ON THE UNIVERSALITY OF MOVABLE PROPERTY

GRANTED BY: **PACER PROMEC ENERGY CORPORATION**, a corporation governed by the laws of the Province of Alberta, having its registered office at 1040 7th Avenue SW, Suite 200, Calgary, Alberta, T2P 3G3

(the "**Grantor**")

IN FAVOUR OF: **NATIONAL BANK OF CANADA**, a Canadian chartered bank duly constituted under the Bank Act (Canada), having its head office and an establishment directly concerned at 600 de La Gauchetière West, Montreal, Quebec, H3B 4L2

Notice of its address has been registered at the Québec Register of Personal and Movable Real Rights under number 024913;

(the "**Lender**")

WHEREAS the Grantor, as borrower, Construction Promec Inc. and Pacer Construction Holdings Corporation, as guarantors, and the Lender, as lender, have entered into that certain credit agreement dated May 23, 2014 (as same may be amended, modified, supplemented, restated, extended, renewed, superseded or refinanced from time to time, the "**Credit Agreement**"), pursuant to which the Lender has agreed to extend to the Grantor credit facilities in a maximum amount of Cdn\$30,850,000, the whole as more fully described in the Credit Agreement;

WHEREAS to secure the obligations of the Grantor towards the Lender arising from the Loan Documents (as defined in the Credit Agreement), the Grantor has agreed to grant this hypothec in favour of the Lender;

THEREFORE, THE PARTIES HAVE AGREED AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

1.2 Reference herein to amounts of money or to currency shall mean lawful money of Canada.

1.3 Words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms, associations and corporations and *vice versa* where the context so requires.

2. HYPOTHEC: DESCRIPTION OF CHARGED PROPERTY

The Grantor hereby hypothecates (the "**Hypothec**") in favour of the Lender the universality of its movable property, corporeal and incorporeal, present and future, of any nature whatsoever and wherever situated (hereinafter, the "**Charged Property**"), including, without limitation, the following universalities of present and future properties:

2.1 Property in Stock

All its property in stock or inventory of any nature and kind whether in its possession, in transit or held on its behalf, including raw materials or other materials, goods manufactured or transformed, or in the process of being so, by the Grantor or by others, packaging materials, property evidenced by bill of lading, animals, mineral substances, hydrocarbons and other products of the soil as well as all fruits thereof, from the time of their extraction (hereinafter, the "**Property in stock**").

The Property in stock held by third parties pursuant to a lease agreement, a leasing contract, a franchise or license agreement, or any other agreement entered into with the Grantor or on its behalf, is also subject to this Hypothec.

Property having formed part of the Property in stock which has been alienated by the Grantor in favour of a third person but in respect of which the Grantor has retained title pursuant to a reservation of ownership provision, shall remain charged by the Hypothec until title is transferred; any Property in stock the ownership of which reverts to the Grantor pursuant to the resolution or resiliation of any agreement is also subject to the Hypothec.

2.2 Claims, Book Debts and Other Movable Property

2.2.1 Claims, Receivables and Book Debts

All of its claims, debts, demands and choses in action, whatever their cause or nature, whether or not they are certain, liquid or exigible; whether or not evidenced by any title (and whether or not such title is negotiable), bill of exchange or draft; whether litigious or not; whether or not they have been previously or are to be invoiced; whether or not they constitute book debts. Hypothecated claims shall include: (i) indemnities payable to the Grantor under any contract of liability insurance, insurance of persons or subject to the rights of creditors holding hypothecs on the insured property, (ii) the sums owing to the Grantor in connection with interest or currency exchange contracts ("SWAPS") and other treasury or hedging instruments, management of risks instruments or derivative products existing in favour of the Grantor, and (iii) the Grantor's rights in the credit balance of accounts held for its benefit either by the Lender (subject to the Lender's compensation rights) or by any financial institution or any other person.

2.2.2 Rights of Action

Its rights under contract with third parties as well as its rights of action and claims against third persons.

2.2.3 Accessories

All the securities, security agreements, guarantees, suretyships, notes and accessories to the claims and rights mentioned above and other rights relating thereto (including, without limitation, its rights in its capacity as seller under an installment sale or a conditional sale, where the claims are the result of such sale).

2.2.4 Movable Property

All movable property owned by the Grantor and covered by the installment or conditional sales mentioned in paragraph 2.2.3 hereof.

A right or a claim shall not be excluded from the Charged Property by reason of the fact that: (i) the debtor thereof is domiciled outside the Province of Québec or (ii) the debtor thereof is an affiliate (as such term is defined in the *Canada Business Corporations Act*) of the Grantor (regardless of the law of the jurisdiction of its incorporation) or (iii) such right or claim is not related to the operation of the Grantor or (iv) such right or claim is not related to the ordinary course of business of the Grantor.

2.3 Securities

All shares, limited partnership units, trust units, warrants, bonds, debentures, debenture stock, other capital stock, equity rights, securities accounts, securities, financial assets and security entitlements (as such terms are defined in the *Act respecting the transfer of securities and the establishment of security entitlements* (Québec)) (the "STA") in which the Grantor now or hereafter has an interest, and any part thereof, together with any renewals thereof, substitutions therefor and additions thereto and all certificates and instruments evidencing or representing such securities and any and all other property that may at any time be received or receivable by or otherwise distributed to or acquired by the Grantor in any manner in respect of, or in substitution for, or in addition to, or in exchange for, or on account of, any of the foregoing, including, without limitation, any shares or other securities or interests resulting from the subdivision, consolidation, change, conversion or reclassification of any of the securities, or the occurrence of any event which results in the substitution or exchange of such interests, as well as all those which are delivered by the Grantor to the Lender or to a third party on its behalf from time to time (collectively, the "Hypothecated Securities").

2.4 Equipment and Road Vehicles

All the equipment, office furniture, tools, machinery, rolling stock (including road vehicles), spare parts and additions.

2.5 Intellectual Property Rights

All of the Grantor's rights in any trade mark, copyright, industrial design, patent, invention, trade secret, know-how, plant breeders' right, topography of integrated circuits and in any other intellectual property right (registered or not) including, if any, improvements and modifications thereto as well as rights in any action pertaining to the protection, in Canada or abroad, of any such intellectual property rights.

2.6 Fruits and Revenues

All fruits and revenues emanating from the above Charged Property, including without limitation equipment, negotiable instruments, bills, commercial paper, securities, monies, compensation for expropriation given or paid following a sale, repurchase, distribution or any other operation concerning any property hereby charged in favour of the Lender.

2.7 Records and Others

All records, data, vouchers, invoices and other documents related to the Charged Property described above, including without limitation computer programs, disks, tapes and other means of electronic communications as well as its rights to recover such property from third parties, receipts, client lists, directories and other similar property.

Where, under the terms of any of the above paragraphs, the Hypothec charges a universality of property, all property which is acquired, transformed or manufactured after the date of this agreement shall be charged by the Hypothec, whether or not such property has been acquired in replacement of other Charged Property which may have been alienated by the Grantor in the ordinary course of business, whether or not such property results from a transformation, mixture or combination of any Charged Property, and in the case of securities, whether or not they have been issued pursuant to the purchase, redemption, conversion or cancellation or any other transformation of the charged securities and without the Lender being required to register or re-register any notice whatsoever, the object of the Hypothec being a universality of present and future property.

3. AMOUNT OF THE HYPOTHEC

The Hypothec created hereunder is granted for a principal amount of FORTY-EIGHT MILLION DOLLARS (\$48,000,000) with interest thereon from the date of this Agreement at the rate of twenty-five percent (25%) per annum.

The Hypothec hereby made and created is a continuing security and shall have effect and subsist notwithstanding any fluctuation or repayment of the Obligations.

The Grantor shall be deemed to obligate itself again, as provided in Article 2797 of the *Civil Code of Québec*, with respect to any future Obligation.

4. SECURED OBLIGATIONS

The Hypothec shall secure payment of the following obligations (collectively, the "Obligations"):

4.1 All of the Grantor's obligations, direct or indirect, incurred towards the Lender (whether such obligations result from a loan, line of credit or any other agreement which may result in advances of monies, overdraft facilities or protection, issuance of letters guarantees, letters of credit, bills of exchange or any other financial advantage whatsoever which may be procured by the Lender) pursuant to, under, or arising from, the Loan Documents, as such obligations are, from time to time, modified, extended or renewed.

4.2 All obligations falling within the above description, which do not yet exist but which represent future obligations of the Lender or which result from future agreements with the Lender.

4.3 The payment of all sums due or to become due pursuant to this Agreement and the performance of all obligations provided for under this Agreement.

5. ASSIGNMENT OF CLAIMS SUBJECT TO *THE FINANCIAL ADMINISTRATION ACT*

The Grantor hereby assigns to the Lender by way of absolute assignment all its present and future claims which form part of the Charged Property and are subject to Sections 67 and 68 of the *Financial Administration Act*, as collateral and continuing security of all obligations secured hereunder. The Lender may, at any time, after an Event of Default, fulfill any of the formalities required by law to make such transfer enforceable.

6. ADDITIONAL PROVISIONS WITH RESPECT TO THE HYPOTHEC ON CLAIMS

The following provisions apply to all claims owed to the Grantor and hypothecated in favour of the Lender.

6.1 Authorization to Collect

The Grantor shall have authority to collect the claims hypothecated in favour of the Lender pursuant to this Agreement (the "**Hypothecated Claims**"), as they fall due. The Lender may withdraw this authorization by written notice following the occurrence of an Event of Default. Notwithstanding the foregoing, the Lender may at any time, following the occurrence of an Event of Default, take all necessary steps to set up this Hypothec against the debtors of the Hypothecated Claims. In such event, the Grantor undertakes to remit to the Lender, upon request, all titles, documents, registers, invoices and accounts evidencing the Hypothecated Claims or relating thereto, whatever the nature of their medium and whatever the form in which they are accessible, whether written, graphic, taped, filmed, computerized, or other.

6.2 Payments Received

Following the withdrawal of the authorization to collect Hypothecated Claims, as provided above, any payment received by the Grantor on account of any Hypothecated Claim shall be received for the Lender's account, shall not entitle the Grantor to the amounts collected and shall be kept separate from the Grantor's other property at all times and remitted forthwith by the Grantor to the Lender without compensation.

6.3 Lender to Inquire

Following the withdrawal of the authorization to collect Hypothecated Claims, as provided above, the Lender may, at its discretion, verify the existence and status of the Hypothecated Claims at any time. For such purposes, the Grantor shall provide the necessary assistance and information and shall take such action in this respect as the Lender may reasonably request: in particular, it shall allow the Lender and its agents to enter the premises occupied by the Grantor and to consult the Grantor's accounting books and registers as well as any document relating to the Hypothecated Claims and make copies thereof. The Grantor

specifically authorizes the Lender to communicate with any third party in order to obtain or transmit any personal information and any information relating to the Hypothecated Claims and to the Grantor for the purpose of verifying and collecting said Claims in accordance with this Section 6.

7. ADDITIONAL PROVISIONS TO THE HYPOTHEC ON SECURITIES

7.1 Delivery of Hypothecated Securities to the Lender

The Grantor shall, as promptly as reasonably practicable, deliver and pledge to the Lender, by delivering same to it or its then designated nominee, such certificates and other instruments endorsed in blank or accompanied by appropriate powers of attorney for transfer in blank, duly executed, representing shares or other equity interests in the subsidiaries of the Grantor along with, to the extent required under the constating documents of the issuer or the laws governing such issuer, a certified copy of a resolution of the board of directors of each issuer of such Hypothecated Securities, or such other appropriate authority, in form and substance satisfactory to the Lender having regard to the applicable constating documents of such issuer, approving the transfer(s) contemplated by this Agreement, including any prospective transfer of such Hypothecated Securities by the Lender upon realization on the Hypothec. Once so delivered, they will be deemed to be "**Pledged Equity**" for the purposes hereof.

Should the delivery and pledge of the Hypothecated Securities described above not be possible by reason of such Hypothecated Securities being uncertificated or for any other reason, the Grantor shall cause the issuer thereof, as promptly as reasonably practicable:

7.1.1 to register the Lender, or its agent or nominee, as the Lender may direct, as the registered owner of such Hypothecated Securities; or

7.1.2 cause to be delivered to the Lender an irrevocable agreement of the issuer of such Hypothecated Securities satisfactory to the Lender that the issuer will comply with instructions that are originated by the Lender without the further consent of the Grantor and sufficient to provide the Lender "control" of the securities and financial assets (within the meaning of the STA) and maintain first priority of the Hypothec on such securities and financial assets.

The Grantor represents and warrants to the Lender as follows and acknowledges that the Lender will be relying on such representations and warranties with respect to any certificates and other instruments endorsed in blank or accompanied by appropriate powers of attorney for transfer in blank, duly executed, representing any Hypothecated Security that is delivered to the Lender in the future:

7.1.3 it is the registered and beneficial owner of, and has good title to, such Hypothecated Security and there exists no shareholders agreement or any other agreement prohibiting the Grantor from hypothecating or pledging such Hypothecated Security or subjecting same to consents or authorizations which have not yet been obtained;

7.1.4 such Hypothecated Security is certificated;

7.1.5 it has caused each issuer of such Hypothecated Security to record on their books and records that such Hypothecated Security is subject to a pledge in favour of the Lender or its nominee under this Agreement; and

7.1.6 (i) the terms of such Hypothecated Security issued by an issuer that is a partnership or a limited liability company provide that each such Hypothecated Security is a "security" within the meaning of the STA or equivalent legislation, (ii) such issuer has agreed and the Grantor also agrees that it will take no action to cause or permit any such Hypothecated Security to fail to constitute a "security" and (iii) such issuer has agreed that such equity interests will at all times be certificated.

7.2 Control Agreement

The Grantor shall, as promptly as reasonably practicable cause to be delivered to the Lender an irrevocable agreement of any securities intermediary holding at any time a securities account of the Grantor (the "**Securities Intermediary**") that the Securities Intermediary will comply with instructions that are originated by the Lender without the further consent of the Grantor and sufficient to provide the Lender "control" (within the meaning of the STA) of the securities account and financial assets registered therein and maintain first priority of the Hypothec on such securities account and financial assets.

Should the delivery of the control agreement described above not be possible for any other reason, the Grantor shall cause the Securities Intermediary, as promptly as reasonably practicable to register the securities account in the name of Lender, or its agent or nominee, as the Lender may direct.

7.3 Registration in Name of Lender

7.3.1 If any Hypothecated Securities are at any time registered or recorded in records maintained by or on behalf of the issuer thereof in the name of a clearing agency or a custodian or of a nominee of either, the Grantor will cause an appropriate entry to be made in the records of the clearing agency or custodian to record the interest of the Lender in such Hypothecated Securities or instruments created pursuant to this Agreement.

7.3.2 The Lender may also request, after the occurrence of an Event of Default, that the Grantor cause, and the Grantor shall then cause, such of the Hypothecated Securities to be registered in the name of the Lender or its nominee and, if then requested by the Lender, transfer such Hypothecated Securities into the name of the Lender or its nominee, so that the Lender or its nominee may appear as the sole owner of record of such Hypothecated Securities.

7.4 Notices and Other Communications in Respect of Hypothecated Securities

Until the occurrence of an Event of Default, the Lender shall deliver promptly to the Grantor all notices or other communications received by the Lender in respect of any Hypothecated Securities. After the occurrence of an Event of Default, the Grantor waives all

rights to receive any notices or communications received by the Lender or its nominee in respect of the Hypothecated Securities.

7.5 Voting and Other Rights

7.5.1 Until the occurrence of an Event of Default, the Grantor shall be entitled to exercise all voting rights in respect of the Hypothecated Securities and to give consents, waivers, directions, notices and ratifications and to take other action in respect thereof, provided however that no votes shall be cast or consent, waiver, direction, notice or ratification given or action taken which would:

- 7.5.1.1** be prejudicial to the Lender's hypothec;
- 7.5.1.2** impair or reduce the value of or restrict the transferability of the Hypothecated Securities; or
- 7.5.1.3** be inconsistent with or violate any provisions of this Agreement, the Credit Agreement, the other Loan Documents or any other agreement with the Lender.

7.5.2 Until the occurrence of an Event of Default, if any of the Hypothecated Securities are registered in the Lender's, its agent's or nominee's name, the Lender, on the Grantor's written request, shall execute and deliver or cause its agent or nominee to execute and deliver to the Grantor suitable proxies, voting powers or powers of Lender in favour of the Grantor or its nominee or nominees for voting, giving consents, waivers, directions, notices or ratifications or taking any other action the Grantor is permitted to take in respect of the Hypothecated Securities.

7.5.3 Until the occurrence of an Event of Default, the Grantor shall be entitled to receive and deal with (except as restricted by this Agreement, the Credit Agreement or the other Loan Documents) any distributions or dividends at any time payable on or with respect to the Hypothecated Securities, and the Lender shall immediately deliver to the Grantor any distributions or dividends received by the Lender.

7.5.4 Upon the occurrence of an Event of Default, the Grantor's rights pursuant to Sections 7.5.1, 7.5.2 and 7.5.3 shall cease and the Lender may enforce and exercise any of the Grantors' rights with respect to the Hypothecated Securities. Upon an Event of Default, the Grantor shall and shall be deemed to hold all Hypothecated Securities not under the control of the Lender as mandatory, separate and apart from other property and assets of the Grantor, for the benefit of the Lender, until all Obligations owing by the Grantor have been paid in full, and shall forthwith transfer control of such Hypothecated Securities to the Lender, or its nominee or agent, as the Lender may direct. The Lender and its nominee shall not have any duty of care with respect to the Hypothecated Securities other than to use the same care in the custody and preservation of the Hypothecated Securities as it would with its own property. The Lender or its nominee may take no steps to defend or preserve the Grantor's rights against the claims or demands of others. The Lender or its nominee, however, shall use its reasonable best efforts to give the Grantor notice of any claim or demand of which it

becomes aware to permit such Grantor to have a reasonable opportunity to defend or contest the claim or demand.

Any and all money and other property paid over to or received by the Lender pursuant to Section 7.5.4 shall be retained by the Lender as additional Charged Property hereunder and applied in accordance with the provisions hereof.

8. REPRESENTATIONS AND WARRANTIES

The Grantor hereby represents and warrants to the Lender that:

8.1 Claims Subject to the Financial Administration Act

It does not hold title to any claim referred to in Section 5, other than those indicated below:

8.2 Claim Secured by Registered Hypothec

It does not hold title to any claim secured by registered hypothec.

9. UNDERTAKINGS OF THE GRANTOR

The Grantor hereby covenants and agrees with the Lender that, from and after the date of this Agreement:

9.1 Security on Hypothecated Claims

It shall inform the Lender in writing of the name of any guarantor or debtor having granted one or more hypothecs in favour of the Grantor to secure the payment of any Hypothecated Claim (or to secure any guarantee provided to the Grantor as security for such Hypothecated Claim) and, in any such case, shall provide the Lender, upon demand, with satisfactory proof that such hypothec(s) has (have) been registered or published in accordance with applicable law in order for the rights of the Lender to be set up against third parties.

9.2 Fees and Expenses

It shall pay or reimburse all costs and expenses relating to this Agreement and to the exercise of all rights resulting in favour of the Lender from this Agreement as well as all costs and expenses incurred to set up the rights of the Lender against third persons, and all discharge fees (such costs and expenses shall include all fees and expenses of consultants, mandataries or counsel retained for any appraisal required in case of default), as well as administrative fees; to reimburse the Lender for all costs and expenses incurred by it for the purpose of carrying out the Grantor's obligations or of exercising its rights; the repayment of such fees and expenses shall be secured by the Hypothec.

9.3 Information

To inform the Lender in writing of any new claim subject to Section 5.

9.4 Preservation of the Hypothec

To perform all acts and execute all deeds and documents (including notices of renewal) necessary to give full effect to the Hypothec and to ensure that it is at all times fully enforceable against third persons.

10. EVENTS OF DEFAULT

10.1 The Grantor shall be in default hereunder, without notice or other formality, upon the occurrence of an Event of Default (as such term is defined in the Credit Agreement).

10.2 Recourses

Upon the occurrence of an Event of Default, the Lender shall be entitled to exercise any and all recourses available to the Lender under applicable law and may realize on the Hypothec created hereunder, including enforcing the hypothecary rights provided in the Civil Code of Québec. The Lender shall only be required to exercise reasonable care in the exercise of its rights or recourses and, in any event, shall only be liable for its intentional or gross fault.

11. LENDER'S RECOURSES IN CASE OF DEFAULT

11.1 Exercise of Rights

Upon the occurrence of an Event of Default, the Lender may, through its officers, agents or Lenders, exercise any right of action provided for under this Agreement (and more particularly under this Section 11) or by law or in equity including without limitation any of the hypothecary rights provided for under Articles 2748 to 2794 of the Civil Code of Québec and any rights or remedies provided to secured parties under any applicable personal property security legislation.

11.2 Rights of the Lender

Whatever hypothecary rights or recourses the Lender elects to exercise either pursuant to the Civil Code of Québec or to the law of any other jurisdiction or in equity, the following provisions shall apply:

11.2.1 the Lender may, in its discretion, at the Grantor's expense:

11.2.1.1 pursue the transformation of the Charged Property or any work in progress or unfinished goods comprised in the Charged Property and complete the manufacture or processing thereof or proceed with any operations to which such property is submitted by the Grantor in the ordinary course of its business and acquire property for such purposes;

11.2.1.2 alienate or dispose of any Charged Property which may be obsolete, may perish or is likely to depreciate rapidly;

11.2.1.3 use for its benefit all information obtained while exercising its rights;

- 11.2.1.4** perform any of the Grantor's obligations or covenants hereunder;
- 11.2.1.5** exercise any right attached to the Charged Property on such conditions and in such manner as it may determine, acting reasonably;
- 11.2.1.6** for the exercise of any of its rights, utilize without charge the Grantor's plant, equipment, machinery, process, information, records, computer programs and intellectual property;
- 11.2.1.7** borrow monies or lend monies and, in such cases the monies borrowed or lent by the Lender shall bear interest at the rate then obtained by the Lender in the case of monies borrowed or determined reasonably by the Lender in the case of monies lent by it; these monies shall be reimbursed by the Grantor on demand and, until they have been repaid in full, such monies and interest thereon shall be secured by the present Hypothec and be paid in priority of any other sums secured hereby;
- 11.2.1.8** ensure the maintenance or repair, restore or renovate the Charged Property, the whole at the Grantor's costs;

11.2.2 the Lender may, directly or indirectly, purchase or otherwise acquire the Charged Property;

11.2.3 the Lender, where reasonably required in the exercise of its rights, may waive any right of the Grantor, with or without consideration therefor;

11.2.4 the Lender shall have no obligation to make an inventory of the Charged Property, to take out any kind of insurance with respect thereof or to grant any security whatsoever;

11.2.5 the Lender shall not be bound to continue to carry on the Grantor's enterprise or to make any productive use of the Charged Property or to maintain such property in operating condition;

11.2.6 the Grantor shall, upon request of the Lender, move the Charged Property and render it available to the Lender unto premises designated by the Lender and which, in its opinion, shall be more suitable in the circumstances.

11.3 Grantor Remedies

If the Grantor remedies the default mentioned in the prior notice of exercise of hypothecary right, the Grantor shall pay all reasonable fees and expenses incurred by the Lender by reason of the default; these fees shall include without limitation the administrative fees of the Lender, the reasonable legal fees of its legal advisors and reasonable fees paid to experts.

11.4 Taking in Payment

If the Lender elects to exercise its right to take in payment the Charged Property and the Grantor requires that the Lender instead sell by itself or under judicial authority the Charged Property on which such right is exercised, the Grantor hereby acknowledges that the Lender shall not be bound to abandon its recourse of taking in payment unless, prior to the expiry of the time period allocated for surrender, the Lender (i) has been granted a security satisfactory to it, to ensure that the proceeds of the sale of the Charged Property will be sufficient to pay the Obligations in full, (ii) has been reimbursed for all reasonable costs and expenses incurred in connection to this Agreement, including all reasonable fees of consultants and legal counsel and (iii) has been advanced the necessary sums for the sale of said Charged Property; the Grantor further acknowledges that the Lender alone is entitled to select the type of sale it may wish to conduct or have conducted and shall have no liability for any loss as a result of selection of any particular type of sale.

11.5 Surrender of Charged Property

The Grantor will be deemed to have surrendered the Charged Property which is in the possession of the Lender, or of a third party on its behalf, if the Lender has not, within the delays determined by law or by a tribunal to surrender, received written notice from the Grantor to the effect that it intends to contest the exercise of the hypothecary recourse set forth in the prior notice.

11.6 Evaluation

Where the Lender sells the Charged Property itself or by its agent, it shall not be required to obtain any prior assessment by a third party.

11.7 Sale of Charged Property

The Lender may elect to sell the Charged Property after giving such prior notices as may be required by law; the sale may be made with legal warranty given by the Grantor or with complete or partial exclusion of such warranty; the sale may also be made cash or with a term or under such reasonable conditions determined by the Lender; upon failure of payment of the purchase price, the Lender may resiliate or resolve such sale and such Charged Property may then be resold.

11.8 Use of Premises

In order to exercise any of its rights, the Lender may use the premises located at any place of business of the Grantor.

11.9 Liability of Grantor

The Grantor shall remain liable to the Lender for any deficiency remaining after the application of the proceeds of any sale, lease or disposition of the Charged Property by the Lender.

11.10 Recourse Against Hypothecated Securities

Notwithstanding any provision to the contrary herein or elsewhere, the Lender shall be entitled to sell, transfer or otherwise dispose of the whole or part of the Hypothecated Securities constituting securities or security entitlements within the meaning of the *Act respecting the transfer of securities and the establishment of security entitlements* (Québec) without having to give the Grantor prior notice of the exercise of its rights, obtain the surrender of the Hypothecated Securities or observe the time limits prescribed by the Civil Code of Québec provided that, in each case, they are, or are of a type, dealt with or traded on securities exchanges or financial markets or the Lender has control over them.

12. GENERAL PROVISIONS

12.1 Additional Security

The Hypothec created hereby is in addition to and not in substitution of or in replacement for any other hypothec or security held by the Lender and shall not impair the Lender's rights of compensation and set-off.

12.2 Investments

The Lender may invest any monies or instruments received or held by it pursuant to this Agreement or deposit same in an account without having to comply with any legal provisions concerning the investment of property of others.

12.3 Delays

The Lender may grant delays, take any security or renounce thereto, accept compromises, grant acquittances and releases and generally deal with any matters related to the Charged Property, the whole without limiting the rights of the Lender and without reducing the liability of the Grantor.

12.4 Continuing Security

The Hypothec shall be a continuing security and shall remain in full force and effect despite the repayment from time to time, of the whole or of any part of the Obligations; it shall remain in full force until the execution of a final release by the Lender.

12.5 Time of Essence

The Grantor shall be deemed "*en demeure*" by the mere lapse of time provided for the Grantor to perform its obligations or the expiry of any term therefor, without the Lender being obliged to serve any notice or prior notice upon the Grantor.

12.6 Cumulative Rights

The rights and recourses of the Lender hereunder are cumulative and do not exclude any other rights and recourses which the Lender might have. No omission or delay on the part of the Lender in the exercise of any right shall have the effect of operating as a waiver of such

right. The partial or sole exercise of a right or power will not prevent the Lender from exercising thereafter any other right or power. The Lender may exercise its right hereunder without any obligation to exercise any right against any other person liable for payment of the Obligations and without having to enforce any other security granted with respect to the Obligations.

12.7 Irrevocable Power of Attorney

Effective following the occurrence of an Event of Default, the Lender is hereby designated as the irrevocable attorney of the Grantor with full powers of substitution for the purposes hereof or for the purpose of carrying out any and all acts and executing any and all deeds, proxies or other documents which the Lender may deem useful in order to exercise its rights or which the Grantor neglects or refuses to execute or to carry out.

12.8 Delegation

The Lender may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them, other than gross negligence or wilful misconduct of any counsel, solicitor or Lender.

The Lender may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser, whether retained or employed by the Grantor or the Lender, in relation to any matter arising in the performance of its duties under this Agreement.

12.9 Solidary Liability

Where several grantors have signed the present Agreement or further become liable for the obligations of the Grantor, each such person shall be solidarily (jointly and severally) liable toward the Lender for the performance of all the Obligations. "Solidary" means that each such person is liable individually for the whole amount due.

12.10 Liability

The Lender shall not be liable for material injuries or damages resulting from its fault, or the fault of its agents, directors, employees, representatives, officers, consultants, unless such fault is gross or intentional.

12.11 Successors

The rights hereby conferred upon the Lender shall benefit all its successors, including any entity resulting from the merger of the Lender with any other person or persons.

12.12 Notices

Any notice to the parties hereto shall be delivered in writing to their respective addresses set out in the Credit Agreement and in the manner set out therein.

12.13 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the federal laws of Canada applicable therein.

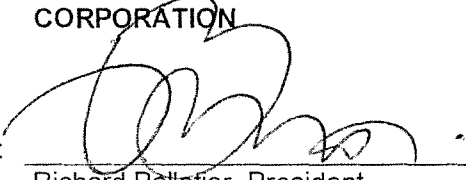
12.14 Language

The parties hereto confirm that they have requested that this Agreement and all related documents be drafted in English. *Les parties aux présentes ont exigé que la présente convention et tous les documents connexes soient rédigés en anglais.*

[signature page follows]

EXECUTED THIS 23rd DAY OF MAY, 2014

PACER PROMEC ENERGY
CORPORATION

Per: 
Richard Pelletier, President

NATIONAL BANK OF CANADA


Per: _____
Pierre Gendron, Manager

EXECUTED THIS 23rd DAY OF MAY, 2014

**PACER PROMEC ENERGY
CORPORATION**

Per: _____
Richard Pelletier, President

NATIONAL BANK OF CANADA

Per:  _____
Pierre Gendron, Manager

DEMANDE DE SERVICE: 14-0469469

2014-05-28
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ÉTAT CERTIFIÉ DE L'INSCRIPTION NO 14-0469469-0001

DATE DE CERTIFICATION DU REGISTRE:

2014-05-28 14:15

INSCRIPTION DATE-HEURE-MINUTE

DATE EXTRÊME D'EFFET

14-0469469-0001 2014-05-28 09:00

2024-05-28

HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION

PARTIES

Titulaire

NATIONAL BANK OF CANADA

600 de La Gauchetière West, Montreal, Quebec

H3B 4L2

Constituant

PACER PROMEC ENERGY CORPORATION

1040 7th Avenue SW, Suite 200, Calgary, Alberta

T2P 3G3

BIENS

The universality of Pacer Promec Energy Corporation's (hereinafter the "Grantor") movable property, corporeal and incorporeal, present and future, of any nature whatsoever and wherever situated (hereinafter, the "Charged Property"), including, without limitation, the following universalities of present and future properties:

1. Property in Stock

All the Grantor's property in stock or inventory of any nature and kind whether in its possession, in transit or held on its behalf, including raw materials or other materials, goods manufactured or transformed, or in the process of being so, by the Grantor or by others, packaging materials, property evidenced by bill of lading, animals, mineral substances, hydrocarbons and other products of the soil as well as all fruits thereof, from the time of their extraction (hereinafter, the "Property in stock").

The Property in stock held by third parties pursuant to a lease agreement, a leasing contract, a franchise or license agreement, or any other agreement entered into with the Grantor or on its behalf, is also subject to the deed referred to in section "Référence à l'acte constitutif" (hereinafter the "Hypothec").

Property having formed part of the Property in stock which has been alienated by the Grantor in favour of a third person but in respect of

DEMANDE DE SERVICE: 14-0469469

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BIENS (SUITE)

which the Grantor has retained title pursuant to a reservation of ownership provision, shall remain charged by the Hypothec until title is transferred; any Property in stock the ownership of which reverts to the Grantor pursuant to the resolution or resiliation of any agreement is also subject to the Hypothec.

2. Claims, Book Debts and Other Movable Property

2.1 Claims, Receivables and Book Debts

All of its claims, debts, demands and choses in action, whatever their cause or nature, whether or not they are certain, liquid or exigible; whether or not evidenced by any title (and whether or not such title is negotiable), bill of exchange or draft; whether litigious or not; whether or not they have been previously or are to be invoiced; whether or not they constitute book debts. Hypothecated claims shall include: (i) indemnities payable to the Grantor under any contract of liability insurance, insurance of persons or subject to the rights of creditors holding hypothecs on the insured property, (ii) the sums owing to the Grantor in connection with interest or currency exchange contracts ("SWAPS") and other treasury or hedging instruments, management of risks instruments or derivative products existing in favour of the Grantor, and (iii) the Grantor's rights in the credit balance of accounts held for its benefit either by the National Bank of Canada (hereinafter the "Lender") (subject to the Lender's compensation rights) or by any financial institution or any other person.

2.2 Rights of Action

Its rights under contract with third parties as well as its rights of action and claims against third persons.

2.3 Accessories

All the securities, security agreements, guarantees, suretyships, notes and accessories to the claims and rights mentioned above and other rights relating thereto (including, without limitation, its rights in its capacity as seller under an installment sale or a conditional sale, where the claims are the result of such sale).

2.4 Movable Property

All movable property owned by the Grantor and covered by the

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installment or conditional sales mentioned in paragraph 2.3 hereof.

A right or a claim shall not be excluded from the Charged Property by reason of the fact that: (i) the debtor thereof is domiciled outside the Province of Québec or (ii) the debtor thereof is an affiliate (as such term is defined in the Canada Business Corporations Act) of the Grantor (regardless of the law of the jurisdiction of its incorporation) or (iii) such right or claim is not related to the operation of the Grantor or (iv) such right or claim is not related to the ordinary course of business of the Grantor.

3. Securities

All shares, limited partnership units, trust units, warrants, bonds, debentures, debenture stock, other capital stock, equity rights, securities accounts, securities, financial assets and security entitlements (as such terms are defined in the Act respecting the transfer of securities and the establishment of security entitlements (Québec)) (the "STA") in which the Grantor now or hereafter has an interest, and any part thereof, together with any renewals thereof, substitutions therefor and additions thereto and all certificates and instruments evidencing or representing such securities and any and all other property that may at any time be received or receivable by or otherwise distributed to or acquired by the Grantor in any manner in respect of, or in substitution for, or in addition to, or in exchange for, or on account of, any of the foregoing, including, without limitation, any shares or other securities or interests resulting from the subdivision, consolidation, change, conversion or reclassification of any of the securities, or the occurrence of any event which results in the substitution or exchange of such interests, as well as all those which are delivered by the Grantor to the Lender or to a third party on its behalf from time to time.

4. Equipment and Road Vehicles

All the equipment, office furniture, tools, machinery, rolling stock (including road vehicles), spare parts and additions.

5. Intellectual Property Rights

All of the Grantor's rights in any trade mark, copyright, industrial design, patent, invention, trade secret, know-how, plant breeders' right, topography of integrated circuits and in any other intellectual

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BIENS (SUITE)

property right (registered or not) including, if any, improvements and modifications thereto as well as rights in any action pertaining to the protection, in Canada or abroad, of any such intellectual property rights.

6. Fruits and Revenues

All fruits and revenues emanating from the above Charged Property, including without limitation equipment, negotiable instruments, bills, commercial paper, securities, monies, compensation for expropriation given or paid following a sale, repurchase, distribution or any other operation concerning any property hereby charged in favour of the Lender.

7. Records and Others

All records, data, vouchers, invoices and other documents related to the Charged Property described above, including without limitation computer programs, disks, tapes and other means of electronic communications as well as its rights to recover such property from third parties, receipts, client lists, directories and other similar property.

Where, under the terms of any of the above paragraphs, the Hypothec charges a universality of property, all property which is acquired, transformed or manufactured after the date of this agreement shall be charged by the Hypothec, whether or not such property has been acquired in replacement of other Charged Property which may have been alienated by the Grantor in the ordinary course of business, whether or not such property results from a transformation, mixture or combination of any Charged Property, and in the case of securities, whether or not they have been issued pursuant to the purchase, redemption, conversion or cancellation or any other transformation of the charged securities and without the Lender being required to register or re-register any notice whatsoever, the object of the Hypothec being a universality of present and future property.

MENTIONS

SOMME DE L'HYPOTHÈQUE

\$48,000,000 with interest thereon from May 23, 2014 at the rate of 25% per annum.

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2014-05-28

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MENTIONS (SUITE)

RÉFÉRENCE À L'ACTE CONSTITUTIF
FORME DE L'ACTE: Sous seing privé
DATE: 2014-05-23

AVIS D'ADRESSE

NO 024913

***** FIN DE L'ÉTAT CERTIFIÉ *****

Suzanne Potvin-Plamondon


Certifié conforme
Suzanne Potvin-Plamondon
Officier de la publicité des droits
personnels et réels mobiliers

Cette inscription a été faite sous le(s) nom(s) :

PACER PROMEC ENERGY CORPORATION

T2P 3G3

This is Exhibit "I"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor

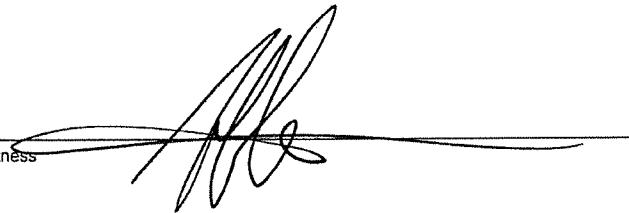


1. **Account.** An account bearing number 559039425261, branch 10251, has been opened in the name of the undersigned with the National Bank of Canada (the "Bank"). This account and any other account replacing same (including where the replacement results from the transfer of sums from an account to another) are hereinafter called the "Account".
2. **Authorization to Withhold Funds.** The undersigned authorizes the Bank to withhold an amount of \$150,000.00 CAN from the Account and agrees that such amount may not be withdrawn and that the Bank will have no obligation to repay it until the Obligations have been satisfied. In this agreement, the term "Obligations" means all obligations of the undersigned to the Bank, present and future, direct and indirect, whether incurred by the undersigned alone or with others, as main obligor, guarantor or otherwise.
3. **Set-Off.** All sums which now or may in the future stand to the credit of the Account are subject to the right of the Bank to set-off such sums against the Obligations. If the undersigned becomes insolvent or in default to the Bank, the Bank will be entitled to use and set-off these sums, in whole or in part, to pay any amount owed by the undersigned under the Obligations. To this end, the Bank may debit the Account and declare due any term deposit recorded in the Account. The Bank may apply any such sums to the payment of any of the Obligations, whether or not due. Any application of payment will be at the discretion of the Bank.
4. **Foreign Currency.** If the sums standing to the credit of the Account are not in the same currency as an amount to be set-off against such sums, the Bank may convert the amount concerned into the currency of the Account, at the exchange rate determined by the Bank at such time, in accordance with its normal practices.
5. **Hypothec and Security Interest.** The undersigned also grants a security interest in and hypothecates in favour of the Bank its claim resulting from the sums which now or may in the future stand to the credit of the Account; this hypothec and security interest are granted to secure the Obligations up to an amount \$150,000.00. In Canadian dollars and for an additional amount equal to 20% of such amount, with interest as of the date hereof at a rate of twenty-five percent (25%) per annum. This security interest and hypothec are in addition to the other rights of the Bank hereunder.
6. **Withdrawals.** If the Bank authorizes the undersigned from time to time to make withdrawals from the Account, such authorization will not be construed as a waiver of the Bank's rights hereunder with respect to the other sums which may stand to the credit of the Account.
7. **Authorization.** The undersigned irrevocably authorizes the Bank to take any action and sign any documents necessary for the exercise of the rights conferred on the Bank hereunder, including to endorse any instrument or certificate evidencing the sums standing to the credit of the Account.
8. **Renewal.** The Bank is authorized to renew, for the same period as its current term, any term deposit recorded in the Account.
9. **Other Rights.** The rights of the Bank hereunder are in addition to and not in substitution for any other rights conferred on the Bank by law or by any other agreement.
10. **Successor.** This agreement shall be binding upon the successors of the parties hereto including any successor by way of amalgamation.
11. **Governing Law.** This agreement will be construed and governed by the laws of the Province of Alberta.

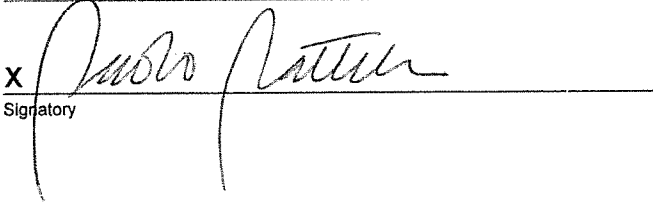
SIGNED and delivered at CALGARY, Province of ALBERTA,
this 9th day of April, 20 14.

PACER PROMEC ENERGY CORPORATION

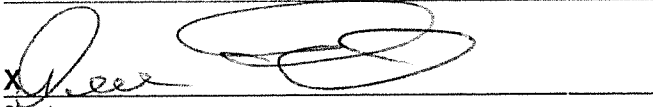
X
Witness



X
Signatory



X
Signatory



X
Signatory

X
Signatory

X
Signatory

X
Signatory

DEMANDE DE SERVICE: 14-0311999

2014-04-15
Page 1

ÉTAT CERTIFIÉ DE L'INSCRIPTION NO 14-0311999-0007

DATE DE CERTIFICATION DU REGISTRE:

2014-04-15 15:00

INSCRIPTION DATE-HEURE-MINUTE
14-0311999-0007 2014-04-15 14:12
HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION

DATE EXTRÊME D'EFFET
2024-04-08

PARTIES

Titulaire

Banque Nationale du Canada
155, rue St-Charles, Vaudreuil-Dorion, Quebec

J7V 2K9

Constituant

PACER PROMEC ENERGY CORPORATION
1040 7TH AVENUE SW, CALGARY, ALBERTA

T2P 3G9

BIENS

-

The sums which now are or may in the future be to the account number 559039425261 and branch 10251 of the National Bank of Canada, this account and any other account in substitution therefor, up to the amount of 150 000.00 CAD.

MENTIONS

SOMME DE L'HYPOTHÈQUE
180 000.00 CAD including an additional mortgage of 30,000 CAD

RÉFÉRENCE À L'ACTE CONSTITUTIF
FORME DE L'ACTE: Sous seing privé
DATE: 2014-04-09
LIEU: Calgary

AUTRES MENTIONS:

-

DEMANDE DE SERVICE: 14-0311999

SUITE DE L'INSCRIPTION 14-0311999-0007
MENTIONS (SUITE)

3e Déb Complexes
FCC# 915155
(DN/LD)

AVIS D'ADRESSE

NO 000784

***** FIN DE L'ÉTAT CERTIFIÉ *****

Suzanne Potvin-Plamondon

Certifié conforme
Suzanne Potvin-Plamondon
Officier de la publicité des droits
personnels et réels mobiliers

Cette inscription a été faite sous le(s) nom(s) :

PACER PROMEC ENERGY CORPORATION

T2P 3G9

Search ID#: Z06485671

Business Debtor Search For:

PACER PROMEC ENERGY CORPORATION

Search ID #: Z06485671

Date of Search: 2015-Feb-19

Time of Search: 08:35:31

Registration Number: 14041710023

Registration Type: SECURITY AGREEMENT

Registration Date: 2014-Apr-17

Registration Status: Current

Expiry Date: 2024-Apr-17 23:59:59

Exact Match on: Debtor No: 1

Exact Match on: Debtor No: 2

Debtor(s)

Block

Status

1 PACER PROMEC ENERGY CORPORATION
1040 7th Avenue SW, Suite 200
Calgary, AB T2P 3G3

Current

Block

Status

2 PACER PROMEC ENERGY CORPORATION
520 3rd Avenue SW, Suite 1900
Calgary, AB T2P 0R3

Current

Secured Party / Parties

Block

Status

1 NATIONAL BANK OF CANADA
535 Saint-Charles Avenue, Suite 305
Vaudreuil-Dorion, QC J7V 8P9

Current

Collateral: General

Block

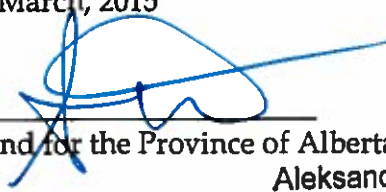
Description

Status

Search ID#: Z06485671

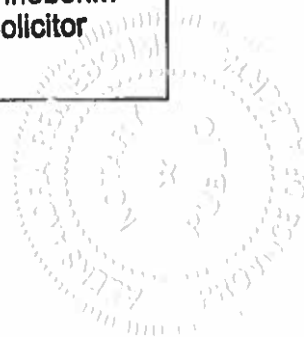
- | | | |
|---|--|---------|
| 1 | <p>All sums which are now or may in the future stand to the credit of the Debtor's account bearing number 559039425261, branch 10251 at the National Bank to secure all obligations of the Debtor to the Secured Party, present and future, direct and indirect, whether incurred by the Debtor alone or with others, as amount, with interest as of April 9, 2014 at a rate of 25% per annum.</p> <p>PROCEEDS: GOODS, INVENTORY, CHATTEL PAPER, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY, INTANGIBLES AND ACCOUNTS (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT (ALBERTA), ANY REGULATIONS THEREUNDER AND ANY AMENDMENTS THERETO) AND INSURANCE PROCEEDS.</p> | Current |
|---|--|---------|

This is Exhibit "J"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



0100 1411405706
1300141536630

GUARANTEE AND SUBORDINATION AGREEMENT entered into at Montréal, Québec, as of May 23, 2014.

- AMONG: **PACER PROMEC ENERGY CORPORATION**, as borrower
- AND: **CONSTRUCTION PROMEC INC.**, as guarantor
- AND: **PACER CONSTRUCTION HOLDINGS CORPORATION**, as guarantor
- AND: **NATIONAL BANK OF CANADA**, as lender

WHEREAS a credit agreement dated as of May 23, 2014 (as same may be amended, supplemented, restated or replaced from time to time, the "**Credit Agreement**") providing for the granting of credit facilities in the aggregate amount of \$30,850,000 (the "**Facilities**") has been entered into and executed between Pacer Promec Energy Corporation, as borrower (the "**Borrower**"), Construction Promec Inc. and Pacer Construction Holdings Corporation, as guarantors, and National Bank of Canada, as lender (the "**Bank**"); and

WHEREAS it is in the best interest of the Guarantors: (i) to guarantee all present and future obligations of the Borrower towards the Bank pursuant to the Credit Agreement and the other Loan Documents including, without limitation, to cover any Borrowing Base deficit, (ii) to subordinate and postpone all amounts owed to either of the Guarantors by the Borrower, and (iii) to ensure that any amount received by Pacer Promec Joint Venture be paid to the Borrower directly, the whole in accordance with and subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the Bank having entered into the Credit Agreement with the Borrower and having agreed, subject to the terms and conditions therein provided, to make the Facilities available to the Borrower, the parties hereto have agreed as follows:

1. INTERPRETATION

1.1 Definitions

The following capitalized words and expressions, whenever used in this Agreement or in any deed, document or instrument supplemental or ancillary hereto, unless there be something in the subject or the context inconsistent therewith, shall have the meaning ascribed to them herein below:

"Obligations" means the obligations of the Borrower towards the Bank and any affiliate thereof, in principal, interest and fees, under the Credit Agreement and the other Loan Documents;

"Rights, Remedies and/or Recourses" with respect to any Person, refers to any personal action, provisional measure, any other personal right, any other remedy, or any other recourse whatsoever.

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1300141536630

1.2 Incorporation of Credit Agreement Definitions

The capitalized words and expressions used in this Agreement or in any deed, document or instrument supplemental or ancillary hereto, unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, shall have the same meaning as that ascribed to them from time to time in the Credit Agreement.

1.3 Headings

The division of this Agreement into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of titles are for convenience of reference only and do not affect the meaning or the interpretation of the present Agreement.

1.4 Governing Laws

This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

1.5 Formal Notice

The Guarantors shall be deemed to have received formal notice to fulfill their obligations by the mere lapse of time provided for their execution or by the arrival or forfeiture of the term, or by any other cause provided by law.

1.6 References to this Agreement

The expressions "hereto" or "hereunder" or "hereof" or "herein" or this "Agreement" refer to this agreement together with any future amendment, updating, restatement or supplement thereto.

2. COVENANTS OF THE GUARANTORS

2.1 Guarantee

Each of the Guarantors hereby solidarily and irrevocably, absolutely and unconditionally guarantees to the Bank the due and punctual payment, observance and performance of all the Obligations when and as due (whether at maturity, by reason of acceleration or otherwise) and in accordance with their respective terms, and the Guarantors expressly agree to pay, observe or perform the same when so due or deemed to be due, upon demand therefor by the Bank.

2.2 Borrowing Base Deficit and Overdrafts

In addition, each Guarantor undertakes toward the Bank, solidarily, to cover any Borrowing Base deficit and any overdrafts by the Borrower in any account held by the Borrower at the Bank, upon demand therefor by the Bank, by investing in or making advances to the Borrower (by way of equity injection or Subordinated Debt) in such amount as shall be necessary to cover such deficit or overdraft, without the Bank having to declare a Default or Event of Default. Borrower shall then use such amount to repay a portion of Facility 1 or deposit such amount to its account at the Bank so as to eliminate any such deficit or overdraft.

2.10.4.1 any election not or failure to protect or preserve any collateral or protect, perfect or continue the perfection of any Lien upon any collateral now or hereafter securing any or all of the Obligations;

2.10.4.2 any exercise of or failure to exercise any right of set-off, compensation, recoupment or counterclaim;

2.10.4.3 any election of Rights, Remedies or Recourses effected by the Bank;

2.10.4.4 any subordination by operation of law, whether present or future, of any or all of the Obligations;

2.10.4.5 any disallowance, invalidity, illegality, voidness or unenforceability of any or all Liens securing any or all of the Obligations; and

2.10.4.6 any other act or failure to act which varies the risks of the Guarantors hereunder or, but for the provisions hereof, under the terms of any law, would operate to reduce, limit or terminate the obligations of the Guarantors from any obligation hereunder save and except for the receipt by the Bank of the full, final and definitive amount of its claim against the Borrower with respect to the Obligations.

2.11 Certain Waivers

Each of the Guarantors hereby waives:

2.11.1 any requirement, and any right to require that any power be exercised or any action be taken against the Borrower, any other guarantor or any collateral for any of the Obligations;

2.11.2 any defences to and set-offs, counterclaims and claims of recoupment against any and all of the Obligations that may at any time be available to the Borrower or any Guarantor;

2.11.3 notice of acceptance of the incurrence or renewal of any Obligations;

2.11.4 all notices which may be required by Applicable Law to preserve any rights against such Guarantor hereunder including, but not limited to, any notice of default, demand, dishonour, presentment and protest;

2.11.5 any defence based upon, arising out of or in any way related to:

2.11.5.1 any claim that any election of remedies by the Bank impaired, reduced, released or extinguished any rights that such Guarantor might otherwise have had against the Borrower or any other Guarantor;

2.11.5.2 any claim that the Obligations or this Agreement should be strictly construed against the Bank; and

2.11.6 any and all other defences related to the Obligations save and except that the Bank has received the full, final and definitive amount of its claim against the Borrower with respect to the Obligations.

2.12 No Release in Event of Bankruptcy

No settlement or discharge of the Obligations shall be effective if any payment by any of the Guarantors in respect thereof is avoided or reduced by virtue of any provision or enactment relating to bankruptcy, insolvency, liquidation or similar laws of general application from time to time, and if such payment is so avoided or reduced, the Bank shall be entitled to recover the amount of such payment as if such settlement or discharge had not occurred.

2.13 Additional Guarantee

The guarantee contemplated in this Article is in addition to and not in substitution for any other guarantee given by anyone whomsoever and shall not prejudice any and all security furnished to the Bank for the benefit of the Bank by anyone whomsoever, and held by it at any time whatsoever.

2.14 Continuing Liability of Guarantors

The Obligations shall be deemed not to have been paid, observed or performed, and the liability of each of the Guarantors hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Borrower, any other Guarantor, or out of the proceeds of any collateral, is recovered from or reimbursed by or for the account of the Bank for any reason, including, but not limited to, a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or governmental authority, by any plan of reorganization or by settlement or compromise by the Bank (whether or not consented to by the Borrower or any Guarantor) of any claim for any such recovery or payment over.

2.15 Rights of Subrogation

The Guarantors may not be subrogated in the rights of the Bank until all the Obligations have been paid, observed and performed in full and the Facilities and the Loan Documents have been cancelled.

2.16 Continuing Guarantee

The Guarantee contemplated in this Agreement constitutes a continuing guarantee and remains in full force until the repayment in full, and cancellation, of the Obligations.

2.17 Reasonableness of Waivers, Renunciations, Declarations and Authorizations

Each of the Guarantors warrants and agrees with the Bank that each of the waivers, renunciations, declarations and authorizations set forth in this Agreement is made with full knowledge of its significance and consequences and each of the Guarantors hereby warrants and agrees that if any of such waivers, renunciations, declarations or authorizations is determined to be contrary to any applicable law or public order, such waivers, renunciations, declarations and authorizations shall be effective only to the maximum extent permitted by law.

2.18 Authority to Modify Obligations

To the extent permitted by law, the Guarantors expressly authorize the Bank, at any time and from time to time without notice and without affecting the liability of the Guarantors hereunder, to:

2.18.1 alter the terms of all or any part of the Obligations and any security and guarantees therefor, including without limitation, modification of times for payment and rates of interest and increase in the amount of the Obligations and the terms of the Loan Documents;

2.18.2 accept new or additional instruments, documents, agreements, security or guarantees in connection with all or any part of the Obligations;

2.18.3 accept partial payment of the Obligations;

2.18.4 waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Obligations and any security or guarantees therefor, and apply any such security and direct the order or manner of sale thereof (and bid and purchase at any such sale), as the Bank, in its discretion, may determine; and

2.18.5 release the Borrower, any Guarantor or any other Person from any personal liability with respect to all or any part of the Obligations.

3. SUBORDINATION AND POSTPONEMENT

3.1 Subordination and Postponement of Indebtedness

Each Guarantor acknowledges, declares and agrees that all Indebtedness, present and future, of the Borrower to it, for any reason whatsoever, including, without limitation, in respect of any payment made by it by reason of the present Agreement (the aggregate of all such present and future Indebtedness is collectively referred to herein as the "**Subordinated Indebtedness**"), is junior and subordinate, and the payment thereof, whether in whole or in part, and whether as to principal, interest, fees or otherwise, and whether at or prior to maturity or upon acceleration of any maturity, is postponed to the prior payment in full of the Obligations, present and future.

Each Guarantor also subordinates and postpones its right to demand redemption or purchase of any shares or equity interest it holds in the Borrower, and should any such redemption or purchase occur, for any reason, any amount or payment owed in respect thereto (except payment in shares of the Borrower) shall be subordinated as above and constitute Subordinated Indebtedness.

The Guarantors shall be permitted to receive payment of Subordinated Indebtedness, whether in principal, interest or fees, provided that such payment is made in accordance with the provisions and limitations of Section 12.6 of the Credit Agreement.

3.2 No Lien

Each of the Guarantors hereby acknowledges, declares and agrees that no Lien exists in their favour in connection with the Subordinated Indebtedness and that no Lien will be created in the future in connection with such Subordinated Indebtedness as long as the Obligations have not been paid in full and the Facilities provided for under the Credit Agreement and the Loan Documents have not been terminated or cancelled.

3.3 Exercise of Rights Under the Subordinated Indebtedness

Each Guarantor agrees not to directly or indirectly exercise any Rights, Remedies and/or Recourses granted to it by law or otherwise in respect of the Subordinated Indebtedness until such time as the Bank shall have given its prior written consent to the exercise of such Rights, Remedies and/or Recourses.

3.4 Prior Payment of Obligations in Bankruptcy, etc.

In the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceedings relating to the Borrower or its debts or assets, and in the event of any proceedings for liquidation, dissolution or other winding-up of the Borrower or distribution or marshalling of assets or securities of any kind or any composition with creditors of the Borrower, whether or not involving insolvency or bankruptcy and whether voluntary or involuntary, if the Obligations have not been paid in full and cancelled at such time, the Bank is hereby irrevocably authorized by each Guarantor, at any such meeting or in any such proceeding, to collect any assets or securities of any kind of the Borrower distributed, divided or applied by way of dividend or payment or issued on account of any of the Subordinated Indebtedness and to apply the same, or the proceeds of any realization upon the same, as the Bank in its discretion, elects to effect, to the Obligations until the Obligations shall have been paid in full and cancelled, rendering any surplus then remaining to the Persons entitled by law to receive same. Each Guarantor shall retain the right to vote and otherwise act in any such proceeding (including, without limitation, the right to vote to accept or reject any plan of partial or complete liquidation, reorganization, arrangement, composition or extension) on condition that such right is only exercised in accordance with instructions given, from time to time, by the Bank. The rights of the Bank under this Section are in addition to any other rights it may have under any other provision of this Agreement.

3.5 Payments Held in Deposit

In the event of any payment or distribution to any of the Guarantors made in breach of the terms hereof, including in breach of the terms of Section 12.6 of the Credit Agreement, such a payment or distribution shall be held under gratuitous deposit for the Bank and shall be paid to the Bank, forthwith following demand therefor by the Bank, and to the extent the Bank remains, on the date of any such payment, creditor of the Borrower.

4. PACER PROMEC JOINT VENTURE

The Guarantors, as sole participants to the joint venture known as "Pacer Promec Joint Venture", undertake and agree to cause all amounts paid to or otherwise received by said Pacer Promec Joint Venture, whatever the nature, to be paid to the Borrower without deductions (other

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than Tax or other statutory deductions) and without delay, and to put in place, if not already done, documentation supporting such payments.

5. GENERAL PROVISIONS

5.1 Notices

Except as otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Agreement, when delivered to such party in accordance with the Credit Agreement.

5.2 Taxes

All payments by a Guarantor of principal of, and interest on, the Obligations and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future excise, stamp or similar taxes, fees, duties, levies, imposts, charges, deductions, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding (w) franchise taxes, (x) any taxes that would not be imposed but for a connection between the Bank and the jurisdiction imposing such taxes (other than a connection arising solely by virtue of the activities of the Bank pursuant to or in respect of this Agreement or any Lien or other document ancillary hereto), (y) any taxes imposed on or measured by the Bank's assets, net income, receipts or branch profits, and (z) any taxes arising after the date hereof solely as a result of or attributable to the Bank changing its designated lending office after the date hereof (the non-excluded items are hereinafter collectively referred to as the "Taxes"). In the event that any withholding or deduction from any payment to be made by the Guarantor hereunder is required in respect of any Taxes pursuant to any applicable law, then the Guarantor will pay to the Bank, such additional amount or amounts as is necessary to ensure that the net amount actually received by the Bank will equal the full amount the Bank would have received had no such withholding or deduction been required and the Guarantor shall indemnify the Bank from any incremental Taxes, interest or penalties that may become payable by the Bank as a result of said Taxes.

5.3 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction.

5.4 Acknowledgment

Each of the Guarantors hereby acknowledges that it has received and taken cognizance of an original executed copy of the Loan Documents and is familiar with all the provisions thereof.

5.5 Benefit of this Agreement for Future Lenders

The parties hereto do hereby expressly acknowledge, declare and agree that the rights, benefits and remedies created and intended to be created, at any time and from time to time, by

this Agreement in favour of the Bank, are created and intended to be created in favour of the Bank and such Person or Persons who may, at any time and from time to time, become a lender following an assignment pursuant to the provisions of Section 17.3 of the Credit Agreement, in the same manner and to the same extent as though each such Person was personally an original party to or a Person specifically named as a beneficiary in this Agreement.

5.6 Compensation and Set-Off

5.6.1 In addition to any right now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of an Event of Default the Bank is hereby authorized by each Guarantor, at any time and from time to time, without notice to the Borrower or Guarantors or to any other Person, any such notice being hereby expressly waived, to effect compensation, to set-off and to appropriate and to apply any and all deposits (general or special, time or demand, including Indebtedness evidenced by certificates of deposit, in each case whether matured or unmatured), and any other Indebtedness at any time held or owing by the Bank to or for the credit or the account of any Guarantor against and on account of the Obligations, irrespective of whether or not the Bank shall have made any demand hereunder and although said obligations and liabilities, or any of them, shall be contingent or unmatured.

5.6.2 For the purposes of the application of this Section, the Guarantors and the Bank agree that the benefit of any term applicable to the Bank's deposit, credit indebtedness, liability or obligation referred to in this Section shall be lost immediately before the time when the Bank shall exercise its rights under this Section in respect of such deposit, credit indebtedness, liability or obligation of the Bank.

5.6.3 Furthermore, in the exercise of its rights under this Section, where any Indebtedness of the Bank to any Guarantor is not outstanding in the same currency as the Indebtedness of such Guarantor to the Bank, then the Bank may effect all currency conversions with respect to any such Indebtedness as it considers appropriate in accordance with its normal practices by using its own rate of exchange in effect on the Business Day preceding that on which it exercised its rights under this Section.

5.7 Language

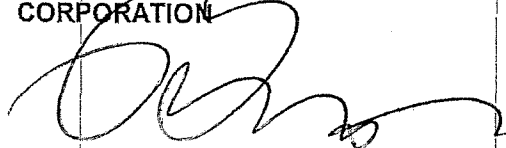
The parties hereby confirm their express wish that this Agreement and all other documents and agreements directly or indirectly related thereto, including notices, be drawn up in the English language. Notwithstanding such express wish, the parties agree that any such documents, agreements and notices or any part thereof may also be drawn up in the French language. *Les parties reconnaissent leur volonté expresse que la présente convention ainsi que tous les autres documents et conventions qui s'y rattachent directement ou indirectement, y compris les avis, soient rédigés en langue anglaise. Nonobstant telle volonté expresse, les parties conviennent que n'importe quel desdits documents, conventions et avis ou toute partie de ceux-ci puissent être rédigés en langue française.*

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date and in the place first hereinabove mentioned.

[signature pages follow]

**PACER PROMEC ENERGY
CORPORATION**

per:



Richard Pelletier, President

**CONSTRUCTION PROMEC INC., as
Guarantor**

per:

Peter Capkun, President

per:

Denis René, Secretary

**PACER CONSTRUCTION HOLDINGS
CORPORATION, as Guarantor**

per:





Richard Pelletier, President

[signature page to the Guarantee Agreement]

**PACER PROMEC ENERGY
CORPORATION**

per: _____
Richard Pelletier, President

**CONSRUCTION PROMEC INC., as
Guarantor**

per:  

Peter Capkun, President

per: _____
Denis René, Secretary

**PACER CONSTRUCTION HOLDINGS
CORPORATION, as Guarantor**


per: _____
Richard Pelletier, President

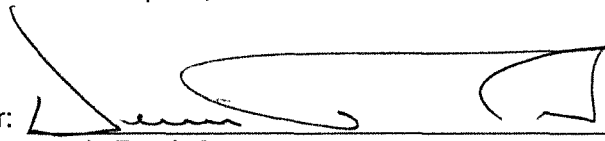
[signature page to the Guarantee Agreement]

**PACER PROMEC ENERGY
CORPORATION**

per: _____
Richard Pelletier, President

**CONSRUCTION PROMEC INC., as
Guarantor**

per:  _____
Peter Capkun, President

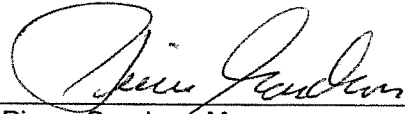
per:  _____
Denis René, Secretary

**PACER CONSTRUCTION HOLDINGS
CORPORATION, as Guarantor**

per: _____
Richard Pelletier, President

[signature page to the Guarantee Agreement]

NATIONAL BANK OF CANADA

per: 
Pierre Gendron, Manager

[signature page to the Guarantee Agreement]

This is Exhibit "K"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015


A Notary Public in and for the Province of Alberta
Aleksandra Rennebohm
Barrister & Solicitor





Financial Statement

12/31/2014

Unaudited

Pacer Promec Energy Corporation

Unaudited Consolidated Balance Sheet

December 31, 2014
in Canadian Dollars
Unaudited

	2014
ASSETS	
Current Assets :	
Accounts Receivable	33,929,369.03 \$
Work in Progress	29,864,056.30 \$
Prepaid Expenses	132,911.79 \$
	<hr/> 63,926,337.12 \$
Capital Asset:	
Capital Assets	7,697,099.44 \$
Accumulated Amortization	(1,638,845.39) \$
Net book value	6,058,254.05 \$
TOTAL ASSETS	<hr/> 69,984,591.17 \$ <hr/>
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current Liabilities :	
Bank Indebtedness	25,759,064.45 \$
Trades account payable	56,940,379.84 \$
Accrued Liabilities	5,133,265.07 \$
Wages Payable and payroll liabilities	2,801,046.55 \$
GST Payable (receivable)	21,627.45 \$
Inter-cie Promec	- \$
Inter-cie Pacer	- \$
Current Portion of LTD	1,288,939.00 \$
	<hr/> 91,944,322.36 \$
Long-term Liabilities :	
Capital Leases (GE & WCB)	2,145,417.24 \$
Future Taxes Payable-LT	- \$
Due to Shareholders	22,150,071.09 \$
	<hr/> 24,295,488.33 \$
Shareholders' Equity	
Common Share Capital	2,000.00 \$
	<hr/> 2,000.00 \$
Retained Earnings	
Retained Earnings, Opening	2,017,809.14 \$
Retained Earnings , Current	(48,275,028.66) \$
Total retained earnings	<hr/> (46,257,219.52) \$ <hr/>
	<hr/> 69,984,591.17 \$ <hr/>

Pacer Promec Energy Corporation

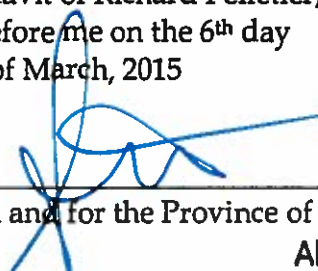
Unaudited Consolidated Statement of Income

For the exercise end
December 31, 2014

in Canadian Dollars
Unaudited

	2014	January 1, 2014 November 30, 2014	Current Month
	2014	2014	2014
Incomes :			
Construction Revenue	108,824,709.61 \$	100,460,647.57 \$	8,364,062.04 \$
WIP Revenue	29,864,056.30 \$	36,910,491.93 \$	(7,046,435.63) \$
Interest Income	890.37 \$	890.37 \$	- \$
	138,689,656.28 \$	137,372,029.87 \$	1,317,626.41 \$
Cost of goods sold:			
COS Materials	41,099,293.78 \$	38,100,132.45 \$	2,999,161.33 \$
COS Subcontractors	33,280,027.56 \$	31,421,192.18 \$	1,858,835.38 \$
COS Equipments	8,998,308.96 \$	8,118,603.65 \$	879,705.31 \$
COS Labour	95,225,419.28 \$	89,978,366.75 \$	5,247,052.53 \$
	178,603,049.58 \$	167,618,295.03 \$	10,984,754.55 \$
Gross margining	(39,913,393.30) \$	(30,246,265.16) \$	(9,667,128.14) \$
Indirects expenses:			
Indirects Labors expenses	3,409,749.15 \$	2,528,868.35 \$	880,880.80 \$
Insurance & registration	952.30 \$	952.30 \$	- \$
Misc Construction Mtrls & PPE	111,053.73 \$	111,053.73 \$	- \$
Equip Interest Clearing	193,737.88 \$	179,517.68 \$	14,220.20 \$
Depreciation-Site equipment	1,232,501.81 \$	1,118,740.46 \$	113,761.35 \$
Equipment Charged Out	39.00 \$	39.00 \$	- \$
Total indirects	4,948,033.87 \$	3,939,171.52 \$	1,008,862.35 \$
Gross margining after indirects	(44,861,427.17) \$	(34,185,436.68) \$	(10,675,990.49) \$
Administratives Expenses:			
Administration salary & benefit	1,487,109.45 \$	1,291,463.69 \$	195,645.76 \$
Rent & taxe	226,484.85 \$	209,098.92 \$	17,385.93 \$
Office Supplies and Communication	212,369.55 \$	192,492.03 \$	19,877.52 \$
Miscellaneous	10,967.50 \$	10,967.50 \$	- \$
G&A Allocation	7,251.64 \$	16,437.14 \$	(9,185.50) \$
Office Supports/Estimating	543,516.83 \$	543,516.83 \$	- \$
Travel, Training, Meals & Entertainment	90,386.02 \$	82,703.87 \$	7,682.15 \$
Insurance - CGL	92,992.19 \$	92,992.19 \$	- \$
Legal	234,103.44 \$	217,867.37 \$	16,236.07 \$
Depreciation-Office	- \$	- \$	- \$
Bank Charges	508,420.02 \$	412,090.03 \$	96,329.99 \$
Total administrative expenses	3,413,601.49 \$	3,069,629.57 \$	343,971.92 \$
Profit before tax	(48,275,028.66) \$	(37,255,066.25) \$	(11,019,962.41) \$
Current taxes	- \$	- \$	- \$
Net Income (Deficit)	(48,275,028.66) \$	(37,255,066.25) \$	(11,019,962.41) \$

This is Exhibit "L"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor





Financial Statement

1/31/2015

Unaudited

Pacer Promec Energy Corporation

Unaudited Consolidated Balance Sheet

January 31, 2015
in Canadian Dollars
Unaudited

	2014
ASSETS	
Current Assets :	
Accounts Receivable	32,137,515.41 \$
Work in Progress	30,228,655.43 \$
Prepaid Expenses	133,204.52 \$
	62,499,375.36 \$
Capital Asset:	
Capital Assets	7,697,099.44 \$
Accumulated Amortization	(1,720,408.45) \$
Net book value	5,976,690.99 \$
TOTAL ASSETS	68,476,066.35 \$
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current Liabilities :	
Bank Indebtedness	24,525,424.52 \$
Trades account payable	59,294,096.01 \$
Accrued Liabilities	5,235,959.98 \$
Wages Payable and payroll liabilities	4,240,934.90 \$
GST Payable (receivable)	(593,628.08) \$
Inter-cie Promec	- \$
Inter-cie Pacer	- \$
Current Portion of LTD	1,328,958.03 \$
	94,031,745.36 \$
Long-term Liabilities :	
Capital Leases (GE & WCB)	2,000,406.83 \$
Future Taxes Payable-LT	- \$
Due to Shareholders	21,929,006.78 \$
	23,929,413.61 \$
Shareholders' Equity	
Common Share Capital	2,000.00 \$
	2,000.00 \$
Retained Earnings	
Retained Earnings, Opening	(46,257,219.52) \$
Retained Earnings, Current	(3,229,873.10) \$
Total retained earnings	(49,487,092.62) \$
	68,476,066.35 \$

Pacer Promec Energy Corporation

Unaudited Consolidated Statement of Income

For the exercise end
January 31, 2015

in Canadian Dollars
Unaudited

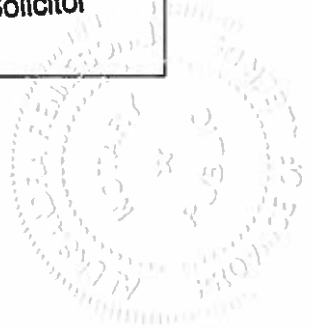
	2014	January 1, 2015 January 31, 2015	Current Month
	2014	2014	2014
Incomes :			
Construction Revenue	8,837,700.64 \$	-	8,837,700.64 \$
WIP Revenue	364,599.13 \$	-	364,599.13 \$
Interest Income	-	-	-
	9,202,299.77 \$	-	9,202,299.77 \$
Cost of goods sold:			
COS Materials	2,532,180.07 \$	-	2,532,180.07 \$
COS Subcontractors	3,729,434.12 \$	-	3,729,434.12 \$
COS Equipments	582,965.93 \$	-	582,965.93 \$
COS Labour	4,613,902.41 \$	-	4,613,902.41 \$
	11,458,482.53 \$	-	11,458,482.53 \$
Gross margining	(2,256,182.76) \$	-	(2,256,182.76) \$
Indirects expenses:			
Indirects Labors expenses	563,198.47 \$	-	563,198.47 \$
Insurance & registration	5,756.06 \$	-	5,756.06 \$
Misc Construction Mtrls & PPE	-	-	-
Equip Interest Clearing	8,615.33 \$	-	8,615.33 \$
Depreciation-Site equipment	81,563.06 \$	-	81,563.06 \$
Equipment Charged Out	-	-	-
Total indirects	659,132.92 \$	-	659,132.92 \$
Gross margining after indirects	(2,915,315.68) \$	-	(2,915,315.68) \$
Administratives Expenses:			
Administration salary & benefit	163,467.17 \$	-	163,467.17 \$
Rent & tax	1,940.31 \$	-	1,940.31 \$
Office Supplies and Communication	31,905.88 \$	-	31,905.88 \$
Miscellaneous	-	-	-
G&A Allocation	-	-	-
Office Supports/Estimating	-	-	-
Travel, Training, Meals & Entertainment	29,884.34 \$	-	29,884.34 \$
Insurance - CGL	2,500.00 \$	-	2,500.00 \$
Legal	5,927.15 \$	-	5,927.15 \$
Depreciation-Office	-	-	-
Bank Charges	78,932.57 \$	-	78,932.57 \$
Total administrative expenses	314,557.42 \$	-	314,557.42 \$
Profit before tax	(3,229,873.10) \$	-	(3,229,873.10) \$
Current taxes	-	-	-
Net Income (Deficit)	(3,229,873.10) \$	- \$	(3,229,873.10) \$

This is Exhibit "M"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor





November 7, 2014

By e-mail

PACER PROMEC ENERGY CORPORATION
200, 1040 7th Avenue, S.W.
Calgary, AB T2P 3G3

CONSTRUCTION PROMEC INC.
347, rue Aimé-Vincent
Vaudreuil-Dorion, Qc J7V 5V5

Attention of Mr. Richard Pelletier, President

Attention of Mr. Peter Capkun, President

PACER CONSTRUCTION HOLDINGS
CORPORATION
1105 7th Avenue, S.W.
Calgary, AB T2P 1B2

Attention of Mr. Richard Pelletier, President

Re : Defaults of Pacer Promec Energy Corporation (the "Borrower") under the terms and conditions of that certain credit agreement dated as of May 23rd, 2014 (as amended or renewed the "Credit Agreement")
Our file: 704367-468748

Gentlemen:

Reference is made to the Credit Agreement and to the Solidary Guarantees entered into by each of Construction Promec Inc. ("**Promec**") and Pacer Construction Holdings Corporation ("**Pacer**") in favour of National Bank of Canada (the "**Bank**").

The present follows the Bank's review of the Borrower's unaudited financial statements for the period having ended September 30, 2014 (the "**September Statement**"). The present also follows conversations and meetings held with Mr. Paul Lafrenière, Chief Operating Officer of Promec regarding the present financial situation.

For the reasons hereinafter detailed, the Bank is dissatisfied and concerned with the Borrower's present financial situation and has decided to transfer management of this loan facility to its Special Loans Unit, to the attention of the undersigned. The Bank's review of the September Statement reveals that:

- as at September 30, 2014, the Borrower accumulated net operating losses in an amount of \$16,231,613 on a consolidated basis;
- the Borrower is in default under the terms of the Credit Agreement insofar as it does not meet the financial ratio covenants set forth at section 13.1.1 (Total Debt to Capitalization Ratio), 13.1.2 (Fixed Charge Coverage Ratio) and 13.1.3 (Current Ratio) of the Credit Agreement (such defaults are hereinafter referred to as the "**Defaults**").

The Bank's concerns about the Borrower's present financial situation also stem from the fact that use of the revolving credit facility (Facility 1) made available under the Credit Agreement has significantly increased over the course of the last month, from an amount of \$16,588,250 to present use of \$26,088,250. In addition, Borrowing Base in respect to the revolving credit facility is in the amount of \$26,478,000 as at September 30, 2014, thus limiting availability of the revolving credit facility to an amount of \$389,750 at present.

In light of the above, it is essential and urgent that the Borrower's shareholders proceed to necessary injections of capital or subordinated debt to enable the Borrower to continue its normal course operations and remedy the Defaults. We remind you of the unequivocal undertakings of Promec and Pacer in this regard, as reflected in clause 9.1.4 of the Credit Agreement and in the Guarantee and Subordination Agreement entered into by each of Promec and Pacer on May 23rd, 2014.

It is also essential and urgent that the Borrower forward to the Bank its weekly cash flow projections for the period ending March 31st, 2015. The Bank will appoint a consultant, at the Borrower's costs, to review the requested financial information and validate the Bank's security position. We will appreciate that the requested financial information be forwarded to the undersigned no later than the end of business on November 12, 2014.


It is essential to the Bank's continued support that the Borrower and its representatives collaborate with the Bank's consultant and provide same with all financial information to be requested in the context of the execution of the consultant's mandate.

In the interval, the Bank expressly reserves all of its rights and recourses resulting from the Defaults.

We look forward to your timely collaboration and remain,

Yours very truly,

NATIONAL BANK OF CANADA



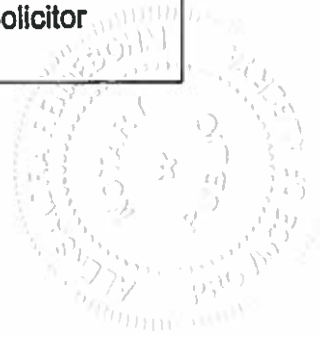
**Benoît Blais, Senior Manager
Special Loans Unit**

This is Exhibit "N"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



PACER PROMEC ENERGY CORPORATION

PROMISSORY NOTE

November 12, 2014

BACKGROUND:

- (a) Pacer Promec Energy Corporation (the "**Borrower**") has requested that each of its shareholders, Pacer Construction Holdings Corporation ("**Pacer**" or "**Lender**") and Construction Promec Inc. ("**Promec**") advance monies to fund certain immediate liquidity needs of the Borrower;
- (b) Promec has refused to advance any further monies to the Borrower; and
- (c) Pacer has agreed to advance to the Borrower up to \$9,375,000 upon the terms and conditions contained in this Note and the Security;

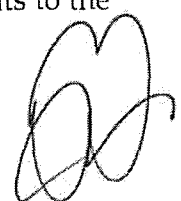
NOW THEREFORE in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower agrees as follows:

ARTICLE 1 PROMISE TO PAY

Section 1.1 Promise to Pay.

FOR VALUE RECEIVED, the Borrower promises to pay, **ON DEMAND** but subject to, for greater certainty, the terms and conditions of Article 5, to or to the order of the Lender or its permitted assigns, at its offices at 1105 7th Avenue SW, Calgary, AB T2P 1B2 or such other place as the Lender may designate, the principal amount outstanding as recorded by the Lender in the column headed "Unpaid Principal Balance" on the record (the "**Grid**") attached to and forming part of this Note in lawful money of Canada, together with interest thereon as hereinafter provided, subject in all respects to Article 5 hereof.

The Lender shall and is unconditionally and absolutely authorized and directed by the Borrower to record on the Grid (i) the date and amount of each advance made by the Lender and the resulting increase of the Unpaid Principal Balance, and (ii) the date and amount of each repayment on account of the principal paid to the Lender and the resulting decrease of the Unpaid Principal Balance. Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the Lender to record the same shall not affect the obligations of the Borrower to pay such amounts to the Lender.



Section 1.2 Interest.

The principal amount remaining from time to time unpaid and outstanding shall bear interest, both before and after maturity, default and judgment, from the date hereof to the date of the repayment in full of the principal amount, at the rate of eight per cent (8%) per annum. Interest at such rate shall be calculated on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and, subject to the terms of this Note (including without limitation Article 5 hereof), shall be payable, monthly, in arrears, on the last Business Day of each month commencing November 28, 2014. Overdue interest shall bear interest at the same rate, calculated as aforesaid. Any interest owing under this Note that is not paid when such amount becomes due and payable shall be accrued and added to the principal amount owing under this Note.

Section 1.3 Prepayments.

Subject to the Lender's consent, the Borrower shall have the right and privilege of prepaying the whole or any portion of the principal amount of this Note from time to time remaining unpaid and outstanding at any time or times together with all unpaid and accrued interest to the date of prepayment.

Section 1.4 Lender's Fees and Expenses.

The Borrower agrees to pay all costs and expenses (including all reasonable legal expenses) of the Lender incurred in connection with this Note.

**ARTICLE 2
INTERPRETATION**

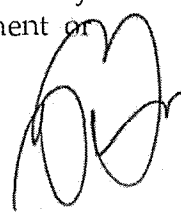
Section 2.1 Defined Terms.

As used in this Note, the following terms have the following meanings:

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major commercial banks are closed in New York, New York or Toronto, Ontario.

"Credit Agreement" means the credit agreement dated as of May 23, 2014 between the Borrower, Promec, the Lender and National Bank of Canada, as such agreement may be amended, restated, modified or supplemented from time to time.

"Lien" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature, or any other arrangement or condition which, in substance, secures payment or performance of an obligation.



"Note" means this promissory note, as amended, supplemented, restated or replaced from time to time.

"Parties" means the Lender and the Borrower and any other Person who may become a party to this Note.

"Permitted Liens" has the same meaning as specified for such term in the Credit Agreement as in effect on the date hereof.

"Person" means a natural person, body corporate, partnership, limited partnership, limited liability partnership, limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

"Promec" means Construction Promec Inc. and its successors and assigns.

"Security" means a general security agreement of even date herewith made by the Borrower in favour of the Lender;

"Senior Indebtedness" means all principal, interest, fees and other obligations of the Borrower to National Bank of Canada under the Credit Agreement; and

"Senior Lender" means National Bank of Canada as holder of Senior Indebtedness and lender under the Credit Agreement, and its successors and assigns.

Section 2.2 Gender and Number.

Any reference in this Note to gender includes all genders and words importing the singular number only include the plural and vice versa.

Section 2.3 Headings, etc.

The division of this Note into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Note.

Section 2.4 Currency.

All references in this Note to dollars, unless otherwise specifically indicated, are expressed in Canadian currency.

Section 2.5 Certain Phrases, etc.

In this Note (i) the words "including" and "includes" mean "including (or includes) without limitation" and (ii) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of".

**ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 3.1 Representations and Warranties of the Borrower.

The Borrower represents and warrants as follows, acknowledging and confirming that the Lender is relying on such representations and warranties in entering into this Note:

- (a) **Incorporation.** The Borrower is a corporation incorporated and existing under the laws of Alberta;
- (b) **Corporate Power.** The Borrower has the corporate power and authority to (i) own, lease and operate its property and assets and to carry on its business as now being conducted by it; and (ii) enter into and perform its obligations under this Note;
- (c) **Validity of Agreement.** The execution, delivery and performance by the Borrower of this Note and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Borrower;
- (d) **Execution and Binding Obligation.** This Note has been duly executed and delivered by the Borrower and constitutes legal, valid and binding obligations of the Borrower enforceable against it in accordance with its terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, arrangement or creditors' rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies; and

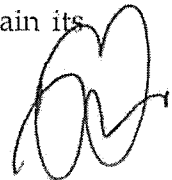
Section 3.2 Survival of Representations and Warranties.

The representations and warranties in this Note and in any certificates or documents delivered to the Lender shall not merge and shall survive and continue in full force and effect so long as any amounts are owing by the Borrower to the Lender under this Note.

Section 3.3 Positive Covenants.

The Borrower hereby covenants and agrees with the Lender that so long as this Note remains outstanding:

- (a) **Payment of Principal and Interest.** Subject to the terms of Article 5, the Borrower shall punctually pay or cause to be paid to the Lender the principal of and interest on this Note on demand by the Lender;
- (b) **Corporate Existence.** The Borrower shall preserve and maintain its corporate existence except as otherwise permitted hereunder;



Section 3.4 Negative Covenants.

The Borrower hereby covenants and agrees with the Lender that so long as this Note remains outstanding, without the Lender's prior consent:

- (a) **Debt.** The Borrower shall not, create, incur, assume or suffer to exist or permit any of its Subsidiaries to create, incur, assume or suffer to exist any indebtedness for borrowed money other than (i) indebtedness of the Borrower to the Lender under this Note, (ii) indebtedness incurred in respect of purchase money mortgages and (iii) Senior Indebtedness or any refinancing, replacement or renewal of such Senior Indebtedness;
- (b) **Liens.** The Borrower shall not, create, incur, assume or suffer to exist, or permit any of its subsidiaries to create, incur, assume or suffer to exist, any Lien on any of their respective properties or assets other than (i) Permitted Liens; (ii) purchase money mortgages and (iii) Liens in respect of Senior Indebtedness;
- (c) **Mergers, Etc.** The Borrower shall not enter into, or permit any of its Subsidiaries to enter into, any reorganization, consolidation, amalgamation, arrangement, winding-up, merger or other similar transaction; and
- (d) **Disposal of Assets.** The Borrower shall not sell, exchange, lease, release or abandon or otherwise dispose of, or permit any of its subsidiaries to sell, exchange, lease, release or abandon or otherwise dispose of, all or any material part of its assets or properties.

ARTICLE 4 CONDITIONS AND DEMAND

Section 4.1 Conditions to First Advance

The Borrower may not obtain any amount under this Note until the following conditions precedent have been fulfilled to the satisfaction of the Lender:

- (a) Resolutions of the board of directors of the Borrower have been duly passed approving the borrowing and other matters contemplated by this Note and the Security;
- (b) National Bank of Canada and each of the Shareholders of the Borrower consent to the borrowing and the grant of security contemplated under this Note and the Security;



- (c) The Lender must have received, in form and substance satisfactory to it:
 - (i) the Security; and
 - (ii) all documents, instruments and financing statements shall have been properly registered, recorded and filed in all places of necessary to ensure the perfection and second-ranking priority of the Security.

Section 4.2 Demand

Upon demand by the Lender to the Borrower hereunder, (i) the whole of the principal amount of this Note remaining unpaid and all accrued unpaid interest thereon shall be immediately due and payable, and (ii) the Lender may commence such legal action or proceedings as the Lender in its sole discretion deems expedient, including enforcement proceedings under the Security, all without any additional notice, presentation, demand, protesting, notice of dishonor or any other action or notice, all of which are expressly waived by the Borrower.

Section 4.3 Proceeds of Security

All proceeds realized under the Security shall be paid to the Lender and shall be first applied against amounts owing under the Note and Security and second to the Borrower or such other Persons as may be lawfully entitled to the remainder, as the court of competent jurisdiction may otherwise direct.

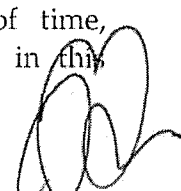
**ARTICLE 5
SUBORDINATION**

Section 5.1 Subordination and Postponement of Note.

The Lender covenants and agrees that the principal amount of this Note from time to time remaining unpaid and outstanding and all interest accrued thereon and unpaid shall for all purposes be and at all times remain junior and subordinate to the Senior Indebtedness and the payment thereof, whether in whole or in part, and whether as to principal, interest, fees or otherwise, and whether after or before demand, is postponed to the prior payment in full of the Senior Indebtedness, present and future in the manner and to the extent provided in this Article 5. For greater certainty, the Borrower shall not in any circumstance be entitled to repay, and the Lender shall not in any circumstance be entitled to demand repayment under, this Note until the Senior Indebtedness has been repaid in full, without the prior written consent of the Senior Lender.

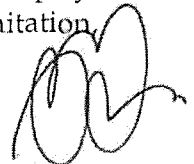
Section 5.2 Senior Indebtedness.

- (1) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, then, except as otherwise provided in this



Article 5, unless and until such Senior Indebtedness shall have been paid in full or shall first have been duly provided for, no payment shall be made by the Borrower or received by the Lender on account of, or in respect of this Note (whether as principal or interest or otherwise).

- (2) If a default with respect to any Senior Indebtedness occurs in accordance with the terms of such Senior Indebtedness and is continuing, then, unless and until such default shall have been cured or waived or shall have ceased to exist, no payment shall be made by the Borrower or received by the Lender on account of, or in respect of this Note (whether as principal or interest or otherwise).
- (3) In the event that, notwithstanding the provisions of this Section 5.2, the Borrower makes any payment on account of, or in respect of, this Note (whether as principal or interest or otherwise) in contravention of the terms of any subordination agreement governing any Senior Indebtedness entered into pursuant to Section 5.8 or after the maturity of any Senior Indebtedness contemplated by Section 5.2(1) or the happening of a default with respect to any Senior Indebtedness contemplated by Section 5.2(2), then, except as otherwise provided in this Article 5, unless and until such default shall have been cured or waived or shall have ceased to exist or such Senior Indebtedness shall have been paid in full, as the case may be, such payments by the Borrower shall be deemed to have been received in trust by the Lender for the benefit of the holders of such Senior Indebtedness and such payments shall be paid over to the holders of such Senior Indebtedness (or their representative or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear) for application to the payment in full in accordance with its terms, of such Senior Indebtedness remaining unpaid.
- (4) The Lender shall not be entitled to take or commence or authorize to be taken or commenced any action, suit, remedy or proceeding (whether judicial or extra-judicial) against the Borrower or any of its Subsidiaries or any of their property, assets or undertaking to collect or enforce payment of the principal or interest on this Note or any other amounts owing under this Note or to enforce the performance of any other covenant or obligation of the Borrower under this Note or the Security (including any action or proceeding for the payment of this Note or the exercise of rights and remedies under the Security) unless and until the Senior Indebtedness has been paid in full; provided that the foregoing shall in no way prohibit, restrict or prevent the Lender from taking such action as may be necessary to preserve the claims of the Lender under this Note in any bankruptcy, reorganization or insolvency proceeding (including, without limitation,



the filing of proofs of claim in any bankruptcy, reorganization or insolvency proceedings commenced by or against the Borrower and exercising its rights (including to vote) as an unsecured creditor in connection with or under any bankruptcy, reorganization or insolvency proceedings commenced by or against the Borrower).

Section 5.3 Subrogation of Note.

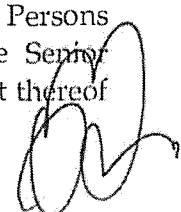
Subject to the payment in full of all Senior Indebtedness, the Lender shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments and distributions of assets of the Borrower in respect of and on account of Senior Indebtedness, to the extent of the application to such Senior Indebtedness of moneys or other assets which would have been received by the Lender but for the provisions of this Article 5, until the principal amount of this Note and all interest accrued thereon and unpaid shall be paid in full. No payment or distribution of assets of the Borrower to the Lender by reason of subrogation which otherwise would be payable or distributable to the holders of Senior Indebtedness shall, as between the Borrower, its creditors (other than the holders of Senior Indebtedness) and the Lender, be deemed to be a payment by the Borrower to or on account of the Lender, 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 Lender, on the one hand, and the holders of the Senior Indebtedness, on the other hand. Nothing contained in this Article 5 or elsewhere in this Note is intended to or shall impair, as between the Borrower and the Lender, the obligation of the Borrower, which is unconditional and absolute, to pay to the Lender the amounts owing under this Note, subject to the terms and conditions of this Note, as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the Lender and creditors of the Borrower other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Lender from exercising all remedies otherwise permitted by applicable law upon demand under this Note, subject to the rights, if any, under this Article 5, of the holders of Senior Indebtedness upon the exercise of any such remedy.

Section 5.4 Distribution on Insolvency or winding-up.

- (1) In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings in connection with or relating to the Borrower or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Borrower, whether or not involving insolvency or bankruptcy, or upon any assignment for the benefit of creditors or any marshalling of the assets and liabilities of the Borrower or otherwise, or in the event that the Borrower makes any composition with creditors or scheme or arrangement:

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a cursive name.

- (a) the holders of all Senior Indebtedness shall be entitled to receive payment of such Senior Indebtedness in full before the Lender shall be entitled to receive any payment on account of, or in respect of this Note (whether as principal or interest or otherwise);
 - (b) any payment or distribution of assets of the Borrower of any kind or character, whether in cash, property or securities, to which the Lender would be entitled except for the provisions of this Article 5 shall be paid by the Person making such payment or distribution, whether a liquidator or a receiver, receiver manager, trustee, custodian or other agent or otherwise, directly to the holders of Senior Indebtedness (or their representative or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear), to the extent necessary to pay in full in accordance with its terms all Senior Indebtedness remaining unpaid;
 - (c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Borrower of any kind or character, whether in cash, property or securities, shall be received by the Lender before all Senior Indebtedness is paid in full, such payment or distribution shall be deemed to have been received in trust by the Lender for the benefit of the holders of the Senior Indebtedness and shall be paid over to the holders of the Senior Indebtedness (or their representative or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear), for application to the payment in full in accordance with its terms of all Senior Indebtedness remaining unpaid; and
 - (d) any payments or distributions paid over to the holders of Senior Indebtedness pursuant to Section 5.4(1)(c) and not applied in reduction of the amounts owing to the Lender under this Note shall be deemed not to have discharged any of the obligations of the Borrower under this Note (and, to the extent that by operation of applicable law they are treated as doing so, the Borrower covenants to indemnify the Lender on demand from and against any loss suffered or incurred by it in consequence thereof).
- (2) Upon any payment or distribution of assets of the Borrower referred to in this Article 5, the Lender shall be entitled to call for and rely upon a certificate, addressed to the Lender, of the Person making any such payment or distribution for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Borrower, the amount thereof



or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 5.

Section 5.5 Subordination Not to be Impaired.

No right of any present or future holder of any Senior Indebtedness to enforce the subordination provided for in this Article 5 shall at any time be prejudiced or impaired by any act or failure to act on the part of the Borrower or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Borrower with the terms, provisions and covenants of this Note, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

Section 5.6 Obligations Created by Article 5.

Each of the Borrower and the Lender agree 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 Borrower 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 Borrower or others or by acquiring Senior Indebtedness, in each case without notice to the Lender 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 hereby declared to be created in trust for those holders by the Borrower and the Lender, and shall be binding on the Borrower and the Lender whether or not the confirmation described in Section 5.8 is requested, executed or delivered.

Section 5.7 Amendments to Article 5.

Each of the Borrower and the Lender agrees not to make any changes to this Article 5, Section 6.4 or the definition of Senior Indebtedness (except as expressly provided in such definition) without the consent of each holder of Senior Indebtedness at such time (or their representative or the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued) which is a bank (or an assignee of bank debt) or a bonding company or such other Persons or classes of Persons as the Borrower may designate in writing from time to time.



Section 5.8 Subordination Agreements.

Forthwith upon the request of any holder of Senior Indebtedness (or its representative or the trustee under any indenture which any instruments evidencing any Senior Indebtedness may have been issued), the Lender shall execute and deliver to the Person making that request a form of such confirmation or any such other subordination agreement as may be reasonably requested.

**ARTICLE 6
MISCELLANEOUS**

Section 6.1 Notices.

Any notice, direction or other communication given under this Note shall be in writing and given by delivering it or sending it by facsimile or other similar form of recorded communication addressed:

(a) to the Borrower at:

1040 7th Avenue SW, Suite 200
Calgary, AB
T2P 3G3

Attention: President
Email: richard.pelletier@pacercorp.com
Facsimile: (587) 352-5257

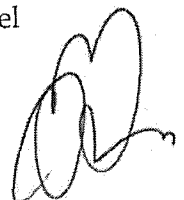
(b) to the Lender at:

1105 7th Avenue SW
Calgary, AB
T2P 1B2

Attention: President
Email: richard.pelletier@pacercorp.com
Facsimile: (403) 301-0206

With a copy to:
MasTec, Inc.
800 Douglas Road, 12th Floor
Coral Gables, FL
33134

Attention: Executive Vice President and General Counsel
Email: albert.cardenas@mastec.com



Facsimile: (305) 406-1907

Any such communication shall be deemed to have been validly and effectively given (i) if personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day; or (ii) if transmitted by facsimile or similar means of recorded communication on the Business Day following the date of transmission. Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

Section 6.2 Third Party Beneficiaries.

Except as contemplated by Article 5 and Section 6.4(3), the Lender and the Borrower intend that this Note shall not benefit or create any right or cause of action in, or on behalf of, any Person other than the Borrower and the Lender and no Person other than the Lender and the Borrower shall be entitled to rely on the provisions of this Note in any action, suit, proceeding, hearing or other forum.

Section 6.3 Amendments, etc.

No amendment or waiver of any provision of this Note is effective unless in writing and approved by the Lender and the Borrower. Any amendment, waiver or consent is effective only in the specific instance and for the specific purpose for which it was given.

Section 6.4 Successors and Assigns.

- (1) This Note shall become effective when executed by the Borrower and Lender and after that time shall be binding upon and enure to the benefit of the Borrower and the Lender and their respective successors and permitted assigns.
- (2) The Borrower shall not have the right to assign its rights or obligations under this Note or any interest in this Note without the prior consent of the Lender, which consent may be arbitrarily withheld.
- (3) The Lender may upon notice to the Borrower assign all or any part of its interest in this Note to one or more Persons (each an "Assignee") subject to the prior written consent of the Senior Lender but without any requirement for consent of the Borrower or any other Person. In the case of an assignment, the Assignee shall have the same rights and benefits and be subject to the same limitations under this Note (including Article 5 hereof) as it would have if it was the Lender.



- (4) The Borrower shall provide such certificates, acknowledgments and further assurances in respect of this Note as such Lender may reasonably require in connection with any assignment pursuant to this Section 6.4.
- (5) In the case of an assignment, the Lender may deliver to the Borrower and if so the Borrower shall execute any assignment and assumption agreement reasonably requested by which the Assignee assumes the obligations of the Lender and agrees to be bound by all the terms and conditions of this Agreement, all as if the Assignee had been an original party. Upon receipt by the Lender of the assignment and assumption agreement, the assigning Lender and the Borrower shall be released from their respective obligations under this Note (to the extent of such assignment and assumption) and shall have no liability or obligations to each other to such extent, except in respect of matters arising prior to the assignment.
- (6) Any assignment pursuant to this Section 6.4 will not constitute a repayment by the Borrower to the assigning or granting Lender of any amount outstanding under this Note and the parties acknowledge that the Borrower's obligations under this Note will continue and will not constitute new obligations.

Section 6.5 Waiver.

No failure on the part of the Lender to exercise and no delay in exercising, any right under this Note shall operate as a waiver of such right; nor shall any single or partial exercise of any right under this Note preclude any other or further exercise of such right or the exercise of any other right.

Section 6.6 Waive Presentment, etc.

The Borrower and all endorsers of this Note waive presentment for payment, demand and protest and notice of protest and notice of non-payment, and agree and consent to all extensions or renewals of this Note without notice.

Section 6.7 Governing Law.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Section 6.8 Counterparts.

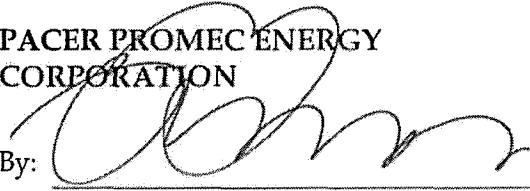
This Note may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument.

[Remainder of page intentionally left blank]

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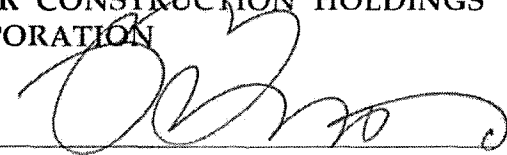
WITNESS the execution of this Note on the date first written above.

PACER PROMEC ENERGY
CORPORATION

By: 

Authorized Signing Officer
Richard Pelletier, P.Eng.
President & CEO

PACER CONSTRUCTION HOLDINGS
CORPORATION

By: 

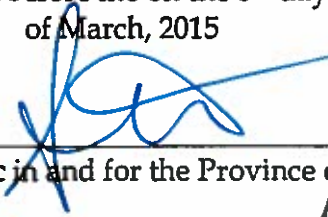
Authorized Signing Officer
Richard Pelletier, P.Eng.
President & CEO

ADVANCES AND REPAYMENT OF PRINCIPAL

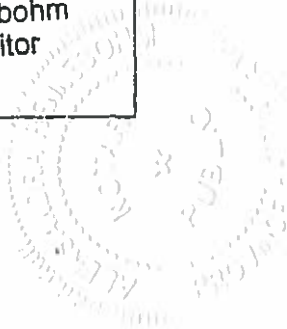
<u>Date</u>	<u>Amount of Advance</u>	<u>Principal Repaid or Prepaid</u>	<u>Unpaid Principal Balance</u>	<u>Notation Made By</u>
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This is Exhibit "O"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta
Aleksandra Rennebohm
Barrister & Solicitor



PACER PROMEC ENERGY CORPORATION

as Obligor

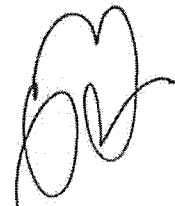
and

PACER CONSTRUCTION HOLDINGS CORPORATION

as Lender

SECURITY AGREEMENT

November 12, 2014

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SECURITY AGREEMENT

Security agreement dated as of November 12, 2014 made by Pacer Promec Energy Corporation, to and in favour of Pacer Construction Holdings Corporation.

RECITALS:

- (a) The Lender has agreed to issue a secured grid note to Obligor dated November 12, 2014 (the "Note") on the terms and conditions contained in the Note; and
- (b) It is a condition of the Note that the Obligor execute and deliver this Agreement in favour of the Lender as security for the payment and performance of the Obligor's obligations under the Note.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Obligor agrees as follows.

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"Agreement" means this security agreement.

"Collateral" has the meaning specified in Section 2.1.

"Expenses" has the meaning specified in Section 2.2(b).

"Instruments" means (i) a bill, note or cheque within the meaning of the *Bills of Exchange Act* (Canada) or any other writing that evidences a right to the payment of money and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, or (ii) a letter of credit and an advice of credit if the letter or advice states that it must be surrendered upon claiming payment thereunder, or (iii) chattel paper or any other writing that evidences both a monetary obligation and a security interest in or a lease of specific goods, or (iv) documents of title or any other writing that purports to be issued by or addressed to a bailee and purports to cover such goods in the bailee's possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers, or (v) any document or writing commonly known as an instrument, but excludes investment property.

"Intellectual Property" means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs



technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trademark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; and (viii) any other intellectual property and industrial property.

"Lender" means Pacer Construction Holdings Corporation and its successors and assigns.

"Lien" means (i) any mortgage, charge, pledge, hypothecation, security interest, assignment by way of security, encumbrance, lien (statutory or otherwise), hire purchase agreement, conditional sale agreement, deposit arrangement, title retention agreement or arrangement, or any other assignment, arrangement or condition that in substance secures payment or performance of an obligation, (ii) any trust arrangement, (iii) any arrangement which creates a right of set-off out of the ordinary course of business, or (iv) any agreement to grant any such rights or interests.

"Note" means the promissory note dated as of November 12, 2014, between the Obligor and the Lender as the same may be amended, restated, modified or supplemented from time to time.

"Note Documents" means the Note and this Agreement.

"Obligor" means Pacer Promec Energy Corporation, a corporation incorporated and existing under the laws of Alberta, and its successors and permitted assigns.

"Permitted Liens" has the meaning specified in the Note.

"Registrable Intellectual Property" means any Intellectual Property in respect of which ownership, title, security interests, charges or encumbrances are capable of registration, recording or notation with any Governmental Entity pursuant to applicable laws.

"Secured Obligations" has the meaning specified in Section 2.2(a).

"Security Interest" has the meaning specified in Section 2.2.

Section 1.2 Interpretation.

- (1) Terms defined in the *Personal Property Security Act* (Ontario) ("PPSA") or the *Securities Transfer Act, 2006* (Ontario) ("STA") and used but not otherwise defined in this Agreement have the same meanings. For greater certainty, the terms "account", "chattel paper", "document of title", "equipment", "goods", "intangible", "investment property", "money", "personal property" and "proceeds" have the meanings given to them in the PPSA; and the terms "certificated security", "control", "deliver", "entitlement holder", "financial asset", "securities account".

"securities intermediary", "security", "security entitlement" and "uncertificated security" have the meanings given to them in the STA. Capitalized terms used in this Agreement but not defined have the meanings given to them in the Note.

- (2) Any reference in any Note Document to Liens permitted by the Note and any right of the Obligor to create or suffer to exist Liens permitted by the Note are not intended to and do not and will not subordinate the Security Interest to any such Lien or give priority to any Person over the Lender, except where such subordination is expressly provided for therein.
- (3) In this Agreement the words "including", "includes" and "include" mean "including (or includes or include) without limitation". The expressions "Article", "Section" and other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Agreement.
- (4) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (5) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (6) The schedules attached to this Agreement form an integral part of it for all purposes of it.
- (7) Any reference to this Agreement, any Note Document or any Security Document refers to this Agreement or such Note Document or Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

ARTICLE 2 SECURITY

Section 2.1 Grant of Security.

Subject to Section 2.4, the Obligor grants to the Lender, a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Lender, all of the property and undertaking of the Obligor now owned or hereafter acquired and all of the property and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the "Collateral") including all of the Obligor's:

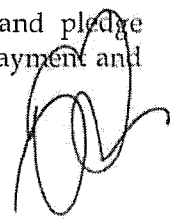
- (a) present and after-acquired personal property;
- (b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured

for packing or shipping, and materials used or consumed in the business of the Obligor;

- (c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;
- (d) accounts due or accruing, including deposit accounts (whether demand, term, cash, chequing, savings or other similar account, and whether or not evidenced by a certificate of deposit, account agreement, passbook or other document) maintained for the benefit of the Obligor by a bank, credit union, trust company or other financial institution, and all other monetary obligations due or accruing to the Obligor;
- (e) money, documents of title, chattel paper, financial assets and investment property;
- (f) securities accounts and all of the credit balances, security entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;
- (g) Instruments;
- (h) Securities;
- (i) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licences and other contractual benefits;
- (j) Intellectual Property;
- (k) books, records, files, correspondence, invoices, documents, papers, agreements, computer programs, disks and other repositories of data recording or storage in any form or medium, evidencing or relating to the property described in this Section 2.1;
- (l) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2.1(a) through Section 2.1(k) inclusive; and
- (m) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2.1(a) through Section 2.1(l) inclusive, including the proceeds of such proceeds.

Section 2.2 Secured Obligations.

The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the "Security Interest") secures the payment and performance of:



- (a) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Obligor to the Lender in any currency under, in connection with or pursuant to the Note and this Agreement, whether incurred by the Obligor alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style (collectively, and together with the Expenses, the "Secured Obligations"); and
- (b) all expenses, costs and charges incurred by or on behalf of the Lender in connection with this Agreement, the Security Interest or the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Lender's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement or any other Note Document (collectively, the "Expenses").

Section 2.3 Attachment.

- (1) The Obligor acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Lender (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.
- (2) The Obligor will cause the Lender to have control over all Securities and other investment property that are now or at any time become Collateral, and will take all action that the Lender deems advisable to cause the Lender to have control over such Collateral, including (i) causing the Collateral to be transferred to or registered in the name of the Lender or its nominee or otherwise as the Lender may direct, (ii) endorsing any certificated Securities to the Lender or in blank by an effective endorsement, (iii) delivering the Collateral to the Lender or someone on its behalf as the Lender may direct, (iv) delivering to the Lender any and all consents or other documents or agreements which may be necessary to effect the transfer of any Collateral to the Lender or any third party and (v) entering into control agreements with the Lender and the applicable securities intermediary or issuer in respect of any Collateral in form and substance satisfactory to the Lender.
- (3) At the request of the Lender, the Obligor will (i) deliver to and deposit with the Lender any Instruments, (ii) cause the transfer of any Instruments to the Lender to be registered wherever such registration may be required or advisable in the opinion of the Lender, (iii) endorse any Instruments to the Lender or in blank or register them in the name of the Lender or its nominee or otherwise as the Lender may direct and (iv) deliver to the Lender any and all consents or other documents that may be necessary to effect the transfer of any Instruments to the Lender or any third party.



- (4) The Obligor will promptly notify the Lender in writing of the acquisition by the Obligor of any Registrable Intellectual Property.

Section 2.4 Scope of Security Interest.

- (1) The Security Interest with respect to trade-marks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Lender, but does not constitute an assignment or mortgage of such Collateral to the Lender.
- (2) Until the Security Interest is enforceable, the grant of the Security Interest in the Intellectual Property does not affect in any way the Obligor's rights to commercially exploit the Intellectual Property, defend it, enforce the Obligor's rights in it or with respect to it against third parties in any court or claim and be entitled to receive any damages with respect to any infringement of it.
- (3) The Security Interest does not extend to consumer goods.
- (4) The Security Interest does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Obligor, but the Obligor will stand possessed of any such last day upon trust to assign and dispose of it as the Lender may reasonably direct.

Section 2.5 Grant of Licence to Use Intellectual Property.

- (1) At such time as the Lender is lawfully entitled to exercise its rights and remedies under Article 3, the Obligor grants to the Lender an irrevocable, nonexclusive licence (exercisable without payment of royalty or other compensation to the Obligor) to use, assign or sublicense any Intellectual Property in which the Obligor has rights wherever the same may be located, including in such licence access to (i) all media in which any of the licensed items may be recorded or stored, and (ii) all software and computer programs used for compilation or print-out. The license granted under this Section is to enable the Lender to exercise its rights and remedies under Article 3 and for no other purpose.
- (2) The Lender acknowledges that the standard of quality for the use, assignment or sublicensing of Intellectual Property of the Obligor shall be no less than the standard of quality employed by the Obligor as of the day before the exercise of rights and remedies under Article 4 by the Lender in conjunction with wares and/or services sold in association with such Intellectual Property.

Section 2.6 Care and Custody of Collateral.

- (1) The Lender has no obligation to keep Collateral in its possession identifiable.
- (2) Without limiting any other rights or remedies under this Agreement, the Lender may, upon the occurrence and during the continuance of an Event of Default, (i) notify any Person obligated on an Instrument, Security or account to make payments to the Lender, whether or not the Obligor was previously making collections on such accounts, chattel paper, instruments, and (ii) assume control of any proceeds arising from the Collateral.

- (3) The Lender has no obligation to collect dividends, distributions or interest payable on, or exercise any option or right in connection with, any Collateral. The Lender has no obligation to protect or preserve any Collateral from depreciating in value or becoming worthless and is released from all responsibility for any loss of value, whether such Collateral is in the possession of, is a security entitlement of, or is subject to the control of, the Lender, a securities intermediary, the Obligor or any other person. In the physical keeping of any Securities, the Lender is only obliged to exercise the same degree of care as it would exercise with respect to its own Securities kept at the same place.
- (4) The Lender may, upon the occurrence and during the continuance of an Event of Default, sell, transfer, use or otherwise deal with any investment property included in the Collateral over which the Lender has control, on such conditions and in such manner as the Lender in its sole discretion may determine.

Section 2.7 Rights of the Obligor.

- (1) Until the occurrence of an Event of Default which is continuing, the Obligor is entitled to vote the Securities and other financial assets that are part of the Collateral and to receive all dividends and distributions on such Securities and financial assets. Upon the occurrence and during the continuance of an Event of Default, all rights of the Obligor to vote (under any proxy given by the Lender (or its nominee) or otherwise) or to receive distributions or dividends cease and all such rights become vested solely and absolutely in the Lender.
- (2) Any distributions or dividends received by the Obligor contrary to Section 2.7(1) or any other moneys or property received by the Obligor after the Security Interest is enforceable will be received as trustee for the Lender and shall be immediately paid over to the Lender.

Section 2.8 Expenses.

The Obligor is liable for and will pay on demand by the Lender any and all Expenses.

Section 2.9 Subordination

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE LIEN AND SECURITY INTEREST GRANTED TO THE LENDER PURSUANT TO THIS AGREEMENT AND THE EXERCISE OF ANY RIGHT OR REMEDY BY THE LENDER HEREUNDER ARE SUBJECT TO THE PRIOR PAYMENT IN FULL OF THE SENIOR INDEBTEDNESS IN ACCORDANCE WITH ARTICLE 5 OF THE NOTE AND ANY SUBORDINATION ACKNOWLEDGMENT EXECUTED BY THE LENDER IN FAVOUR OF THE SENIOR LENDER PURSUANT THERETO. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF ANY SUBORDINATION ACKNOWLEDGEMENT AND THIS AGREEMENT, THE TERMS OF THE SUBORDINATION ACKNOWLEDGMENT SHALL GOVERN AND CONTROL.



**ARTICLE 3
ENFORCEMENT**

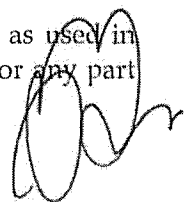
Section 3.1 Enforcement.

The Security Interest becomes and is enforceable against the Obligor if and when it fails to repay or perform any of the Secured Obligations when due and payable or when due to be performed, as the case may be.

Section 3.2 Remedies.

Whenever the Security Interest is enforceable, the Lender may realize upon the Collateral and enforce the rights of the Lender by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral by any method permitted by law;
- (c) sale, grant of options to purchase, or lease of all or any part of the Collateral;
- (d) holding, storing and keeping idle or operating all or any part of the Collateral;
- (e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Lender were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Lender or its nominee if not already done);
- (f) collection of any proceeds arising in respect of the Collateral;
- (g) collection, realization or sale of, or other dealing with, accounts;
- (h) license or sublicense, whether on an exclusive or nonexclusive basis, of any Intellectual Property for such term and on such conditions and in such manner as the Lender in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such Intellectual Property);
- (i) instruction or order to any issuer or securities intermediary pursuant to any control the Lender has over the Collateral;
- (j) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Lender;
- (k) application of any moneys constituting Collateral or proceeds thereof in accordance with Section 5.11;
- (l) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part



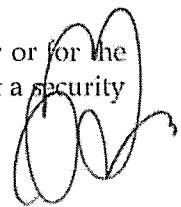
of the Collateral and removal or replacement from time to time of any receiver or agent;

- (m) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (n) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (o) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Obligor; and
- (p) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

Section 3.3 Additional Rights.

In addition to the remedies set forth in Section 3.2 and elsewhere in this Agreement, whenever the Security Interest is enforceable, the Lender may:

- (a) require the Obligor, at the Obligor's expense, to assemble the Collateral at a place or places designated by notice in writing and the Obligor agrees to so assemble the Collateral immediately upon receipt of such notice;
- (b) require the Obligor, by notice in writing, to disclose to the Lender the location or locations of the Collateral and the Obligor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Obligor or otherwise;
- (d) redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Obligor);
- (e) pay any liability secured by any Lien against any Collateral (the Obligor will immediately on demand reimburse the Lender for all such payments);
- (f) carry on all or any part of the business of the Obligor and, to the exclusion of all others including the Obligor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by the Obligor for such time as the Lender sees fit, free of charge, and the Lender are not liable to the Obligor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;
- (g) borrow for the purpose of carrying on the business of the Obligor or for the maintenance, preservation or protection of the Collateral and grant a security



interest in the Collateral, whether or not in priority to the Security Interest, to secure repayment;

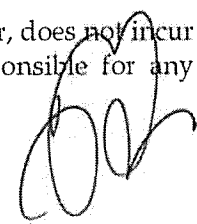
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Obligor; and
- (i) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Obligor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Lender, the Lender may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

Section 3.4 Exercise of Remedies.

The remedies under Section 3.2 and Section 3.3 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Lender however arising or created. The Lender is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Lender in respect of the Secured Obligations including the right to claim for any deficiency.

Section 3.5 Receiver's Powers.

- (1) Any receiver appointed by the Lender is vested with the rights and remedies which could have been exercised by the Lender in respect of the Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Lender.
- (2) Any receiver appointed by the Lender will act as agent for the Lender for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Obligor or as agent for the Lender as the Lender may determine in its discretion. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.
- (3) The Lender, in appointing or refraining from appointing any receiver, does not incur liability to the receiver, the Obligor or otherwise and is not responsible for any misconduct or negligence of such receiver.



Section 3.6 Appointment of Attorney.

The Obligor hereby irrevocably constitutes and appoints the Lender (and any officer of the Lender) the true and lawful attorney of the Obligor. As the attorney of the Obligor, the Lender has the power to exercise for and in the name of the Obligor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Lender, its nominees or transferees, and the Lender and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Obligor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Obligor. This power of attorney extends to and is binding upon the Obligor's successors and permitted assigns. The Obligor authorizes the Lender to delegate in writing to another Person any power and authority of the Lender under this power of attorney as may be necessary or desirable in the opinion of the Lender, and to revoke or suspend such delegation.

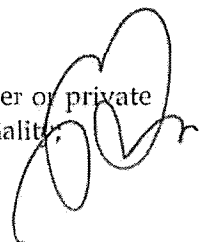
Section 3.7 Dealing with the Collateral.

- (1) The Lender is not obliged to exhaust its recourse against the Obligor or any other Person or against any other security it may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Lender may consider desirable.
- (2) The Lender may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligor and with other Persons, sureties or securities as it may see fit without prejudice to the Secured Obligations, the liability of the Obligor or the rights of the Lender in respect of the Collateral.
- (3) Except as otherwise provided by law or this Agreement, the Lender is not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

Section 3.8 Standards of Sale.

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Obligor acknowledges that:

- (a) the Collateral may be disposed of in whole or in part;
- (b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality.



- (c) any assignee of such Collateral may be the Lender or a customer of any such Person;
- (d) any sale conducted by the Lender will be at such time and place, on such notice and in accordance with such procedures as the Lender, in its sole discretion, may deem advantageous;
- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of the Collateral may be on such terms and conditions as to credit or otherwise as the Lender, in its sole discretion, may deem advantageous; and
- (g) the Lender may establish an upset or reserve bid or price in respect of the Collateral.

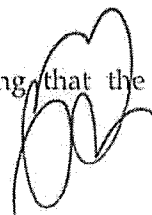
Section 3.9 Dealings by Third Parties.

- (1) No Person dealing with the Lender or an agent or receiver is required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Lender by the Obligor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Lender with the Collateral, or (vi) how any money paid to Lender has been applied.
- (2) Any bona fide purchaser of all or any part of the Collateral from the Lender or any receiver or agent will hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Obligor, which it specifically waives (to the fullest extent permitted by law) as against any such purchaser together with all rights of redemption, stay or appraisal which the Obligor has or may have under any rule of law or statute now existing or hereafter adopted.

**ARTICLE 4
REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 4.1 Representations and Warranties.

The Obligor represents and warrants, acknowledging and confirming that the Lender is relying on such representations and warranties that:



- (a) **Required Authorizations.** There is no requirement to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Entity as a condition to the lawful completion of the transactions contemplated by the Note Documents, except as are in full force and effect, unamended, at the date of this Agreement.
- (b) **Execution and Binding Obligation.** This Agreement and each of the Note Documents to which the Obligor is a party have been duly executed and delivered by the Obligor and constitute legal, valid and binding agreements of it enforceable against it in accordance with their respective terms.

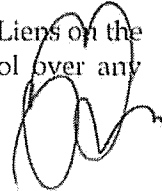
Section 4.2 Affirmative Covenants

- (a) **Additional Security Perfection and Protection of Security Interest.** The Obligor will grant to the Lender, security interests, assignments, mortgages, charges, hypothecations and pledges in such property and undertaking of the Obligor that is not subject to a valid and perfected first ranking security interest (subject only to Permitted Liens) constituted by the Security Documents, in each relevant jurisdiction as determined by the Lender. The Obligor will perform all acts, execute and deliver all agreements, documents and instruments and take such other steps as are requested by the Lender at any time to register, file, signify, publish, perfect, maintain, protect, and enforce the Security Interest including: (i) executing, recording and filing of financing or other statements, and paying all taxes, fees and other charges payable, (ii) placing notations on its books of account to disclose the Security Interest, (iii) delivering acknowledgements, confirmations and subordinations that may be necessary to ensure that the Security Documents constitute a valid and perfected first ranking security interest (subject only to Permitted Liens), (iv) executing and delivering any certificates, endorsements, instructions, agreements, documents and instruments that may be required under the STA and (v) delivering opinions of counsel in respect of matters contemplated by this paragraph. The documents and opinions contemplated by this paragraph must be in form and substance satisfactory to the Lender.

Section 4.3 Negative Covenants.

So long as any amount owing under the Note remains unpaid:

- (a) **Continuous Perfection.** The Obligor will not change the location of any of the items, people or addresses described in Schedule 4.3(a) without providing at least 30 days prior written notice to the Lender. The Obligor will not remove the Collateral from the locations listed in Schedule 4.3(a), without providing at least 30 days prior written notice to the Lender. The Obligor will not change its name in any manner without providing at least 30 days prior written notice to the Lender.
- (b) **Encumbrances.** The Obligor will not create or suffer to exist any Liens on the Collateral, except for Permitted Liens and will not grant control over any investment property to any person other than the Lender.



- (c) **Disposal of Assets Generally.** The Obligor will not sell, assign, convey, exchange, lease, release or abandon or otherwise dispose of any Collateral, except for (i) bona fide dispositions of Collateral in the ordinary course of business at fair market value, (ii) Collateral which has no material economic value in the business of the Obligor or is obsolete.
- (d) **Financial Year.** The Obligor will not change its financial year end.

Section 4.4 Covenants Concerning Intellectual Property

- (a) Immediately upon the request of the Lender, the Obligor will furnish the Lender in writing the description of all Registrable Intellectual Property or applications for Registrable Intellectual Property of the Obligor. In addition, the Obligor will deliver to the Lender a copy of the certificate of registration of, or application for, such Registrable Intellectual Property with a Confirmation of Security Interest in the form of Schedule 4.4(a) in respect of such Registrable Intellectual Property confirming the assignment for security of such Registrable Intellectual Property to the Lender and immediately make all such filings, registrations and recordings as are necessary or appropriate to perfect the Security Interest granted to the Lender in the Registrable Intellectual Property.

**ARTICLE 5
GENERAL**

Section 5.1 Notices.

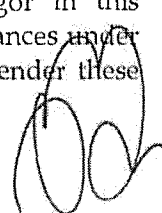
Any notices, directions or other communications provided for in this Agreement must be in writing and given in accordance with the Note.

Section 5.2 Discharge.

The Security Interest will be discharged upon, but only upon, (i) full and indefeasible payment and performance of the Secured Obligations, and (ii) the Lender having no obligations under any Note Document. Upon discharge of the Security Interest and at the request and expense of the Obligor, the Lender will execute and deliver to the Obligor such releases, discharges, financing statements and other documents or instruments as the Obligor may reasonably require and the Lender will redeliver to the Obligor, or as the Obligor may otherwise direct the Lender, any Collateral in its possession.

Section 5.3 No Merger, Survival of Representations and Warranties.

This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Lender will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Lender in respect of the Secured Obligations. The representations, warranties and covenants of the Obligor in this Agreement survive the execution and delivery of this Agreement and any advances under the Note. Notwithstanding any investigation made by or on behalf of the Lender these covenants, representations and warranties continue in full force and effect.



Section 5.4 Further Assurances.

The Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Lender may require and take all further steps relating to the Collateral or any other property or assets of the Obligor that the Lender may require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Lender. After the Security Interest becomes enforceable, the Obligor will do all acts and things and execute and deliver all documents and instruments that the Lender may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

Section 5.5 Supplemental Security.

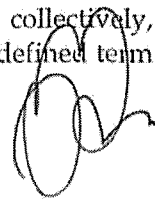
This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Lender.

Section 5.6 Successors and Assigns.

This Agreement is binding on the Obligor and its successors and assigns, and enures to the benefit of the Lender and its successors and assigns. This Agreement may be assigned by the Lender without the consent of, or notice to, the Obligor, to such Person as the Lender may determine and, in such event, such Person will be entitled to all of the rights and remedies of the Lender as set forth in this Agreement or otherwise. In any action brought by an assignee to enforce any such right or remedy, the Obligor will not assert against the assignee any claim or defence which the Obligor now has or may have against the Lender. The Obligor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Lender which may be unreasonably withheld.

Section 5.7 Amalgamation.

The Obligor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest (i) extends to: (A) all of the property and undertaking that any of the amalgamating corporations then owns, (B) all of the property and undertaking that the amalgamated corporation thereafter acquires, (C) all of the property and undertaking in which any of the amalgamating corporations then has any interest and (D) all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Lender in any currency, however or wherever incurred, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Security Interest attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such collateral becomes owned or is acquired. Upon any such amalgamation, the defined term "Obligor" means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term



"Collateral" means all of the property and undertaking and interests described in (i) above, and the defined term "Secured Obligations" means the obligations described in (ii) above.

Section 5.8 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 5.9 Amendment.

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Lender and the Obligor.

Section 5.10 Waivers, etc.

- (1) No consent or waiver by the Lender in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Lender. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.
- (2) A failure or delay on the part of the Lender in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Lender however arising. A single or partial exercise of a right on the part of the Lender does not preclude any other or further exercise of that right or the exercise of any other right by the Lender.

Section 5.11 Application of Proceeds of Security.

All monies collected by the Lender upon the enforcement of its rights and remedies under the Security Documents and the Liens created by them including any sale or other disposition of the Collateral, together with all other monies received by the Lender under the Security Documents, will be applied as provided in the Note. To the extent any other Note Document requires proceeds of collateral under such Note Document to be applied in accordance with the provisions of this Agreement, the Lender shall apply such proceeds in accordance with this Section.

Section 5.12 Conflict.

In the event of any conflict between the provisions of this Agreement and the provisions of the Note which cannot be resolved by both provisions being complied with, the provisions contained in the Note will prevail to the extent of such conflict.

Section 5.13 Governing Law.

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.



IN WITNESS WHEREOF the Obligor has executed this Agreement.

PACER PROMEG ENERGY
CORPORATION

By: 

Name:

Richard Pelletier, P.Eng.

Title:

President & CEO

SCHEDULE 4.3(a)
LOCATIONS OF COLLATERAL

Chief Executive Office:

1105 7th Avenue SW
Calgary, AB
T2P 1B2

Locations of Collateral and Places of Business:

1105 7th Avenue SW
Calgary, AB
T2P 1B2

Locations of Books and Records:

1105 7th Avenue SW
Calgary, AB
T2P 1B2

Locations of Senior Management:

1105 7th Avenue SW
Calgary, AB
T2P 1B2

Address from which Invoices and Accounts are sent:

1105 7th Avenue SW
Calgary, AB
T2P 1B2



SCHEDULE 4.4(a)
FORM OF CONFIRMATION OF SECURITY INTEREST IN INTELLECTUAL
PROPERTY

WHEREAS:

● (the "Obligor"), a corporation incorporated and existing under the laws of ● with offices at [address], is the owner of the [trade-marks/patents/copyrights/industrial designs] set forth in Exhibit A hereto, the registrations and applications for the [trade-marks/patents/copyrights/industrial designs] identified therein and the underlying goodwill associated with such [trade-marks/patents/copyrights/industrial designs] (collectively, the "[Trade-Marks/ Patents/Copyrights/Industrial Designs]"); and

● (the "Lender"), with offices at [address], has entered into an agreement with the Obligor, as reflected by a separate document entitled the "Security Agreement" dated as of ● by which the Obligor granted to the Lender, a security interest in certain property, including the [Trade-Marks/Patents/Copyrights/ Industrial Designs], in consideration of the provision of certain credit facilities to certain companies which are [the wholly-owned subsidiaries][affiliates] of the Obligor;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged and in accordance with the terms and obligations set forth in the Security Agreement, the Obligor confirms the grant to the Lender of a security interest in and to the [Trade-Marks/Patents/Copyrights/Industrial Designs].

DATED at [●] on this [●] day of [●], [●].

[OBLIGOR]

Per: _____

Authorized Signing Officer

DATED at [●] on this [●] day of [●], [●], before me appeared the person who signed this instrument, who acknowledged that [he/she] signed it as a free act on [his/her] behalf or on behalf of the corporation identified and referred to herein as the Obligor.

[Signature of Notary Public/Witness]¹

¹ This form contemplates that the Obligor's signature will be witnessed and/or notarized. No witnessing or notarization is required if the form is to be registered at the trademark or copyright offices at CIPO, but the signature should be witnessed (but not necessarily notarized) if you are registering in the patent office at CIPO. If you are contemplating registering the form in a foreign IP office (in the United States, for instance), the notarization requirement should be included.

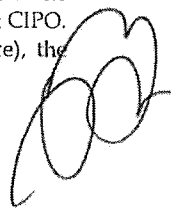


EXHIBIT A
TRADE-MARKS/PATENTS/COPYRIGHTS/INDUSTRIAL DESIGNS

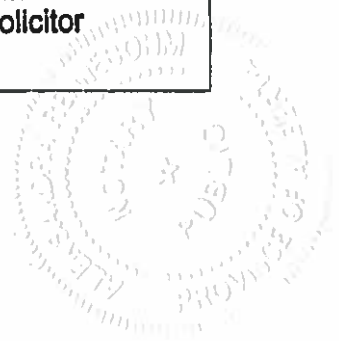
A handwritten signature in black ink, consisting of several overlapping loops and a trailing line.

This is Exhibit "P"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



-----Original Message-----

From: Bélanger, Philippe H. [mailto:pbelanger@MCCARTHY.CA]

Sent: Wednesday, February 04, 2015 7:13 AM

To: 'bhaskar.bhowmick@pacerpromec.com'

Cc: 'neil.narfason@ca.ey.com'; 'richard.pelletier@pacercorp.com'; Joel Thompson (Forward); 'pcapkun@promec.ca'; Brent Sherfey; Bill McDougall; Paul DiMarco; M. Benoit Blais; Cassie Riglin
Subject: Re: Demand upon Guarantors of PPEC obligations.

Dear Sir,

As shareholders deliberate as to their position and that of PPEC regarding the requested injections of additional capital or subordinated debt, we invite you to review clause 2.2 of the Guarantee and Subordination Agreement entered into on May 23 2014 which expressly provides the following:

"Each Guarantor undertakes toward the Bank, solidarily, to cover any Borrowing Base deficit and any overdrafts by the Borrower... by investing in or making advances to the Borrower (by way of equity injection or Subordinated Debt) in such amount as shall be necessary to cover such deficit or overdraft, without the Bank having to declare a Default or Event of Default."

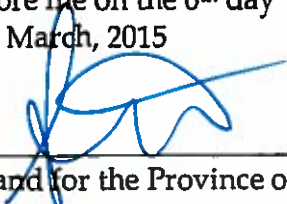
The Bank insists and hereby demands that the Guarantors (Pacer Construction Holdings Corporation and Construction Promec inc) confirm their position in writing in this regard.

We thus look forward to receiving tomorrow written confirmation in respect to this demand made by the Bank.

Yours very truly,

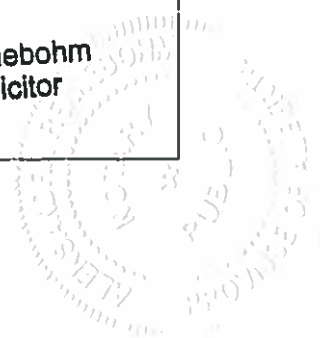
Philippe Bélanger

This is Exhibit "Q"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor





February 11, 2015

By e-mail

PACER PROMEC ENERGY CORPORATION
200, 1040 7th Avenue, S.W.
Calgary, AB T2P 3G3

CONSTRUCTION PROMEC INC.
347, rue Aimé-Vincent
Vaudreuil-Dorion, Qc J7V 5V5

Attention of Mr. Richard Pelletier, President

Attention of Mr. Peter Capkun, President and
Paul Lafrenière, Chief Financial Officer

PACER CONSTRUCTION HOLDINGS
CORPORATION
1105 7th Avenue, S.W.
Calgary, AB T2P 1B2

Attention of Mr. Richard Pelletier, President
and Paul Di Marco

**Re : Credit facilities made available to Pacer Promec Energy Corporation (the
"Borrower") under the terms and conditions of that certain credit agreement dated
as of May 23rd, 2014 (as amended or renewed the "Credit Agreement")**

Gentlemen:

The present follows our letter dated January 19, 2015, subsequent conference calls and exchanges as well as the formal demand made by National Bank of Canada (the "Bank") on February 4, 2015 to the Guarantors under clause 2.2 of the Guarantee and Subordination Agreement dated as of May 23rd, 2014 (the "Guarantee").

As you are all aware, following the most recent conference call, the Bank had been initially advised that it would receive a formal proposal from the Borrower's shareholders on or before Friday last for the purpose of avoiding that the Bank cease funding the Borrower's operations in light of existing substantial defaults. This delay to formulate a proposal to the Bank was subsequently extended to Sunday, February 8, 2015 with a view to discussing such proposal on a conference call which was scheduled to be held at 3:30 p.m. on February 9, 2015.

Unfortunately, as at the date of these presents, no proposal whatsoever has been put forth by the Borrower or its shareholders. In addition, the Guarantors have not responded to the Bank's formal demand that necessary equity or subordinated debt be injected into the Borrower as expressly set out in clause 2.2 of the Guarantee.

Despite significant acknowledged defaults of the Borrower, the Bank has thus far shown great patience to allow the Borrower and Guarantors necessary time to come up with a satisfactory proposal to remedy such defaults and convince the Bank to continue financing the Borrower's operations to complete ongoing contracts. The Bank has also shown a willingness to hold a meeting with all relevant parties and stakeholders to seek to come to a satisfactory solution and

by the same token, to avoid that the Bank proceed to the exercise of its rights and recourses. For obvious reasons, the Bank is dissatisfied with the fact that no proposal has yet been submitted and reiterates that certain solutions, such as the injection of equity or subordinated debt contemplated in the Guarantee or the posting of cash collateral security in favour of the Bank, can be implemented unilaterally by each of the Guarantors without the other's consent. While we understand that Pacer and Promec are meeting again today to seek to come to a mutually satisfactory solution and proposal, the Bank cannot allow these negotiations to postpone any further the presentation to the Bank of a formal proposal.

Based upon the above, the Bank formally insists that the Guarantors and the Borrower communicate their respective positions and proposals to remedy existing defaults on or before the end of business on February 12, 2015. The Bank remains willing to participate in a meeting to further discuss and negotiate such proposal but it is not up to the Bank, at this point, to identify solutions to the Borrower's defaults and related liquidity crisis.

We thus expect your full collaboration and the receipt of the requested proposal within the aforementioned delay.

Finally, as previously mentioned, the Bank insists that all collections and receivables be deposited directly into the Borrower's accounts with the Bank and not in the BMO accounts held by the Borrower and that payments to suppliers be made from the Borrower's account with the Bank. The Bank also expects that envisaged holdback collections be applied in permanent reduction of the operating credit made available to the Borrower.

In the interval, the Bank reserves all of its rights and recourses.

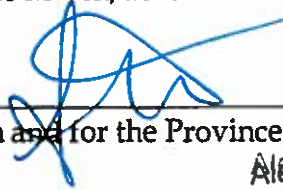
Yours very truly,

NATIONAL BANK OF CANADA


Benoît Blais, Senior Manager
Special Loans Unit

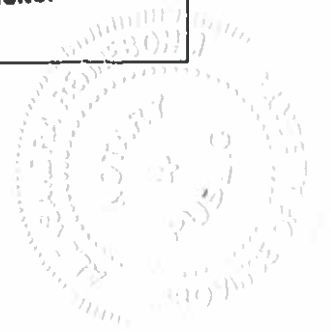
/cb

This is Exhibit "R"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



PACER PROMEC ENERGY CORPORATION

AMENDED AND RESTATED PROMISSORY NOTE

February 12, 2015

BACKGROUND:

- (a) Pacer Promec Energy Corporation (the "**Borrower**") requested that each of its shareholders, Pacer Construction Holdings Corporation ("**Pacer**" or "**Lender**") and Construction Promec Inc. ("**Promec**") advance monies to fund certain immediate liquidity needs of the Borrower;
- (b) Promec refused to advance any further monies to the Borrower;
- (c) Pacer advanced to the Borrower \$9,375,000 upon the terms and conditions contained in note dated November 12, 2014 (the "**Original Note**") and the Security; and
- (d) PPEC requires additional funds to face further immediate liquidity needs and Promec again has refused to advance further monies to the Borrower; and
- (e) Pacer has agreed to advance an aggregate principal amount of up to \$12,875,000, including the principal amount advanced under the Original Note, on the terms and conditions of this Note and the Security.

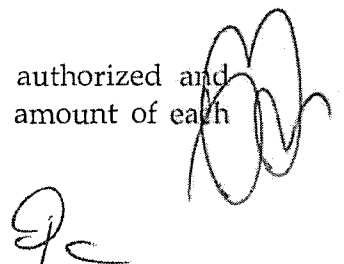
NOW THEREFORE in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower agrees as follows:

**ARTICLE 1
PROMISE TO PAY**

Section 1.1 Promise to Pay.

FOR VALUE RECEIVED, the Borrower promises to pay, **ON DEMAND** but subject to, for greater certainty, the terms and conditions of Article 5, to or to the order of the Lender or its permitted assigns, at its offices at 1105 7th Avenue SW, Calgary, AB T2P 1B2 or such other place as the Lender may designate, the principal amount outstanding as recorded by the Lender in the column headed "Unpaid Principal Balance" on the record (the "**Grid**") attached to and forming part of this Note in lawful money of Canada, together with interest thereon as hereinafter provided, subject in all respects to Article 5 hereof.

The Lender shall and is unconditionally and absolutely authorized and directed by the Borrower to record on the Grid (i) the date and amount of each



advance made by the Lender and the resulting increase of the Unpaid Principal Balance, and (ii) the date and amount of each repayment on account of the principal paid to the Lender and the resulting decrease of the Unpaid Principal Balance. Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the Lender to record the same shall not affect the obligations of the Borrower to pay such amounts to the Lender.

Section 1.2 Interest.

The principal amount remaining from time to time unpaid and outstanding shall bear interest, both before and after maturity, default and judgment, from the date hereof to the date of the repayment in full of the principal amount, at the rate of eight per cent (8%) per annum. Interest at such rate shall be calculated on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and, subject to the terms of this Note (including without limitation Article 5 hereof), shall be payable, monthly, in arrears, on the last Business Day of each month commencing November 28, 2014. Overdue interest shall bear interest at the same rate, calculated as aforesaid. Any interest owing under this Note that is not paid when such amount becomes due and payable shall be accrued and added to the principal amount owing under this Note.

Section 1.3 Prepayments.

Subject to the Lender's consent, the Borrower shall have the right and privilege of prepaying the whole or any portion of the principal amount of this Note from time to time remaining unpaid and outstanding at any time or times together with all unpaid and accrued interest to the date of prepayment.

Section 1.4 Lender's Fees and Expenses.

The Borrower agrees to pay all costs and expenses (including all reasonable legal expenses) of the Lender incurred in connection with this Note.

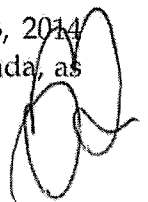
**ARTICLE 2
INTERPRETATION**

Section 2.1 Defined Terms.

As used in this Note, the following terms have the following meanings:

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major commercial banks are closed in New York, New York or Toronto, Ontario.

"Credit Agreement" means the credit agreement dated as of May 23, 2014 between the Borrower, Promec, the Lender and National Bank of Canada, as



such agreement may be amended, restated, modified or supplemented from time to time.

"Lien" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature, or any other arrangement or condition which, in substance, secures payment or performance of an obligation.

"Note" means this amended and restated promissory note, as it may be further amended, supplemented, restated or replaced from time to time.

"Parties" means the Lender and the Borrower and any other Person who may become a party to this Note.

"Permitted Liens" has the same meaning as specified for such term in the Credit Agreement as in effect on the date hereof.

"Person" means a natural person, body corporate, partnership, limited partnership, limited liability partnership, limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

"Promec" means Construction Promec Inc. and its successors and assigns.

"Security" means a general security agreement dated as of November 12, 2014 made by the Borrower in favour of the Lender;

"Senior Indebtedness" means all principal, interest, fees and other obligations of the Borrower to National Bank of Canada under the Credit Agreement; and

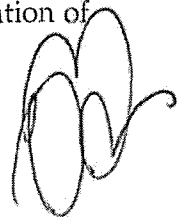
"Senior Lender" means National Bank of Canada as holder of Senior Indebtedness and lender under the Credit Agreement, and its successors and assigns.

Section 2.2 Gender and Number.

Any reference in this Note to gender includes all genders and words importing the singular number only include the plural and vice versa.

Section 2.3 Headings, etc.

The division of this Note into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Note.



Section 2.4 Currency.

All references in this Note to dollars, unless otherwise specifically indicated, are expressed in Canadian currency.

Section 2.5 Certain Phrases, etc.

In this Note (i) the words "including" and "includes" mean "including (or includes) without limitation" and (ii) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of".

**ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS**

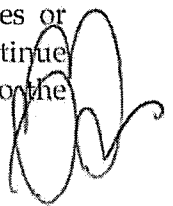
Section 3.1 Representations and Warranties of the Borrower.

The Borrower represents and warrants as follows, acknowledging and confirming that the Lender is relying on such representations and warranties in entering into this Note:

- (a) **Incorporation.** The Borrower is a corporation incorporated and existing under the laws of Alberta;
- (b) **Corporate Power.** The Borrower has the corporate power and authority to (i) own, lease and operate its property and assets and to carry on its business as now being conducted by it; and (ii) enter into and perform its obligations under this Note;
- (c) **Validity of Agreement.** The execution, delivery and performance by the Borrower of this Note and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Borrower;
- (d) **Execution and Binding Obligation.** This Note has been duly executed and delivered by the Borrower and constitutes legal, valid and binding obligations of the Borrower enforceable against it in accordance with its terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, arrangement or creditors' rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies; and

Section 3.2 Survival of Representations and Warranties.

The representations and warranties in this Note and in any certificates or documents delivered to the Lender shall not merge and shall survive and continue in full force and effect so long as any amounts are owing by the Borrower to the Lender under this Note.



Section 3.3 Positive Covenants.

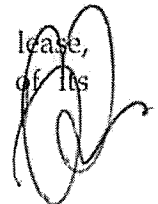
The Borrower hereby covenants and agrees with the Lender that so long as this Note remains outstanding:

- (a) **Payment of Principal and Interest.** Subject to the terms of Article 5, the Borrower shall punctually pay or cause to be paid to the Lender the principal of and interest on this Note on demand by the Lender;
- (b) **Corporate Existence.** The Borrower shall preserve and maintain its corporate existence except as otherwise permitted hereunder; and
- (c) **Effect of Amendment.** Each of the Original Note, as amended and restated pursuant to this Note, and the Security remains in full force and effect, unamended, and is enforceable against the Borrower in accordance with its terms, and the security interests, assignments, mortgages, charges, hypothecations and pledges granted by the Borrower in favour of the Lender under the Security continue to secure all debts, liabilities and obligations at any time or from time to time due or accruing due and owing by the Borrower to the Lender pursuant to the Original Note, as amended and restated by this Note.

Section 3.4 Negative Covenants.

The Borrower hereby covenants and agrees with the Lender that so long as this Note remains outstanding, without the Lender's prior consent:

- (a) **Debt.** The Borrower shall not, create, incur, assume or suffer to exist or permit any of its Subsidiaries to create, incur, assume or suffer to exist any indebtedness for borrowed money other than (i) indebtedness of the Borrower to the Lender under this Note, (ii) indebtedness incurred in respect of purchase money mortgages and (iii) Senior Indebtedness or any refinancing, replacement or renewal of such Senior Indebtedness;
- (b) **Liens.** The Borrower shall not, create, incur, assume or suffer to exist, or permit any of its subsidiaries to create, incur, assume or suffer to exist, any Lien on any of their respective properties or assets other than (i) Permitted Liens; (ii) purchase money mortgages and (iii) Liens in respect of Senior Indebtedness;
- (c) **Mergers, Etc.** The Borrower shall not enter into, or permit any of its Subsidiaries to enter into, any reorganization, consolidation, amalgamation, arrangement, winding-up, merger or other similar transaction; and
- (d) **Disposal of Assets.** The Borrower shall not sell, exchange, lease, release or abandon or otherwise dispose of, or permit any of its



subsidiaries to sell, exchange, lease, release or abandon or otherwise dispose of, all or any material part of its assets or properties.

ARTICLE 4 CONDITIONS AND DEMAND

Section 4.1 Conditions to First Advance

The Borrower may not obtain any amount under this Note until the following conditions precedent have been fulfilled to the satisfaction of the Lender:

- (a) Resolutions of the board of directors of the Borrower have been duly passed approving the borrowing and other matters contemplated by this Note and the Security;
- (b) Each of the Shareholders of the Borrower consent to the borrowing and the grant of security contemplated under this Note and the Security;
- (c) The Lender must have received, in form and substance satisfactory to it:
 - (i) the Security; and
 - (ii) all documents, instruments and financing statements shall have been properly registered, recorded and filed in all places of necessary to ensure the perfection and second-ranking priority of the Security.

Section 4.2 Demand

Upon demand by the Lender to the Borrower hereunder, (i) the whole of the principal amount of this Note remaining unpaid and all accrued unpaid interest thereon shall be immediately due and payable, and (ii) the Lender may commence such legal action or proceedings as the Lender in its sole discretion deems expedient, including enforcement proceedings under the Security, all without any additional notice, presentation, demand, protesting, notice of dishonor or any other action or notice, all of which are expressly waived by the Borrower.

Section 4.3 Proceeds of Security

All proceeds realized under the Security shall be paid to the Lender and shall be first applied against amounts owing under the Note and Security and second to the Borrower or such other Persons as may be lawfully entitled to the remainder, as the court of competent jurisdiction may otherwise direct.



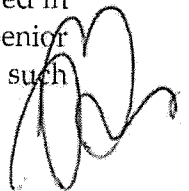
**ARTICLE 5
SUBORDINATION**

Section 5.1 Subordination and Postponement of Note.

The Lender covenants and agrees that the principal amount of this Note from time to time remaining unpaid and outstanding and all interest accrued thereon and unpaid shall for all purposes be and at all times remain junior and subordinate to the Senior Indebtedness and the payment thereof, whether in whole or in part, and whether as to principal, interest, fees or otherwise, and whether after or before demand, is postponed to the prior payment in full of the Senior Indebtedness, present and future in the manner and to the extent provided in this Article 5. For greater certainty, the Borrower shall not in any circumstance be entitled to repay, and the Lender shall not in any circumstance be entitled to demand repayment under, this Note until the Senior Indebtedness has been repaid in full, without the prior written consent of the Senior Lender.

Section 5.2 Senior Indebtedness.

- (1) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, then, except as otherwise provided in this Article 5, unless and until such Senior Indebtedness shall have been paid in full or shall first have been duly provided for, no payment shall be made by the Borrower or received by the Lender on account of, or in respect of this Note (whether as principal or interest or otherwise).
- (2) If a default with respect to any Senior Indebtedness occurs in accordance with the terms of such Senior Indebtedness and is continuing, then, unless and until such default shall have been cured or waived or shall have ceased to exist, no payment shall be made by the Borrower or received by the Lender on account of, or in respect of this Note (whether as principal or interest or otherwise).
- (3) In the event that, notwithstanding the provisions of this Section 5.2, the Borrower makes any payment on account of, or in respect of, this Note (whether as principal or interest or otherwise) in contravention of the terms of any subordination agreement governing any Senior Indebtedness entered into pursuant to Section 5.8 or after the maturity of any Senior Indebtedness contemplated by Section 5.2(1) or the happening of a default with respect to any Senior Indebtedness contemplated by Section 5.2(2), then, except as otherwise provided in this Article 5, unless and until such default shall have been cured or waived or shall have ceased to exist or such Senior Indebtedness shall have been paid in full, as the case may be, such payments by the Borrower shall be deemed to have been received in trust by the Lender for the benefit of the holders of such Senior Indebtedness and such payments shall be paid over to the holders of such

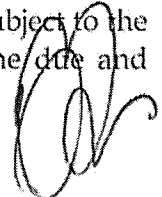


Senior Indebtedness (or their representative or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear) for application to the payment in full in accordance with its terms, of such Senior Indebtedness remaining unpaid.

- (4) The Lender shall not be entitled to take or commence or authorize to be taken or commenced any action, suit, remedy or proceeding (whether judicial or extra-judicial) against the Borrower or any of its Subsidiaries or any of their property, assets or undertaking to collect or enforce payment of the principal or interest on this Note or any other amounts owing under this Note or to enforce the performance of any other covenant or obligation of the Borrower under this Note or the Security (including any action or proceeding for the payment of this Note or the exercise of rights and remedies under the Security) unless and until the Senior Indebtedness has been paid in full; provided that the foregoing shall in no way prohibit, restrict or prevent the Lender from taking such action as may be necessary to preserve the claims of the Lender under this Note in any bankruptcy, reorganization or insolvency proceeding (including, without limitation, the filing of proofs of claim in any bankruptcy, reorganization or insolvency proceedings commenced by or against the Borrower and exercising its rights (including to vote) as an unsecured creditor in connection with or under any bankruptcy, reorganization or insolvency proceedings commenced by or against the Borrower).

Section 5.3 Subrogation of Note.

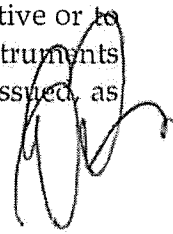
Subject to the payment in full of all Senior Indebtedness, the Lender shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments and distributions of assets of the Borrower in respect of and on account of Senior Indebtedness, to the extent of the application to such Senior Indebtedness of moneys or other assets which would have been received by the Lender but for the provisions of this Article 5, until the principal amount of this Note and all interest accrued thereon and unpaid shall be paid in full. No payment or distribution of assets of the Borrower to the Lender by reason of subrogation which otherwise would be payable or distributable to the holders of Senior Indebtedness shall, as between the Borrower, its creditors (other than the holders of Senior Indebtedness) and the Lender, be deemed to be a payment by the Borrower to or on account of the Lender, 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 Lender, on the one hand, and the holders of the Senior Indebtedness, on the other hand. Nothing contained in this Article 5 or elsewhere in this Note is intended to or shall impair, as between the Borrower and the Lender, the obligation of the Borrower, which is unconditional and absolute, to pay to the Lender the amounts owing under this Note, subject to the terms and conditions of this Note, as and when the same shall become due and



payable in accordance with their terms, or to affect the relative rights of the Lender and creditors of the Borrower other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Lender from exercising all remedies otherwise permitted by applicable law upon demand under this Note, subject to the rights, if any, under this Article 5, of the holders of Senior Indebtedness upon the exercise of any such remedy.

Section 5.4 Distribution on Insolvency or winding-up.

- (1) In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings in connection with or relating to the Borrower or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Borrower, whether or not involving insolvency or bankruptcy, or upon any assignment for the benefit of creditors or any marshalling of the assets and liabilities of the Borrower or otherwise, or in the event that the Borrower makes any composition with creditors or scheme or arrangement:
 - (a) the holders of all Senior Indebtedness shall be entitled to receive payment of such Senior Indebtedness in full before the Lender shall be entitled to receive any payment on account of, or in respect of this Note (whether as principal or interest or otherwise);
 - (b) any payment or distribution of assets of the Borrower of any kind or character, whether in cash, property or securities, to which the Lender would be entitled except for the provisions of this Article 5 shall be paid by the Person making such payment or distribution, whether a liquidator or a receiver, receiver manager, trustee, custodian or other agent or otherwise, directly to the holders of Senior Indebtedness (or their representative or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear), to the extent necessary to pay in full in accordance with its terms all Senior Indebtedness remaining unpaid;
 - (c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Borrower of any kind or character, whether in cash, property or securities, shall be received by the Lender before all Senior Indebtedness is paid in full, such payment or distribution shall be deemed to have been received in trust by the Lender for the benefit of the holders of the Senior Indebtedness and shall be paid over to the holders of the Senior Indebtedness (or their representative or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as



their respective interests may appear), for application to the payment in full in accordance with its terms of all Senior Indebtedness remaining unpaid; and

- (d) any payments or distributions paid over to the holders of Senior Indebtedness pursuant to Section 5.4(1)(c) and not applied in reduction of the amounts owing to the Lender under this Note shall be deemed not to have discharged any of the obligations of the Borrower under this Note (and, to the extent that by operation of applicable law they are treated as doing so, the Borrower covenants to indemnify the Lender on demand from and against any loss suffered or incurred by it in consequence thereof).
- (2) Upon any payment or distribution of assets of the Borrower referred to in this Article 5, the Lender shall be entitled to call for and rely upon a certificate, addressed to the Lender, of the Person making any such payment or distribution for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Borrower, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 5.

Section 5.5 Subordination Not to be Impaired.

No right of any present or future holder of any Senior Indebtedness to enforce the subordination provided for in this Article 5 shall at any time be prejudiced or impaired by any act or failure to act on the part of the Borrower or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Borrower with the terms, provisions and covenants of this Note, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

Section 5.6 Obligations Created by Article 5.

Each of the Borrower and the Lender agree 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 Borrower 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 Borrower or others or by acquiring Senior Indebtedness, in each case without notice to the Lender 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 hereby declared to be created in trust for those holders by the Borrower and the Lender, and shall be binding on the Borrower and the Lender whether or not the confirmation described in Section 5.8 is requested, executed or delivered.

Section 5.7 Amendments to Article 5.

Each of the Borrower and the Lender agrees not to make any changes to this Article 5, Section 6.4 or the definition of Senior Indebtedness (except as expressly provided in such definition) without the consent of each holder of Senior Indebtedness at such time (or their representative or the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued) which is a bank (or an assignee of bank debt) or a bonding company or such other Persons or classes of Persons as the Borrower may designate in writing from time to time.

Section 5.8 Subordination Agreements.

Forthwith upon the request of any holder of Senior Indebtedness (or its representative or the trustee under any indenture which any instruments evidencing any Senior Indebtedness may have been issued), the Lender shall execute and deliver to the Person making that request a form of such confirmation or any such other subordination agreement as may be reasonably requested.

**ARTICLE 6
MISCELLANEOUS**

Section 6.1 Notices.

Any notice, direction or other communication given under this Note shall be in writing and given by delivering it or sending it by facsimile or other similar form of recorded communication addressed:

- (a) to the Borrower at:

1040 7th Avenue SW, Suite 200
Calgary, AB
T2P 3G3

Attention: President
Email: richard.pelletier@pacercorp.com
Facsimile: (587) 352-5257



(b) to the Lender at:
1105 7th Avenue SW
Calgary, AB
T2P 1B2

Attention: President
Email: richard.pelletier@pacercorp.com
Facsimile: (403) 301-0206

With a copy to:
MasTec, Inc.
800 Douglas Road, 12th Floor
Coral Gables, FL
33134

Attention: Executive Vice President and General Counsel
Email: albert.cardenas@mastec.com
Facsimile: (305) 406-1907

Any such communication shall be deemed to have been validly and effectively given (i) if personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day; or (ii) if transmitted by facsimile or similar means of recorded communication on the Business Day following the date of transmission. Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

Section 6.2 Third Party Beneficiaries.

Except as contemplated by Article 5 and Section 6.4(3), the Lender and the Borrower intend that this Note shall not benefit or create any right or cause of action in, or on behalf of, any Person other than the Borrower and the Lender and no Person other than the Lender and the Borrower shall be entitled to rely on the provisions of this Note in any action, suit, proceeding, hearing or other forum.

Section 6.3 Amendments, etc.

No amendment or waiver of any provision of this Note is effective unless in writing and approved by the Lender and the Borrower. Any amendment, waiver or consent is effective only in the specific instance and for the specific purpose for which it was given.

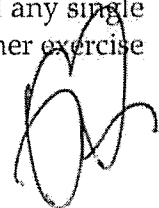


Section 6.4 Successors and Assigns.

- (1) This Note shall become effective when executed by the Borrower and Lender and after that time shall be binding upon and enure to the benefit of the Borrower and the Lender and their respective successors and permitted assigns.
- (2) The Borrower shall not have the right to assign its rights or obligations under this Note or any interest in this Note without the prior consent of the Lender, which consent may be arbitrarily withheld.
- (3) The Lender may upon notice to the Borrower assign all or any part of its interest in this Note to one or more Persons (each an "Assignee") subject to the prior written consent of the Senior Lender but without any requirement for consent of the Borrower or any other Person. In the case of an assignment, the Assignee shall have the same rights and benefits and be subject to the same limitations under this Note (including Article 5 hereof) as it would have if it was the Lender.
- (4) The Borrower shall provide such certificates, acknowledgments and further assurances in respect of this Note as such Lender may reasonably require in connection with any assignment pursuant to this Section 6.4.
- (5) In the case of an assignment, the Lender may deliver to the Borrower and if so the Borrower shall execute any assignment and assumption agreement reasonably requested by which the Assignee assumes the obligations of the Lender and agrees to be bound by all the terms and conditions of this Agreement, all as if the Assignee had been an original party. Upon receipt by the Lender of the assignment and assumption agreement, the assigning Lender and the Borrower shall be released from their respective obligations under this Note (to the extent of such assignment and assumption) and shall have no liability or obligations to each other to such extent, except in respect of matters arising prior to the assignment.
- (6) Any assignment pursuant to this Section 6.4 will not constitute a repayment by the Borrower to the assigning or granting Lender of any amount outstanding under this Note and the parties acknowledge that the Borrower's obligations under this Note will continue and will not constitute new obligations.

Section 6.5 Waiver.

No failure on the part of the Lender to exercise and no delay in exercising, any right under this Note shall operate as a waiver of such right; nor shall any single or partial exercise of any right under this Note preclude any other or further exercise of such right or the exercise of any other right.



Section 6.6 Waive Presentment, etc.

The Borrower and all endorsers of this Note waive presentment for payment, demand and protest and notice of protest and notice of non-payment, and agree and consent to all extensions or renewals of this Note without notice.

Section 6.7 Governing Law.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Section 6.8 Counterparts.

This Note may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument.

Section 6.9 Amendment .

Each reference herein to "this Note", "herein", "hereunder", "hereby" or words of like import shall mean and be a reference to the Original Note, as amended and restated hereby, and each reference to the Original Note in the Security and in any other document, instrument or agreement executed or delivered in connection with the Original Note shall mean and be a reference to the Original Note, as amended and restated hereby. This Note will not discharge, result in a waiver of, or constitute a novation of any debt, obligation, covenant or agreement contained in the Original Note or any agreement, certificate or other document executed and delivered by or on behalf of the Borrower in connection with the Original Note, which shall remain in full force and effect.

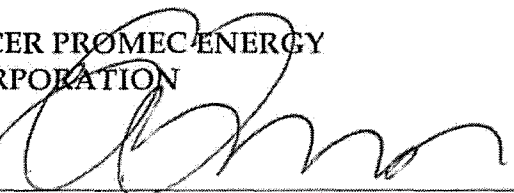
[Remainder of page intentionally left blank]

A handwritten signature in black ink, consisting of a large, stylized initial 'B' followed by a series of loops and a long horizontal stroke.

WITNESS the execution of this Note on the date first written above.

PACER PROMEC ENERGY
CORPORATION

By:



Authorized Signing Officer

PACER CONSTRUCTION HOLDINGS
CORPORATION

By:



Authorized Signing Officer

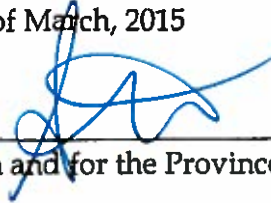
ADVANCES AND REPAYMENT OF PRINCIPAL

<u>Date</u>	<u>Amount of Advance</u>	<u>Principal Repaid or Prepaid</u>	<u>Unpaid Principal Balance</u>	<u>Notation Made By</u>
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ADVANCES AND REPAYMENT OF PRINCIPAL

Date	Amount	Principal Repaid	Unpaid Principal Bal.	Notations
11/13/2014	1,200,000.00		1,200,000.00	
11/28/2014	76,461.51		1,276,461.51	
11/28/2014	98,442.00		1,374,903.51	
12/27/2014	70,000.00		1,444,903.51	
12/17/2014	690,726.80		2,135,630.31	
11/28/2014	1,548,854.88		3,684,485.19	
12/3/2014	1,123,928.75		4,808,413.94	
11/26/2014	1,567,000.00		6,375,413.94	
12/2/2014	1,500,000.00		7,875,413.94	
11/28/2014	3,460,312.50		11,335,726.44	
2/14/2014	1,100,000.00		12,435,726.44	
Total			12,435,726.44	

This is Exhibit "S"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



February 12, 2015

By e-mail

Board of Director
c/o Richard Pelletier, President
PACER PROMEC ENERGY CORPORATION
1105 7th Avenue SW
Calgary, Alberta T2P 1B2

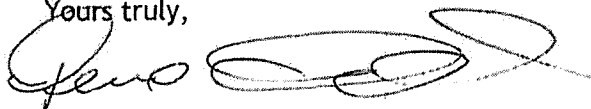
RE: Resignation of director's position

Dear Sir:

The present will serve as a formal notice of the undersigned's resignation of its position as Director of Pacer Promec Energy Corporation.

Such resignation is effective as of the date hereof.

Yours truly,

A handwritten signature in black ink, appearing to read "Peter Capkun", with a large, stylized flourish extending to the right.

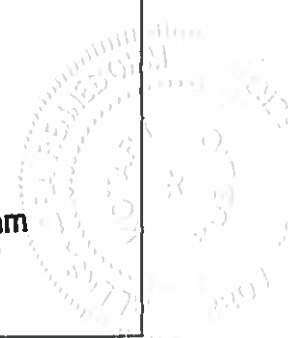
Peter Capkun

This is Exhibit "T"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



From: Paul DiMarco
Sent: Wednesday, February 18, 2015 1:53 PM
To: Paul Lafreniere
Cc: Richard Peltier
Subject: Fwd: PPEC Shareholder Letter

Mr. Lafreniere,

Thank you for your response. “Arrangements” in respect of the appointment of a replacement director, English speaking or not, should have been considered and in place before the existing Promec representative resigned without warning last Friday. Promec, as shareholder, continues to act in an irresponsible manner and cannot continue to make unilateral decisions acting only in its own self-interest. It is untenable to expect that PPEC and Pacer will continue to react and attempt to rectify the situations left behind after your irresponsible actions. Further, Promec cannot expect to be entitled to the benefits of the shareholder agreement when in breach of its obligations to have an active board nominee subject to the duties and responsibilities of a director.

We look forward to hearing from you regarding your replacement directors before the end of the business day.

Paul DiMarco

Vice President, Corporate Finance & Treasurer
MasTec, Inc.
800 South Douglas Rd - Suite 1200
Coral Gables, FL 33134
Office: 305.406.1885
Cell: 786.512.3548
paul.dimarco@mastec.com

Begin forwarded message:

From: Richard Pelletier <richard.pelletier@pacercorp.com>
Date: February 18, 2015 at 8:21:31 AM EST
To: Paul DiMarco <Paul.DiMarco@mastec.com>, George Pita <George.Pita@mastec.com>
Subject: Fwd: PPEC Shareholder Letter

FYI

Best Regards
Pacer Corporation
Richard Pelletier
President & CEO
1-403-818-1505
Sent from my iPhone

Begin forwarded message:

From: Paul Lafrenière <plafreniere@promec.ca>
Date: February 18, 2015 at 7:17:52 AM CST
To: Richard Pelletier <richard.pelletier@pacercorp.com>
Cc: Peter Capkun <pcapkun@promec.ca>
Subject: RE: PPEC Shareholder Letter

Mr. Pelletier,

We are presently working in finding a replacement for Peter Capkun as a Promec representative. One of our big problem is to find an English spoken representative. We will keep you appraise of any development.

We do understand that PPEC need a functioning board and in that regard we would agree that meanwhile paper work be prepare to allow Richard Pelletier to act alone until the Promec representative is found.

We totally disagree that not naming a representative by February 18 would allow Pacer to unitarily terminate the Shareholders' Agreement.

We reserve all rights against Pacer for any action taken in that regard.

Paul Lafreniere CPA, CA
Vice-président, opérations

Construction Promec inc.
346 Aimé-Vincent
Vaudreui Québec J7V 5V5
450 510 5420 ext 429

plafreniere@promec.ca
<http://www.promec.ca>

-----Message d'origine-----

De : Richard Pelletier [<mailto:richard.pelletier@pacercorp.com>]
Envoyé : 17 février 2015 18:20
À : Paul Lafreniere
Objet : Fwd: PPEC Shareholder Letter

Paul
Please see below! Let me know if this is something you can commit to.
TX

Best Regards
Pacer Corporation
Richard Pelletier
President & CEO
1-403-818-1505
Sent from my iPhone

Begin forwarded message:

From: Paul DiMarco
<Paul.DiMarco@mastec.com<<mailto:Paul.DiMarco@mastec.com>>>
Date: February 17, 2015 at 2:47:15 PM PST
To: Richard Pelltier
<richard.pelletier@pacercorp.com<<mailto:richard.pelletier@pacercorp.com>>>
Subject: PPEC Shareholder Letter

February 17, 2015

Construction Promec Inc.
347, rue Aimé-Vincent
Vaudreuil-Dorion, Quebec
J7V 5V5

Attention: Peter Capkun
President

Paul Lafrenière,
Chief Financial Officer

Dear Sirs
Re: Pacer Promec Energy Corporation (“PPEC”)

We were surprised and disappointed to receive the resignation of Peter Capkun as director of PPEC on Friday, February 13, 2015. As you know, there is a shareholders' agreement in place relating to the governance of PPEC which requires that the board of directors of PPEC consist of a nominee of Construction Promec Inc. and a nominee of Pacer Construction Holdings Corporation.

Please advise immediately if Promec intends on replacing Mr. Capkun and, if so, the identity of that person. PPEC is in very difficult financial circumstances and it is imperative that it have a functioning board of directors at all times. Once we have the information relating to the replacement director, we will arrange for paperwork to be prepared for your signature to replace Mr. Capkun.

Should you not put forward a replacement director by 5pm on Wednesday, February 18, then Pacer and PPEC will have no option but to consider the shareholders' agreement at an end and terminated. In that event, the Pacer nominee will act in all respects as the validly constituted board of PPEC. PPEC will make any necessary corporate filings to reflect that position.

Finally, Pacer and PPEC reserve all rights and remedies against Promec and nothing in this letter shall be construed as a waiver of any such rights and remedies.

Yours truly,

PACER CONSTRUCTION HOLDINGS CORPORATION

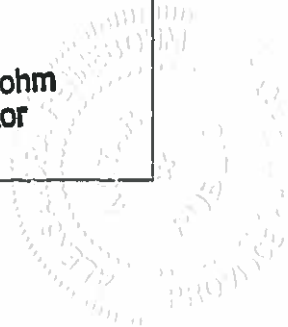
Richard Pelletier
President

This is Exhibit "U"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor





McCarthy Tétrault LLP
Suite 2500
1000 De La Gauchetière Street West
Montréal QC H3B 0A2
Canada
Tel: 514-397-4100
Fax: 514-875-6246

Mason Poplaw
Direct Line: (514) 397-4155
Direct Fax: (514) 875-6246
Email: mpoplaw@mccarthy.ca

Assistant: Levy, Conception
Direct Line: (514) 875-1842
Email: clevy@mccarthy.ca

February 18, 2015

BY FACSIMILE AND COURIER

Richard Pelletier
President
PACER PROMEC ENERGY CORPORATION
1040 - 7th Ave SW, Suite 200
Calgary, Alberta
T2P 3G3

Re: Demand of Payment and Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*

Dear Sir:

We refer you to the credit facilities made available by the National Bank of Canada ("**NBC**") to Pacer Promec Energy Corporation (the "**Borrower**") pursuant to the Credit Agreement entered into on May 23, 2014 between the Borrower and Construction Promec Inc. ("**Promec**") and Pacer Construction Holdings Corporation ("**Pacer**" and collectively with Promec, the "**Guarantors**"), as guarantors, and NBC, as Lender, as amended, supplemented or renewed (the "**Credit Agreement**").

We also refer you to our letter dated November 7, 2014 whereby NBC has formally advised the Borrower of the occurrence of defaults under the Credit Agreement insofar as :

- the Borrower did not meet the financial ratio covenants set forth at sections 13.1.1 (Total Debt to Capitalization Ratio), 13.1.2 (Fixed Charge Coverage Ratio) and 13.1.3 (Current Ratio) of the Credit Agreement;
- the revised cash-flows and projected Borrowing Base calculation, dated January 30, 2015, for the period ending May 2nd, 2015, submitted by the Borrower, confirmed that the Borrower was in a margin deficiency of more than \$16 million, as at the week ending January 31, 2015, and that such margin deficiency, ranging from \$5.1 million to \$17.1 million, would continue through the end of April 2015;

(such defaults are hereinafter referred to collectively as the "**Continuing Defaults**").

As highlighted by our letters dated January 19, 2015, February 4, 2015 and February 11, 2015, the Continuing Defaults have not been cured and are continuing as of February 18, 2015 despite NBC's formal request that Pacer and Promec remedy such Default by injecting in or making advances to the Borrower (by way of equity or Subordinated Debt) to cover any Borrowing Base deficit or any overdraft as expressly set out by section 9.1.4 of the Credit Agreement and section 2.2 of the Guarantee and Subordination Agreement entered into by each of the Guarantors and NBC on May 23rd, 2014 (the "**Guarantee**").

As at February 18, 2015, the amount owed to NBC by the Borrower is \$26,043,421.37 in principal and interests (the aforementioned amount as it may fluctuate in the future and subject to adjustments as the case may be, along with interest accrued and to accrue, fees costs and expenses incurred and to be incurred by NBC are hereinafter collectively referred to as the "Debt")

In order to secure its obligations towards NBC under the Credit Agreement, the Borrower notably granted to NBC the following security (collectively, the "Security") :

- (a) Set-off and Security Agreement with respect to deposits granted by the Borrower in favour of NBC dated April 9, 2014 on the sums which now are or may in the future be to the account number 559039425261 and branch 10251 of NBC, this account and any other account in substitution therefor, up to the amount of \$150,000, for an amount of \$180,000 (including an additional hypothec of 20%) with interest at the rate of 25% per annum and registered at the Register of Personal and Movable Real Rights ("RPMRR") on April 15, 2014 under number 14-0311999-0007;
- (b) Movable hypothec granted by the Borrower in favour of NBC dated May 23, 2014, on the universality of its movable property, corporeal and incorporeal, present and future, of any nature whatsoever and wherever situated, for an amount of \$48,000,000 with interest at the rate of 25% per annum and registered at the RPMRR on May 28, 2014 under number 14-0469469-0001;
- (c) Security Agreement by the Borrower in favour of NBC dated May 23, 2014, on present and after-acquired personal property of the Borrower, registered at the Personal Property Registry (Alberta) on May 23, 2014 under number 14052332978 (control #: F03191794) and as Land charge on May 23, 2014 under number 14052332997 (control #: F03191797).

As a result of the Continuing Defaults, the Borrower is currently in default under the Credit Agreement as: (i) the Borrower does not meet the financial ratio covenants set forth at sections 13.1.1 (Total Debt to Capitalization Ratio), 13.1.2 (Fixed Charge Coverage Ratio) and 13.1.3 (Current Ratio) of the Credit Agreement and (ii) the Borrowing Base deficit is currently estimated at \$12.9 million and the Guarantors have refused or neglected to cover such deficit by equity injection in the Borrower or Subordinated Debt and (iii) you have advised us that there is a deadlock as amongst Promec and Pacer with respect to the management of the Borrower and the curing of the Continuing Defaults. You have further advised us that, as a result of said deadlock, the representative of Promec appointed to the board of directors of the Borrower has resigned which raise important corporate governance issues and prevents the Borrower from taking decisions with regard to the Continuing Defaults. Said deadlock and the corporate governance issue it entails constitute a Material Adverse Change as set forth at section 15.1.10 of the Credit Agreement and (iv) the Guarantors have refused or neglected to comply with NBC's formal request of February 4, 2015 made pursuant to section 2.2 of the Guarantee (collectively, with the Continuing Defaults, the "Defaults").

As provided for by section 6.1 of the Credit Agreement, NBC is entitled to request the payment of any and all outstanding amount under Facility 1 (as defined in the Credit Agreement) and, in addition to the Default, NBC is relying on its right to formally request the repayment of the Debt at any time.

In light of the Defaults, NBC hereby formally advises the Borrower that it terminates the Borrower's right to use the credits facilities available under the Credit Agreement and requests payment of the Debt on or before **March 2, 2015**.

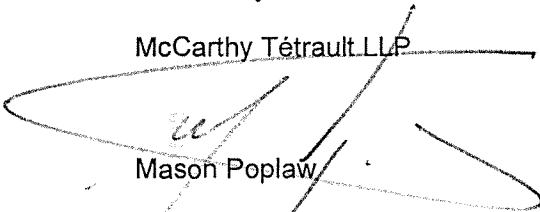
In the event that the Borrower does not pay all outstanding amounts to NBC prior to March 2, 2015, NBC has instructed us to initiate any and all proceedings authorized or permitted by law for the recovery of payment of the Debt, including the enforcement of NBC's rights over the assets charged by the Security. Furthermore, NBC expressly reserves its rights to proceed with enforcement of its rights and remedies under the Security at any time, including any interim measures that may be undertaken by NBC to preserve its rights, without further notice to you.

We are enclosing a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*.

DO GOVERN YOURSELF ACCORDINGLY.

Yours truly,

McCarthy Tétrault LLP



Mason Poplaw

MP

Attachment: Notice of Intention to Enforce Security

cc: Richard Pelletier, Pacer Construction Holdings Corporation
Perter Capkun, Construction Promec Inc.
Denis René, Construction Promec Inc.

NOTICE OF INTENTION TO ENFORCE SECURITY
[Section 244(1); Rule 124]

TO: **PACER PROMEC ENERGY CORPORATION**
1040 - 7th Ave SW, Suite 200
Calgary, Alberta
T2P 3G3
(the "Debtor")

TAKE NOTICE THAT:

1. National Bank of Canada ("NBC"), the secured party, intends to enforce its security on the property described below:
 - a) *"the sums which now are or may in the future be to the account number 559039425261 and branch 10251 of [NBC], this account and any other account in substitution therefor";*
 - b) *"the universality of [the Debtor] movable property, corporeal and incorporeal, present and future, of any nature whatsoever and wherever situated";*
 - c) *"all of the property, assets, effects and undertaking of [the Debtor] whether now owned or hereafter acquired and all of the property, assets, effects and undertakings in which [the Debtor] now has or hereafter acquires any interest";*
2. The security that is to be enforced is the following:
 - a) In respect of the property listed in paragraph 1(a) above, a Set-off and Security Agreement with respect to deposits granted by the Debtor in favour of NBC dated April 9, 2014 on the sums which now are or may in the future be to the account number 559039425261 and branch 10251 of NBC, this account and any other account in substitution therefor, up to the amount of \$150,000, for an amount of \$180,000 (including an additional mortgage of 20%) with interest at the rate of 25% per annum and registered at the Register of Personal and Movable Real Rights ("RPMRR") on April 15, 2014 under number 14-0311999-0007;
 - b) In respect of the property listed in paragraph 1(b) above, a movable hypothec granted by the Debtor in favour of NBC dated May 23, 2014, on the universality of its movable property, corporeal and incorporeal, present and future, of any nature whatsoever and wherever situated, for an amount of \$48,000,000 with interest at the rate of 25% per annum and registered at the RPMRR on May 28, 2014 under number 14-0469469-0001
 - c) In respect of the property listed in paragraph 1(c) above, a Security Agreement by the Debtor in favour of NBC dated May 23, 2014, on present and after-acquired personal property of the Debtor, registered at the Personal Property Registry (Alberta) on May 23, 2014 under number 14052332978 (control #: F03191794) and

as Land charge on May 23, 2014 under number 14052332997 (control #: F03191797)

(collectively, the "**Security**").

3. The total amount of indebtedness secured by the Security as of **February 18, 2015** is \$26,043,421.37 in principal and interests (the aforementioned amount as it may fluctuate in the future and subject to adjustments as the case may be, along with interest accrued and to accrue, fees costs and expenses incurred and to be incurred by NBC are hereinafter collectively referred to as the "**Debt**").
4. NBC will not have the right to enforce the security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

Dated at Montréal, Québec, this 18th day of February, 2015.

McCarthy Tétrault LLP, attorneys of
National Bank of Canada

CONSENT TO EARLIER ENFORCEMENT OF SECURITY

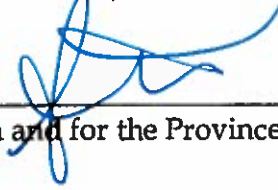
Pacer Promec Energy Corporation ("PPEC") hereby acknowledges receipt of the Notice of Intention to Enforce Security issued by National Bank of Canada and dated February 18, 2015 (the "Notice").

PPEC hereby consents to earlier enforcement of the Security (as defined in the Notice) in accordance with section 244(2) of the *Bankruptcy and Insolvency Act* (Canada).

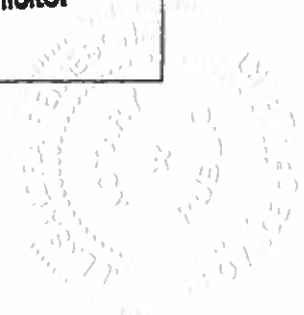
**PACER PROMEC ENERGY
CORPORATION**

Per : _____

This is Exhibit "V"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta
Aleksandra Rennebohm
Barrister & Solicitor





McCarthy Tétrault LLP
Suite 2500
1000 De La Gauchetière Street West
Montréal QC H3B 0A2
Canada
Tel: 514-397-4100
Fax: 514-875-6246

Mason Poplaw
Direct Line: (514) 397-4155
Direct Fax: (514) 875-6246
Email: mpoplaw@mccarthy.ca

Assistant: Levy, Conception
Direct Line: (514) 875-1842
Email: cleavy@mccarthy.ca

February 18, 2015

BY FACSIMILE AND COURIER

**PACER CONSTRUCTION HOLDINGS
CORPORATION**
1105- 7th Avenue SW
Calgary AB T2P 1B2

CONSTRUCTION PROMEC INC.
346 Aimé-Vincent
Vaudreuil QC J7V 5V5

Attention of Mr. Richard Pelletier, President

Attention of Peter Capkun, President,
Denis René, Secretary, and to the attention of
the Vice-President, Operations

Re: Pacer Promec Energy Corporation («PPEC»)

Dear Sirs:

We act as solicitors for the National Bank of Canada. ("**NBC**").

We refer you to the Guarantee and Subordination Agreement entered into by Construction Promec Inc. ("**Promec**") and Pacer Construction Holdings Corporation ("**Pacer**" and collectively with Promec, the "**Guarantors**") and NBC on May 23rd, 2014 (the "**Guarantee**") pursuant to which the Guarantors have solidarily guaranteed all the obligations of PPEC towards NBC and notably PPEC's obligations pursuant to the Credit Agreement entered into on May 23, 2014 between PPEC, the Guarantors and NBC as Lender (the "**Credit Agreement**").

We also refer you to our letter dated February 4, 2015 whereby NBC has formally requested that the Guarantors inject in or make advances to PPEC (by way of equity or Subordinated Debt) to remedy to outstanding defaults under the Credit Agreement as expressly set out by section 9.1.4 of the Credit Agreement and section 2.2 of the Guarantee. To this date, the Guarantors have refused or neglected to comply with NBC's formal request.

The Guarantee provides that NBC shall be entitled to make demand upon the Guarantors at any time following the occurrence of a default of PPEC pursuant to the Credit Agreement and upon such demand, the Guarantors shall make payment of the amount claimed by NBC.

As you can see from the enclosed letter of demand and Notice of Intention to Enforce a Security issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act*, PPEC is in default of its obligations pursuant to the Credit Agreement. Accordingly, we hereby demand from the Guarantors the payment, pursuant to the Guarantee, of all indebtedness of PPEC to NBC under the Credit Agreement. Specifically, we hereby demand from the Guarantors payment of the sum of \$ 26,043,421.37 in principal and interests (the aforementioned amount as it may fluctuate in

the future and subject to adjustments as the case may be, along with interest accrued and to accrue, fees costs and expenses incurred and to be incurred by NBC are hereinafter collectively referred to as the "Debt").

If payment of the Debt or arrangements for payment of the Debt satisfactory to NBC are not made by **February 20, 2015**, NBC intends to exercise any and all proceedings authorized or permitted by law against the Guarantors for the recovery of the Debt.

PLEASE GOVERN YOURSELF ACCORDINGLY.

Yours truly,

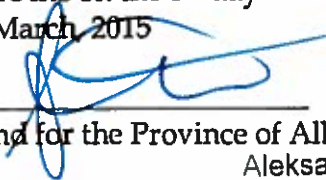
McCarthy Tétrault LLP



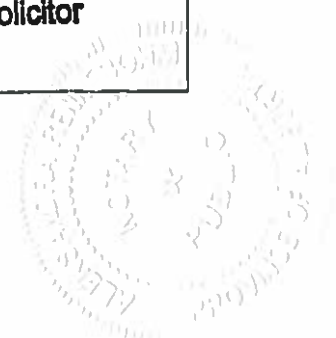
Mason Poplaw

MP
Attachment

This is Exhibit "W"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta
Aleksandra Rennebohm
Barrister & Solicitor



PACER PROMEC ENERGY CORPORATION

PROMISSORY NOTE

February 19, 2015

BACKGROUND:

- (a) National Bank of Canada has made certain credit facilities available to Pacer Promec Energy Corporation (the "**Borrower**") under the credit agreement dated May 23, 2014 between the Borrower, Construction Promec Inc. ("**Promec**"), Pacer Construction Holdings Corporation ("**Pacer**" or the "**Lender**") and the National Bank of Canada (the "**Credit Agreement**");
- (b) National Bank of Canada delivered a notice of default dated November 7, 2014 addressed to the Borrower, Promec and Pacer and notices of demand dated February 4, 2015 and February 11, 2015 on Promec and Pacer, as guarantors of the credit facilities under the Credit Agreement;
- (c) In November, 2014, the Borrower requested that each of its shareholders, Promec and Pacer, advance monies to fund certain liquidity needs of the Borrower and Promec refused to fund any additional amounts to the Borrower;
- (d) Pacer advanced to the Borrower \$9,375,000 upon the terms and conditions contained in the promissory note dated November 12, 2014 (the "**November Note**") and the general security agreement dated November 12, 2014;
- (e) On February 12, 2015 the Borrower requested that the shareholders fund its further immediate liquidity needs and again Promec refused to advance further monies to the Borrower;
- (f) Pacer agreed to advance an aggregate principal amount of up to \$12,875,000, (including the principal amount advanced under the November Note), on the terms and conditions of an amended and restated promissory note dated February 12, 2015 (the "**Amended November Note**");
- (g) On February 13, 2015 the director nominee of Promec, Mr. Peter Capkun, delivered his resignation as a director of the Borrower and Promec, in violation of the shareholders' agreement effective October 16, 2013 between Pacer, Promec and the Borrower, has refused to replace such director with another nominee despite requests by Pacer to immediately do so;
- (h) On February 18, 2015 National Bank of Canada terminated the credit facilities under the Credit Agreement, demanded payment of all outstanding amounts



thereunder and issued a notice of enforcement to enforce security against the assets of the Borrower;

- (i) The Borrower has insufficient funds to make payroll and other immediate liquidity needs due and payable on the date hereof and Promec has made it clear that it is not prepared to provide additional financial support to the Borrower; and
- (j) Pacer has agreed to fund the payroll and certain other amounts due and payable on the date hereof and may fund in its sole and unfettered discretion further amounts after the date hereof up to a maximum outstanding aggregate principal amount of \$15,000,000 (in addition to the principal amount outstanding under the Amended November Note) on the terms contained in this Note and the Security;

NOW THEREFORE in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower agrees as follows:

ARTICLE 1 PROMISE TO PAY

Section 1.1 Promise to Pay.

FOR VALUE RECEIVED, the Borrower promises to pay, **ON DEMAND** but subject to, for greater certainty, the terms and conditions of Article 5, to or to the order of the Lender or its permitted assigns, at its offices at 1105 7th Avenue SW, Calgary, AB T2P 1B2 or such other place as the Lender may designate, the principal amount outstanding as recorded by the Lender in the column headed "Unpaid Principal Balance" on the record (the "**Grid**") attached to and forming part of this Note in lawful money of Canada, together with interest thereon as hereinafter provided, subject in all respects to Article 5 hereof.

The Lender shall and is unconditionally and absolutely authorized and directed by the Borrower to record on the Grid (i) the date and amount of each advance made by the Lender and the resulting increase of the Unpaid Principal Balance, and (ii) the date and amount of each repayment on account of the principal paid to the Lender and the resulting decrease of the Unpaid Principal Balance. Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the Lender to record the same shall not affect the obligations of the Borrower to pay such amounts to the Lender.



Section 1.2 Interest.

The principal amount remaining from time to time unpaid and outstanding shall bear interest, both before and after maturity, default and judgment, from the date hereof to the date of the repayment in full of the principal amount, at the rate of eight per cent (8%) per annum. Interest at such rate shall be calculated on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and, subject to the terms of this Note (including without limitation Article 5 hereof), shall be payable, monthly, in arrears, on the last Business Day of each month commencing November 28, 2014. Overdue interest shall bear interest at the same rate, calculated as aforesaid. Any interest owing under this Note that is not paid when such amount becomes due and payable shall be accrued and added to the principal amount owing under this Note.

Section 1.3 Prepayments and Revolving Nature.

Subject to the Lender's consent, the Borrower shall have the right and privilege of prepaying the whole or any portion of the principal amount of this Note from time to time remaining unpaid and outstanding at any time or times together with all unpaid and accrued interest to the date of prepayment.

Subject to the Lender's consent, which may be unreasonably withheld in its sole and unfettered discretion, the principal amounts borrowed hereunder may revolve and amounts repaid or prepaid may be reborrowed hereunder.

Section 1.4 Lender's Fees and Expenses.

The Borrower agrees to pay all costs and expenses (including all reasonable legal expenses) of the Lender incurred in connection with this Note.

**ARTICLE 2
INTERPRETATION**

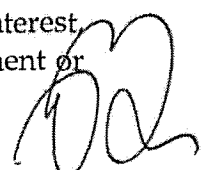
Section 2.1 Defined Terms.

As used in this Note, the following terms have the following meanings:

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major commercial banks are closed in New York, New York or Toronto, Ontario.

"Credit Agreement" means the credit agreement dated as of May 23, 2014 between the Borrower, Promec, the Lender and National Bank of Canada, as such agreement may be amended, restated, modified or supplemented from time to time.

"Lien" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or



arrangement, restrictive covenant or other encumbrance of any nature, or any other arrangement or condition which, in substance, secures payment or performance of an obligation.

"Note" means this promissory note, as amended, supplemented, restated or replaced from time to time.

"Parties" means the Lender and the Borrower and any other Person who may become a party to this Note.

"Permitted Liens" has the same meaning as specified for such term in the Credit Agreement as in effect on the date hereof.

"Person" means a natural person, body corporate, partnership, limited partnership, limited liability partnership, limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

"Security" means a general security agreement of even date herewith made by the Borrower in favour of the Lender;

"Senior Indebtedness" means all principal, interest, fees and other obligations of the Borrower to National Bank of Canada under the Credit Agreement; and

"Senior Lender" means National Bank of Canada as holder of Senior Indebtedness and lender under the Credit Agreement, and its successors and assigns.

Section 2.2 Gender and Number.

Any reference in this Note to gender includes all genders and words importing the singular number only include the plural and vice versa.

Section 2.3 Headings, etc.

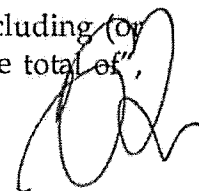
The division of this Note into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Note.

Section 2.4 Currency.

All references in this Note to dollars, unless otherwise specifically indicated, are expressed in Canadian currency.

Section 2.5 Certain Phrases, etc.

In this Note 1. the words "including" and "includes" mean "including (or includes) without limitation" and (ii) the phrase "the aggregate of", "the total of",



"the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of".

ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 3.1 Representations and Warranties of the Borrower.

The Borrower represents and warrants as follows, acknowledging and confirming that the Lender is relying on such representations and warranties in entering into this Note:

- (a) **Incorporation.** The Borrower is a corporation incorporated and existing under the laws of Alberta;
- (b) **Execution and Binding Obligation.** This Note has been duly executed and delivered by the Borrower and constitutes legal, valid and binding obligations of the Borrower enforceable against it in accordance with its terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, arrangement or creditors' rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies; and

Section 3.2 Survival of Representations and Warranties.

The representations and warranties in this Note and in any certificates or documents delivered to the Lender shall not merge and shall survive and continue in full force and effect so long as any amounts are owing by the Borrower to the Lender under this Note.

Section 3.3 Positive Covenants.

The Borrower hereby covenants and agrees with the Lender that so long as this Note remains outstanding:

- (a) **Payment of Principal and Interest.** Subject to the terms of Article 5, the Borrower shall punctually pay or cause to be paid to the Lender the principal of and interest on this Note on demand by the Lender;
- (b) **Corporate Existence.** The Borrower shall preserve and maintain its corporate existence except as otherwise permitted hereunder;

Section 3.4 Negative Covenants.

The Borrower hereby covenants and agrees with the Lender that so long as this Note remains outstanding, without the Lender's prior consent:



- (a) **Liens.** The Borrower shall not, create, incur, assume or suffer to exist, or permit any of its subsidiaries to create, incur, assume or suffer to exist, any Lien on any of their respective properties or assets other than (i) Permitted Liens; (ii) purchase money mortgages and (iii) Liens in respect of Senior Indebtedness;
- (b) **Mergers, Etc.** The Borrower shall not enter into, or permit any of its Subsidiaries to enter into, any reorganization, consolidation, amalgamation, arrangement, winding-up, merger or other similar transaction; and
- (c) **Disposal of Assets.** The Borrower shall not sell, exchange, lease, release or abandon or otherwise dispose of, or permit any of its subsidiaries to sell, exchange, lease, release or abandon or otherwise dispose of, all or any material part of its assets or properties.

ARTICLE 4 CONDITIONS AND DEMAND

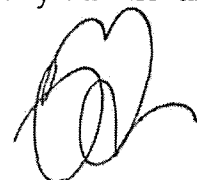
Section 4.1 Conditions to First Advance

The Borrower may not obtain any amount under this Note until the following conditions precedent have been fulfilled to the satisfaction of the Lender:

- (a) Resolutions of the sole remaining director of the Borrower have been duly passed approving the borrowing and other matters contemplated by this Note and the Security; and
- (b) The Lender must have received, in form and substance satisfactory to it:
 - (i) the Security; and
 - (ii) all documents, instruments and financing statements shall have been properly registered, recorded and filed in all places of necessary to ensure the perfection and second-ranking priority of the Security.

Section 4.2 Demand

Upon demand by the Lender to the Borrower hereunder, (i) the whole of the principal amount of this Note remaining unpaid and all accrued unpaid interest thereon shall be immediately due and payable, and (ii) the Lender may commence such legal action or proceedings as the Lender in its sole discretion deems expedient, including enforcement proceedings under the Security, all without any additional



notice, presentation, demand, protesting, notice of dishonor or any other action or notice, all of which are expressly waived by the Borrower.

Section 4.3 Proceeds of Security

All proceeds realized under the Security shall be paid to the Lender and shall be first applied against amounts owing under the Note and Security and second to the Borrower or such other Persons as may be lawfully entitled to the remainder, as the court of competent jurisdiction may otherwise direct.

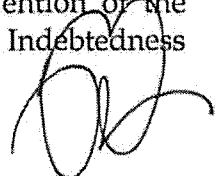
**ARTICLE 5
SUBORDINATION**

Section 5.1 Subordination and Postponement of Note.

The Lender covenants and agrees that the principal amount of this Note from time to time remaining unpaid and outstanding and all interest accrued thereon and unpaid shall for all purposes be and at all times remain junior and subordinate to the Senior Indebtedness and the payment thereof, whether in whole or in part, and whether as to principal, interest, fees or otherwise, and whether after or before demand, is postponed to the prior payment in full of the Senior Indebtedness, present and future in the manner and to the extent provided in this Article 5. For greater certainty, the Borrower shall not in any circumstance be entitled to repay, and the Lender shall not in any circumstance be entitled to demand repayment under, this Note until the Senior Indebtedness has been repaid in full, without the prior written consent of the Senior Lender.

Section 5.2 Senior Indebtedness.

- (1) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, then, except as otherwise provided in this Article 5, unless and until such Senior Indebtedness shall have been paid in full or shall first have been duly provided for, no payment shall be made by the Borrower or received by the Lender on account of, or in respect of this Note (whether as principal or interest or otherwise).
- (2) If a default with respect to any Senior Indebtedness occurs in accordance with the terms of such Senior Indebtedness and is continuing, then, unless and until such default shall have been cured or waived or shall have ceased to exist, no payment shall be made by the Borrower or received by the Lender on account of, or in respect of this Note (whether as principal or interest or otherwise).
- (3) In the event that, notwithstanding the provisions of this Section 5.2, the Borrower makes any payment on account of, or in respect of, this Note (whether as principal or interest or otherwise) in contravention of the terms of any subordination agreement governing any Senior Indebtedness

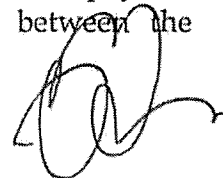


entered into pursuant to Section 5.8 or after the maturity of any Senior Indebtedness contemplated by Section 5.2(1) or the happening of a default with respect to any Senior Indebtedness contemplated by Section 5.2(2), then, except as otherwise provided in this Article 5, unless and until such default shall have been cured or waived or shall have ceased to exist or such Senior Indebtedness shall have been paid in full, as the case may be, such payments by the Borrower shall be deemed to have been received in trust by the Lender for the benefit of the holders of such Senior Indebtedness and such payments shall be paid over to the holders of such Senior Indebtedness (or their representative or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear) for application to the payment in full in accordance with its terms, of such Senior Indebtedness remaining unpaid.

- (4) The Lender shall not be entitled to take or commence or authorize to be taken or commenced any action, suit, remedy or proceeding (whether judicial or extra-judicial) against the Borrower or any of its Subsidiaries or any of their property, assets or undertaking to collect or enforce payment of the principal or interest on this Note or any other amounts owing under this Note or to enforce the performance of any other covenant or obligation of the Borrower under this Note or the Security (including any action or proceeding for the payment of this Note or the exercise of rights and remedies under the Security) unless and until the Senior Indebtedness has been paid in full; provided that the foregoing shall in no way prohibit, restrict or prevent the Lender from taking such action as may be necessary to preserve the claims of the Lender under this Note in any bankruptcy, reorganization or insolvency proceeding (including, without limitation, the filing of proofs of claim in any bankruptcy, reorganization or insolvency proceedings commenced by or against the Borrower and exercising its rights (including to vote) as an unsecured creditor in connection with or under any bankruptcy, reorganization or insolvency proceedings commenced by or against the Borrower).

Section 5.3 Subrogation of Note.

Subject to the payment in full of all Senior Indebtedness, the Lender shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments and distributions of assets of the Borrower in respect of and on account of Senior Indebtedness, to the extent of the application to such Senior Indebtedness of moneys or other assets which would have been received by the Lender but for the provisions of this Article 5, until the principal amount of this Note and all interest accrued thereon and unpaid shall be paid in full. No payment or distribution of assets of the Borrower to the Lender by reason of subrogation which otherwise would be payable or distributable to the holders of Senior Indebtedness shall, as between the

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Borrower, its creditors (other than the holders of Senior Indebtedness) and the Lender, be deemed to be a payment by the Borrower to or on account of the Lender, 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 Lender, on the one hand, and the holders of the Senior Indebtedness, on the other hand. Nothing contained in this Article 5 or elsewhere in this Note is intended to or shall impair, as between the Borrower and the Lender, the obligation of the Borrower, which is unconditional and absolute, to pay to the Lender the amounts owing under this Note, subject to the terms and conditions of this Note, as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the Lender and creditors of the Borrower other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Lender from exercising all remedies otherwise permitted by applicable law upon demand under this Note, subject to the rights, if any, under this Article 5, of the holders of Senior Indebtedness upon the exercise of any such remedy.

Section 5.4 Distribution on Insolvency or winding-up.

- (1) In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings in connection with or relating to the Borrower or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Borrower, whether or not involving insolvency or bankruptcy, or upon any assignment for the benefit of creditors or any marshalling of the assets and liabilities of the Borrower or otherwise, or in the event that the Borrower makes any composition with creditors or scheme or arrangement:
 - (a) the holders of all Senior Indebtedness shall be entitled to receive payment of such Senior Indebtedness in full before the Lender shall be entitled to receive any payment on account of, or in respect of this Note (whether as principal or interest or otherwise);
 - (b) any payment or distribution of assets of the Borrower of any kind or character, whether in cash, property or securities, to which the Lender would be entitled except for the provisions of this Article 5 shall be paid by the Person making such payment or distribution, whether a liquidator or a receiver, receiver manager, trustee, custodian or other agent or otherwise, directly to the holders of Senior Indebtedness (or their representative or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear), to the extent necessary to pay in full in accordance with its terms all Senior Indebtedness remaining unpaid;



- (c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Borrower of any kind or character, whether in cash, property or securities, shall be received by the Lender before all Senior Indebtedness is paid in full, such payment or distribution shall be deemed to have been received in trust by the Lender for the benefit of the holders of the Senior Indebtedness and shall be paid over to the holders of the Senior Indebtedness (or their representative or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear), for application to the payment in full in accordance with its terms of all Senior Indebtedness remaining unpaid; and
 - (d) any payments or distributions paid over to the holders of Senior Indebtedness pursuant to Section 5.4(1)(c) and not applied in reduction of the amounts owing to the Lender under this Note shall be deemed not to have discharged any of the obligations of the Borrower under this Note (and, to the extent that by operation of applicable law they are treated as doing so, the Borrower covenants to indemnify the Lender on demand from and against any loss suffered or incurred by it in consequence thereof).
- (2) Upon any payment or distribution of assets of the Borrower referred to in this Article 5, the Lender shall be entitled to call for and rely upon a certificate, addressed to the Lender, of the Person making any such payment or distribution for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Borrower, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 5.

Section 5.5 Subordination Not to be Impaired.

No right of any present or future holder of any Senior Indebtedness to enforce the subordination provided for in this Article 5 shall at any time be prejudiced or impaired by any act or failure to act on the part of the Borrower or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Borrower with the terms, provisions and covenants of this Note, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

Section 5.6 Obligations Created by Article 5.

Each of the Borrower and the Lender agree that:

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- (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 Borrower 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 Borrower or others or by acquiring Senior Indebtedness, in each case without notice to the Lender 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 hereby declared to be created in trust for those holders by the Borrower and the Lender, and shall be binding on the Borrower and the Lender whether or not the confirmation described in Section 5.8 is requested, executed or delivered.

Section 5.7 Amendments to Article 5.

Each of the Borrower and the Lender agrees not to make any changes to this Article 5, Section 6.4 or the definition of Senior Indebtedness (except as expressly provided in such definition) without the consent of each holder of Senior Indebtedness at such time (or their representative or the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued) which is a bank (or an assignee of bank debt) or a bonding company or such other Persons or classes of Persons as the Borrower may designate in writing from time to time.

Section 5.8 Subordination Agreements.

Forthwith upon the request of any holder of Senior Indebtedness (or its representative or the trustee under any indenture which any instruments evidencing any Senior Indebtedness may have been issued), the Lender shall execute and deliver to the Person making that request a form of such confirmation or any such other subordination agreement as may be reasonably requested.

Section 5.9 Subordination to Amended November Note.

The principal amount of this Note from time to time remaining unpaid and outstanding and all interest accrued thereon and unpaid shall for all purposes be and at all times:

- (a) remain junior and subordinate to the obligations outstanding under the Amended November Note and the payment thereof, whether in whole or in part, and whether as to principal, interest, fees or otherwise, and whether after or before demand; and

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- (b) rank senior and shall be repaid in priority to the unsecured obligations of the Borrower including any unsecured advances made by Pacer and Promec to the Borrower, whether made before or after the date hereof.

**ARTICLE 6
MISCELLANEOUS**

Section 6.1 Notices.

Any notice, direction or other communication given under this Note shall be in writing and given by delivering it or sending it by facsimile or other similar form of recorded communication addressed:

- (a) to the Borrower at:

1040 7th Avenue SW, Suite 200
Calgary, AB
T2P 3G3

Attention: President
Email: richard.pelletier@pacercorp.com
Facsimile: (587) 352-5257

- (b) to the Lender at:

1105 7th Avenue SW
Calgary, AB
T2P 1B2

Attention: President
Email: richard.pelletier@pacercorp.com
Facsimile: (403) 301-0206

With a copy to:

MasTec, Inc.
800 Douglas Road, 12th Floor
Coral Gables, FL
33134

Attention: Executive Vice President and General Counsel
Email: albert.cardenas@mastec.com
Facsimile: (305) 406-1907



Any such communication shall be deemed to have been validly and effectively given (i) if personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day; or (ii) if transmitted by facsimile or similar means of recorded communication on the Business Day following the date of transmission. Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

Section 6.2 Third Party Beneficiaries.

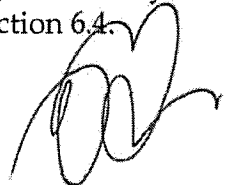
Except as contemplated by Article 5 and Section 6.4(3), the Lender and the Borrower intend that this Note shall not benefit or create any right or cause of action in, or on behalf of, any Person other than the Borrower and the Lender and no Person other than the Lender and the Borrower shall be entitled to rely on the provisions of this Note in any action, suit, proceeding, hearing or other forum.

Section 6.3 Amendments, etc.

No amendment or waiver of any provision of this Note is effective unless in writing and approved by the Lender and the Borrower. Any amendment, waiver or consent is effective only in the specific instance and for the specific purpose for which it was given.

Section 6.4 Successors and Assigns.

- (1) This Note shall become effective when executed by the Borrower and Lender and after that time shall be binding upon and enure to the benefit of the Borrower and the Lender and their respective successors and permitted assigns.
- (2) The Borrower shall not have the right to assign its rights or obligations under this Note or any interest in this Note without the prior consent of the Lender, which consent may be arbitrarily withheld.
- (3) The Lender may upon notice to the Borrower assign all or any part of its interest in this Note to one or more Persons (each an "Assignee") subject to the prior written consent of the Senior Lender but without any requirement for consent of the Borrower or any other Person. In the case of an assignment, the Assignee shall have the same rights and benefits and be subject to the same limitations under this Note (including Article 5 hereof) as it would have if it was the Lender.
- (4) The Borrower shall provide such certificates, acknowledgments and further assurances in respect of this Note as such Lender may reasonably require in connection with any assignment pursuant to this Section 6.4.



- (5) In the case of an assignment, the Lender may deliver to the Borrower and if so the Borrower shall execute any assignment and assumption agreement reasonably requested by which the Assignee assumes the obligations of the Lender and agrees to be bound by all the terms and conditions of this Agreement, all as if the Assignee had been an original party. Upon receipt by the Lender of the assignment and assumption agreement, the assigning Lender and the Borrower shall be released from their respective obligations under this Note (to the extent of such assignment and assumption) and shall have no liability or obligations to each other to such extent, except in respect of matters arising prior to the assignment.
- (6) Any assignment pursuant to this Section 6.4 will not constitute a repayment by the Borrower to the assigning or granting Lender of any amount outstanding under this Note and the parties acknowledge that the Borrower's obligations under this Note will continue and will not constitute new obligations.

Section 6.5 Waiver.

No failure on the part of the Lender to exercise and no delay in exercising, any right under this Note shall operate as a waiver of such right; nor shall any single or partial exercise of any right under this Note preclude any other or further exercise of such right or the exercise of any other right.

Section 6.6 Waive Presentment, etc.

The Borrower and all endorsers of this Note waive presentment for payment, demand and protest and notice of protest and notice of non-payment, and agree and consent to all extensions or renewals of this Note without notice.

Section 6.7 Governing Law.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Section 6.8 Counterparts.

This Note may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument.

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A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, located in the bottom right corner of the page.

WITNESS the execution of this Note on the date first written above.

PACER PROMEC ENERGY
CORPORATION

By: 

Authorized Signing Officer

PACER CONSTRUCTION HOLDINGS
CORPORATION

By: 

Authorized Signing Officer

ADVANCES AND REPAYMENT OF PRINCIPAL

<u>Date</u>	<u>Amount of Advance</u>	<u>Principal Repaid or Prepaid</u>	<u>Unpaid Principal Balance</u>	<u>Notation Made By</u>
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ADVANCES AND REPAYMENT OF PRINCIPAL

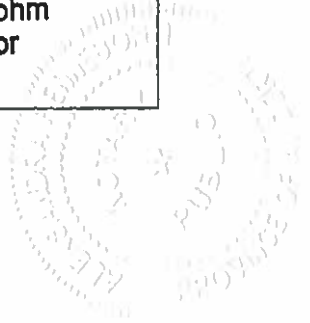
<u>Date</u>	<u>Amount</u>	<u>Principal Repaid</u>	<u>Unpaid Principal Bal.</u>	<u>Notations</u>	<u>Deposit Date</u>
2/19/2015	8,000,000.00		8,000,000.00		
3/5/2015	1,480,000.00		9,480,000.00		
Total			9,480,000.00		

This is Exhibit "X"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



PACER PROMEC ENERGY CORPORATION

as Obligor

and

PACER CONSTRUCTION HOLDINGS CORPORATION

as Lender

SECURITY AGREEMENT

February 19, 2015

A handwritten signature in black ink, consisting of several loops and a long tail, located in the bottom right corner of the page.

SECURITY AGREEMENT

Security agreement dated as of February 19, 2015 made by Pacer Promec Energy Corporation, to and in favour of Pacer Construction Holdings Corporation.

RECITALS:

- (a) The Lender has agreed to issue a secured grid note to Obligor dated February 19, 2015 (the "Note") on the terms and conditions contained in the Note; and
- (b) It is a condition of the Note that the Obligor execute and deliver this Agreement in favour of the Lender as security for the payment and performance of the Obligor's obligations under the Note.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Obligor agrees as follows.

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"Agreement" means this security agreement.

"Amended November Note" means the note dated November 12, 2014, as amended and restated by the amended and restated promissory note dated February 12, 2015 between the Obligor and the Lender, as the same may be further amended, restated, modified or supplemented from time to time.

"Collateral" has the meaning specified in Section 2.1.

"Expenses" has the meaning specified in Section 2.2(b).

"Instruments" means (i) a bill, note or cheque within the meaning of the *Bills of Exchange Act* (Canada) or any other writing that evidences a right to the payment of money and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, or (ii) a letter of credit and an advice of credit if the letter or advice states that it must be surrendered upon claiming payment thereunder, or (iii) chattel paper or any other writing that evidences both a monetary obligation and a security interest in or a lease of specific goods, or (iv) documents of title or any other writing that purports to be issued by or addressed to a bailee and purports to cover such goods in the bailee's possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers, or (v) any document or writing commonly known as an instrument, but excludes investment property.

"Intellectual Property" means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trademark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; and (viii) any other intellectual property and industrial property.

"Lender" means Pacer Construction Holdings Corporation and its successors and assigns.

"Lien" means (i) any mortgage, charge, pledge, hypothecation, security interest, assignment by way of security, encumbrance, lien (statutory or otherwise), hire purchase agreement, conditional sale agreement, deposit arrangement, title retention agreement or arrangement, or any other assignment, arrangement or condition that in substance secures payment or performance of an obligation, (ii) any trust arrangement, (iii) any arrangement which creates a right of set-off out of the ordinary course of business, or (iv) any agreement to grant any such rights or interests.

"Note" means the promissory note dated as of February 19, 2015, between the Obligor and the Lender as the same may be amended, restated, modified or supplemented from time to time.

"Note Documents" means the Note and this Agreement.

"Obligor" means Pacer Promec Energy Corporation, a corporation incorporated and existing under the laws of Alberta, and its successors and permitted assigns.

"Permitted Liens" has the meaning specified in the Note.

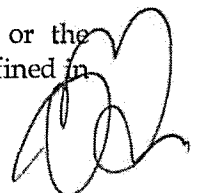
"Registrable Intellectual Property" means any Intellectual Property in respect of which ownership, title, security interests, charges or encumbrances are capable of registration, recording or notation with any Governmental Entity pursuant to applicable laws.

"Secured Obligations" has the meaning specified in Section 2.2(a).

"Security Interest" has the meaning specified in Section 2.2.

Section 1.2 Interpretation.

- (1) Terms defined in the *Personal Property Security Act* (Ontario) ("PPSA") or the *Securities Transfer Act, 2006* (Ontario) ("STA") and used but not otherwise defined in



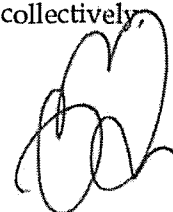
this Agreement have the same meanings. For greater certainty, the terms "account", "chattel paper", "document of title", "equipment", "goods", "intangible", "investment property", "money", "personal property" and "proceeds" have the meanings given to them in the PPSA; and the terms "certificated security", "control", "deliver", "entitlement holder", "financial asset", "securities account", "securities intermediary", "security", "security entitlement" and "uncertificated security" have the meanings given to them in the STA. Capitalized terms used in this Agreement but not defined have the meanings given to them in the Note.

- (2) Any reference in any Note Document to Liens permitted by the Note and any right of the Obligor to create or suffer to exist Liens permitted by the Note are not intended to and do not and will not subordinate the Security Interest to any such Lien or give priority to any Person over the Lender, except where such subordination is expressly provided for therein.
- (3) In this Agreement the words "including", "includes" and "include" mean "including (or includes or include) without limitation". The expressions "Article", "Section" and other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Agreement.
- (4) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (5) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (6) The schedules attached to this Agreement form an integral part of it for all purposes of it.
- (7) Any reference to this Agreement, any Note Document or any Security Document refers to this Agreement or such Note Document or Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

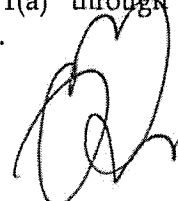
ARTICLE 2 SECURITY

Section 2.1 Grant of Security.

Subject to Section 2.4, the Obligor grants to the Lender, a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Lender, all of the property and undertaking of the Obligor now owned or hereafter acquired and all of the property and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the "Collateral") including all of the Obligor's:



- (a) present and after-acquired personal property;
- (b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing or shipping, and materials used or consumed in the business of the Obligor;
- (c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;
- (d) accounts due or accruing, including deposit accounts (whether demand, term, cash, chequing, savings or other similar account, and whether or not evidenced by a certificate of deposit, account agreement, passbook or other document) maintained for the benefit of the Obligor by a bank, credit union, trust company or other financial institution, and all other monetary obligations due or accruing to the Obligor;
- (e) money, documents of title, chattel paper, financial assets and investment property;
- (f) securities accounts and all of the credit balances, security entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;
- (g) Instruments;
- (h) Securities;
- (i) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licences and other contractual benefits;
- (j) Intellectual Property;
- (k) books, records, files, correspondence, invoices, documents, papers, agreements, computer programs, disks and other repositories of data recording or storage in any form or medium, evidencing or relating to the property described in this Section 2.1;
- (l) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2.1(a) through Section 2.1(k) inclusive; and
- (m) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2.1(a) through Section 2.1(l) inclusive, including the proceeds of such proceeds.



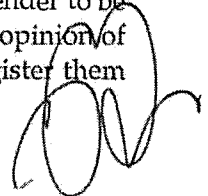
Section 2.2 Secured Obligations.

The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the "Security Interest") secures the payment and performance of:

- (a) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Obligor to the Lender in any currency under, in connection with or pursuant to the Note and this Agreement, whether incurred by the Obligor alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style (collectively, and together with the Expenses, the "Secured Obligations"); and
- (b) all expenses, costs and charges incurred by or on behalf of the Lender in connection with this Agreement, the Security Interest or the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Lender's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement or any other Note Document (collectively, the "Expenses").

Section 2.3 Attachment.

- (1) The Obligor acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Lender (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.
- (2) The Obligor will cause the Lender to have control over all Securities and other investment property that are now or at any time become Collateral, and will take all action that the Lender deems advisable to cause the Lender to have control over such Collateral, including (i) causing the Collateral to be transferred to or registered in the name of the Lender or its nominee or otherwise as the Lender may direct, (ii) endorsing any certificated Securities to the Lender or in blank by an effective endorsement, (iii) delivering the Collateral to the Lender or someone on its behalf as the Lender may direct, (iv) delivering to the Lender any and all consents or other documents or agreements which may be necessary to effect the transfer of any Collateral to the Lender or any third party and (v) entering into control agreements with the Lender and the applicable securities intermediary or issuer in respect of any Collateral in form and substance satisfactory to the Lender.
- (3) At the request of the Lender, the Obligor will (i) deliver to and deposit with the Lender any Instruments, (ii) cause the transfer of any Instruments to the Lender to be registered wherever such registration may be required or advisable in the opinion of the Lender, (iii) endorse any Instruments to the Lender or in blank or register them



in the name of the Lender or its nominee or otherwise as the Lender may direct and (iv) deliver to the Lender any and all consents or other documents that may be necessary to effect the transfer of any Instruments to the Lender or any third party.

- (4) The Obligor will promptly notify the Lender in writing of the acquisition by the Obligor of any Registrable Intellectual Property.

Section 2.4 Scope of Security Interest.

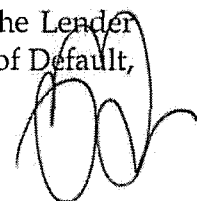
- (1) The Security Interest with respect to trade-marks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Lender, but does not constitute an assignment or mortgage of such Collateral to the Lender.
- (2) Until the Security Interest is enforceable, the grant of the Security Interest in the Intellectual Property does not affect in any way the Obligor's rights to commercially exploit the Intellectual Property, defend it, enforce the Obligor's rights in it or with respect to it against third parties in any court or claim and be entitled to receive any damages with respect to any infringement of it.
- (3) The Security Interest does not extend to consumer goods.
- (4) The Security Interest does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Obligor, but the Obligor will stand possessed of any such last day upon trust to assign and dispose of it as the Lender may reasonably direct.

Section 2.5 Grant of Licence to Use Intellectual Property.

- (1) At such time as the Lender is lawfully entitled to exercise its rights and remedies under Article 3, the Obligor grants to the Lender an irrevocable, nonexclusive licence (exercisable without payment of royalty or other compensation to the Obligor) to use, assign or sublicense any Intellectual Property in which the Obligor has rights wherever the same may be located, including in such licence access to (i) all media in which any of the licensed items may be recorded or stored, and (ii) all software and computer programs used for compilation or print-out. The license granted under this Section is to enable the Lender to exercise its rights and remedies under Article 3 and for no other purpose.
- (2) The Lender acknowledges that the standard of quality for the use, assignment or sublicensing of Intellectual Property of the Obligor shall be no less than the standard of quality employed by the Obligor as of the day before the exercise of rights and remedies under Article 4 by the Lender in conjunction with wares and/or services sold in association with such Intellectual Property.

Section 2.6 Care and Custody of Collateral.

- (1) The Lender has no obligation to keep Collateral in its possession identifiable.
- (2) Without limiting any other rights or remedies under this Agreement, the Lender may, upon the occurrence and during the continuance of an Event of Default,



- (i) notify any Person obligated on an Instrument, Security or account to make payments to the Lender, whether or not the Obligor was previously making collections on such accounts, chattel paper, instruments, and (ii) assume control of any proceeds arising from the Collateral.
- (3) The Lender has no obligation to collect dividends, distributions or interest payable on, or exercise any option or right in connection with, any Collateral. The Lender has no obligation to protect or preserve any Collateral from depreciating in value or becoming worthless and is released from all responsibility for any loss of value, whether such Collateral is in the possession of, is a security entitlement of, or is subject to the control of, the Lender, a securities intermediary, the Obligor or any other person. In the physical keeping of any Securities, the Lender is only obliged to exercise the same degree of care as it would exercise with respect to its own Securities kept at the same place.
- (4) The Lender may, upon the occurrence and during the continuance of an Event of Default, sell, transfer, use or otherwise deal with any investment property included in the Collateral over which the Lender has control, on such conditions and in such manner as the Lender in its sole discretion may determine.

Section 2.7 Rights of the Obligor.

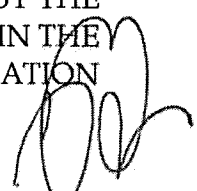
- (1) Until the occurrence of an Event of Default which is continuing, the Obligor is entitled to vote the Securities and other financial assets that are part of the Collateral and to receive all dividends and distributions on such Securities and financial assets. Upon the occurrence and during the continuance of an Event of Default, all rights of the Obligor to vote (under any proxy given by the Lender (or its nominee) or otherwise) or to receive distributions or dividends cease and all such rights become vested solely and absolutely in the Lender.
- (2) Any distributions or dividends received by the Obligor contrary to Section 2.7(1) or any other moneys or property received by the Obligor after the Security Interest is enforceable will be received as trustee for the Lender and shall be immediately paid over to the Lender.

Section 2.8 Expenses.

The Obligor is liable for and will pay on demand by the Lender any and all Expenses.

Section 2.9 Subordination to Senior Indebtedness

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE LIEN AND SECURITY INTEREST GRANTED TO THE LENDER PURSUANT TO THIS AGREEMENT AND THE EXERCISE OF ANY RIGHT OR REMEDY BY THE LENDER HEREUNDER ARE SUBJECT TO THE PRIOR PAYMENT IN FULL OF THE SENIOR INDEBTEDNESS IN ACCORDANCE WITH ARTICLE 5 OF THE NOTE AND ANY SUBORDINATION ACKNOWLEDGMENT EXECUTED BY THE LENDER IN FAVOUR OF THE SENIOR LENDER PURSUANT THERETO. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF ANY SUBORDINATION



ACKNOWLEDGEMENT AND THIS AGREEMENT, THE TERMS OF THE SUBORDINATION ACKNOWLEDGMENT SHALL GOVERN AND CONTROL. .

Section 2.10 Subordination to November Note

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE LIEN AND SECURITY INTEREST GRANTED TO THE LENDER PURSUANT TO THIS AGREEMENT AND THE EXERCISE OF ANY RIGHT OR REMEDY BY THE LENDER HEREUNDER ARE ALSO SUBJECT TO THE PRIOR PAYMENT IN FULL OF THE INDEBTEDNESS OUTSTANDING UNDER THE AMENDED NOVEMBER NOTE IN ACCORDANCE WITH SECTION 5.9 OF THE NOTE

**ARTICLE 3
ENFORCEMENT**

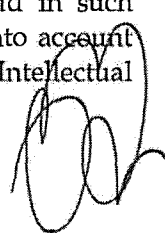
Section 3.1 Enforcement.

The Security Interest becomes and is enforceable against the Obligor if and when it fails to repay or perform any of the Secured Obligations when due and payable or when due to be performed, as the case may be.

Section 3.2 Remedies.

Whenever the Security Interest is enforceable, the Lender may realize upon the Collateral and enforce the rights of the Lender by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral by any method permitted by law;
- (c) sale, grant of options to purchase, or lease of all or any part of the Collateral;
- (d) holding, storing and keeping idle or operating all or any part of the Collateral;
- (e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Lender were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Lender or its nominee if not already done);
- (f) collection of any proceeds arising in respect of the Collateral;
- (g) collection, realization or sale of, or other dealing with, accounts;
- (h) license or sublicense, whether on an exclusive or nonexclusive basis, of any Intellectual Property for such term and on such conditions and in such manner as the Lender in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such Intellectual Property);

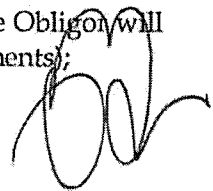


- (i) instruction or order to any issuer or securities intermediary pursuant to any control the Lender has over the Collateral;
- (j) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Lender;
- (k) application of any moneys constituting Collateral or proceeds thereof in accordance with Section 5.11;
- (l) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;
- (m) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (n) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (o) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Obligor; and
- (p) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

Section 3.3 Additional Rights.

In addition to the remedies set forth in Section 3.2 and elsewhere in this Agreement, whenever the Security Interest is enforceable, the Lender may:

- (a) require the Obligor, at the Obligor's expense, to assemble the Collateral at a place or places designated by notice in writing and the Obligor agrees to so assemble the Collateral immediately upon receipt of such notice;
- (b) require the Obligor, by notice in writing, to disclose to the Lender the location or locations of the Collateral and the Obligor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Obligor or otherwise;
- (d) redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Obligor);
- (e) pay any liability secured by any Lien against any Collateral (the Obligor will immediately on demand reimburse the Lender for all such payments);



- (f) carry on all or any part of the business of the Obligor and, to the exclusion of all others including the Obligor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by the Obligor for such time as the Lender sees fit, free of charge, and the Lender are not liable to the Obligor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;
- (g) borrow for the purpose of carrying on the business of the Obligor or for the maintenance, preservation or protection of the Collateral and grant a security interest in the Collateral, whether or not in priority to the Security Interest, to secure repayment;
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Obligor; and
- (i) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Obligor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Lender, the Lender may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

Section 3.4 Exercise of Remedies.

The remedies under Section 3.2 and Section 3.3 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Lender however arising or created. The Lender is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Lender in respect of the Secured Obligations including the right to claim for any deficiency.

Section 3.5 Receiver's Powers.

- (1) Any receiver appointed by the Lender is vested with the rights and remedies which could have been exercised by the Lender in respect of the Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Lender.
- (2) Any receiver appointed by the Lender will act as agent for the Lender for the purposes of taking possession of the Collateral, but otherwise and for all other

purposes (except as provided below), as agent for the Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Obligor or as agent for the Lender as the Lender may determine in its discretion. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.

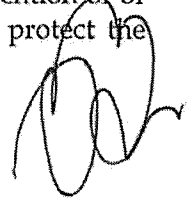
- (3) The Lender, in appointing or refraining from appointing any receiver, does not incur liability to the receiver, the Obligor or otherwise and is not responsible for any misconduct or negligence of such receiver.

Section 3.6 Appointment of Attorney.

The Obligor hereby irrevocably constitutes and appoints the Lender (and any officer of the Lender) the true and lawful attorney of the Obligor. As the attorney of the Obligor, the Lender has the power to exercise for and in the name of the Obligor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Lender, its nominees or transferees, and the Lender and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Obligor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Obligor. This power of attorney extends to and is binding upon the Obligor's successors and permitted assigns. The Obligor authorizes the Lender to delegate in writing to another Person any power and authority of the Lender under this power of attorney as may be necessary or desirable in the opinion of the Lender, and to revoke or suspend such delegation.

Section 3.7 Dealing with the Collateral.

- (1) The Lender is not obliged to exhaust its recourse against the Obligor or any other Person or against any other security it may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Lender may consider desirable.
- (2) The Lender may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligor and with other Persons, sureties or securities as it may see fit without prejudice to the Secured Obligations, the liability of the Obligor or the rights of the Lender in respect of the Collateral.
- (3) Except as otherwise provided by law or this Agreement, the Lender is not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.



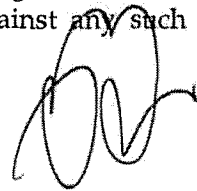
Section 3.8 Standards of Sale.

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Obligor acknowledges that:

- (a) the Collateral may be disposed of in whole or in part;
- (b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be the Lender or a customer of any such Person;
- (d) any sale conducted by the Lender will be at such time and place, on such notice and in accordance with such procedures as the Lender, in its sole discretion, may deem advantageous;
- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of the Collateral may be on such terms and conditions as to credit or otherwise as the Lender, in its sole discretion, may deem advantageous; and
- (g) the Lender may establish an upset or reserve bid or price in respect of the Collateral.

Section 3.9 Dealings by Third Parties.

- (1) No Person dealing with the Lender or an agent or receiver is required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Lender by the Obligor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Lender with the Collateral, or (vi) how any money paid to Lender has been applied.
- (2) Any bona fide purchaser of all or any part of the Collateral from the Lender or any receiver or agent will hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Obligor, which it specifically waives (to the fullest extent permitted by law) as against any such



purchaser together with all rights of redemption, stay or appraisal which the Obligor has or may have under any rule of law or statute now existing or hereafter adopted.

ARTICLE 4
REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.1 Representations and Warranties.

The Obligor represents and warrants, acknowledging and confirming that the Lender is relying on such representations and warranties that:

- (a) **Required Authorizations.** There is no requirement to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Entity as a condition to the lawful completion of the transactions contemplated by the Note Documents, except as are in full force and effect, unamended, at the date of this Agreement.
- (b) **Execution and Binding Obligation.** This Agreement and each of the Note Documents to which the Obligor is a party have been duly executed and delivered by the Obligor and constitute legal, valid and binding agreements of it enforceable against it in accordance with their respective terms.

Section 4.2 Affirmative Covenants

- (a) **Additional Security Perfection and Protection of Security Interest.** The Obligor will grant to the Lender, security interests, assignments, mortgages, charges, hypothecations and pledges in such property and undertaking of the Obligor that is not subject to a valid and perfected first ranking security interest (subject only to Permitted Liens) constituted by the Security Documents, in each relevant jurisdiction as determined by the Lender. The Obligor will perform all acts, execute and deliver all agreements, documents and instruments and take such other steps as are requested by the Lender at any time to register, file, signify, publish, perfect, maintain, protect, and enforce the Security Interest including: (i) executing, recording and filing of financing or other statements, and paying all taxes, fees and other charges payable, (ii) placing notations on its books of account to disclose the Security Interest, (iii) delivering acknowledgements, confirmations and subordinations that may be necessary to ensure that the Security Documents constitute a valid and perfected first ranking security interest (subject only to Permitted Liens), (iv) executing and delivering any certificates, endorsements, instructions, agreements, documents and instruments that may be required under the STA and (v) delivering opinions of counsel in respect of matters contemplated by this paragraph. The documents and opinions contemplated by this paragraph must be in form and substance satisfactory to the Lender.

Section 4.3 Negative Covenants.

So long as any amount owing under the Note remains unpaid:



- (a) **Continuous Perfection.** The Obligor will not change the location of any of the items, people or addresses described in Schedule 4.3(a) without providing at least 30 days prior written notice to the Lender. The Obligor will not remove the Collateral from the locations listed in Schedule 4.3(a), without providing at least 30 days prior written notice to the Lender. The Obligor will not change its name in any manner without providing at least 30 days prior written notice to the Lender.
- (b) **Encumbrances.** The Obligor will not create or suffer to exist any Liens on the Collateral, except for Permitted Liens and will not grant control over any investment property to any person other than the Lender.
- (c) **Disposal of Assets Generally.** The Obligor will not sell, assign, convey, exchange, lease, release or abandon or otherwise dispose of any Collateral, except for (i) bona fide dispositions of Collateral in the ordinary course of business at fair market value, (ii) Collateral which has no material economic value in the business of the Obligor or is obsolete.
- (d) **Financial Year.** The Obligor will not change its financial year end.

Section 4.4 Covenants Concerning Intellectual Property

- (a) Immediately upon the request of the Lender, the Obligor will furnish the Lender in writing the description of all Registrable Intellectual Property or applications for Registrable Intellectual Property of the Obligor. In addition, the Obligor will deliver to the Lender a copy of the certificate of registration of, or application for, such Registrable Intellectual Property with a Confirmation of Security Interest in the form of Schedule 4.4(a) in respect of such Registrable Intellectual Property confirming the assignment for security of such Registrable Intellectual Property to the Lender and immediately make all such filings, registrations and recordings as are necessary or appropriate to perfect the Security Interest granted to the Lender in the Registrable Intellectual Property.

ARTICLE 5 GENERAL

Section 5.1 Notices.

Any notices, directions or other communications provided for in this Agreement must be in writing and given in accordance with the Note.

Section 5.2 Discharge.

The Security Interest will be discharged upon, but only upon, (i) full and indefeasible payment and performance of the Secured Obligations, and (ii) the Lender having no obligations under any Note Document. Upon discharge of the Security Interest and at the request and expense of the Obligor, the Lender will execute and deliver to the Obligor such releases, discharges, financing statements and other documents or instruments as the

Obligor may reasonably require and the Lender will redeliver to the Obligor, or as the Obligor may otherwise direct the Lender, any Collateral in its possession.

Section 5.3 No Merger, Survival of Representations and Warranties.

This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Lender will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Lender in respect of the Secured Obligations. The representations, warranties and covenants of the Obligor in this Agreement survive the execution and delivery of this Agreement and any advances under the Note. Notwithstanding any investigation made by or on behalf of the Lender these covenants, representations and warranties continue in full force and effect.

Section 5.4 Further Assurances.

The Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Lender may require and take all further steps relating to the Collateral or any other property or assets of the Obligor that the Lender may require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Lender. After the Security Interest becomes enforceable, the Obligor will do all acts and things and execute and deliver all documents and instruments that the Lender may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

Section 5.5 Supplemental Security.

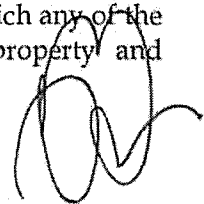
This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Lender.

Section 5.6 Successors and Assigns.

This Agreement is binding on the Obligor and its successors and assigns, and enures to the benefit of the Lender and its successors and assigns. This Agreement may be assigned by the Lender without the consent of, or notice to, the Obligor, to such Person as the Lender may determine and, in such event, such Person will be entitled to all of the rights and remedies of the Lender as set forth in this Agreement or otherwise. In any action brought by an assignee to enforce any such right or remedy, the Obligor will not assert against the assignee any claim or defence which the Obligor now has or may have against the Lender. The Obligor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Lender which may be unreasonably withheld.

Section 5.7 Amalgamation.

The Obligor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest (i) extends to: (A) all of the property and undertaking that any of the amalgamating corporations then owns, (B) all of the property and undertaking that the amalgamated corporation thereafter acquires, (C) all of the property and undertaking in which any of the amalgamating corporations then has any interest and (D) all of the property and



undertaking in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Lender in any currency, however or wherever incurred, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Security Interest attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such collateral becomes owned or is acquired. Upon any such amalgamation, the defined term "Obligor" means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term "Collateral" means all of the property and undertaking and interests described in (i) above, and the defined term "Secured Obligations" means the obligations described in (ii) above.

Section 5.8 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 5.9 Amendment.

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Lender and the Obligor.

Section 5.10 Waivers, etc.

- (1) No consent or waiver by the Lender in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Lender. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.
- (2) A failure or delay on the part of the Lender in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Lender however arising. A single or partial exercise of a right on the part of the Lender does not preclude any other or further exercise of that right or the exercise of any other right by the Lender.

Section 5.11 Application of Proceeds of Security.

All monies collected by the Lender upon the enforcement of its rights and remedies under the Security Documents and the Liens created by them including any sale or other disposition of the Collateral, together with all other monies received by the Lender under the Security Documents, will be applied as provided in the Note. To the extent any other Note Document requires proceeds of collateral under such Note Document to be applied in accordance with the provisions of this Agreement, the Lender shall apply such proceeds in accordance with this Section.

A handwritten signature in black ink, consisting of several loops and a long tail, located in the bottom right corner of the page.

Section 5.12 Conflict.

In the event of any conflict between the provisions of this Agreement and the provisions of the Note which cannot be resolved by both provisions being complied with, the provisions contained in the Note will prevail to the extent of such conflict.

Section 5.13 Governing Law.

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

A handwritten signature in black ink, consisting of several loops and a trailing flourish, located in the bottom right corner of the page.

IN WITNESS WHEREOF the Obligor has executed this Agreement.

PACER-PROMEC ENERGY
CORPORATION

By: 

Name: *RICHARD PELLETIER*

Title: *PRESIDENT*



SCHEDULE 4.3(a)
LOCATIONS OF COLLATERAL

Chief Executive Office:

1105 7th Avenue SW
Calgary, AB
T2P 1B2

Locations of Collateral and Places of Business:

1105 7th Avenue SW
Calgary, AB
T2P 1B2

Locations of Books and Records:

1105 7th Avenue SW
Calgary, AB
T2P 1B2

Locations of Senior Management:

1105 7th Avenue SW
Calgary, AB
T2P 1B2

Address from which Invoices and Accounts are sent:

1105 7th Avenue SW
Calgary, AB
T2P 1B2

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

SCHEDULE 4.4(a)
FORM OF CONFIRMATION OF SECURITY INTEREST IN INTELLECTUAL
PROPERTY

WHEREAS:

● (the "Obligor"), a corporation incorporated and existing under the laws of ● with offices at [address], is the owner of the [trade-marks/patents/copyrights/industrial designs] set forth in Exhibit A hereto, the registrations and applications for the [trade-marks/patents/copyrights/industrial designs] identified therein and the underlying goodwill associated with such [trade-marks/patents/copyrights/industrial designs] (collectively, the "[Trade-Marks/ Patents/Copyrights/Industrial Designs]"); and

● (the "Lender"), with offices at [address], has entered into an agreement with the Obligor, as reflected by a separate document entitled the "Security Agreement" dated as of ● by which the Obligor granted to the Lender, a security interest in certain property, including the [Trade-Marks/Patents/Copyrights/ Industrial Designs], in consideration of the provision of certain credit facilities to certain companies which are [the wholly-owned subsidiaries][affiliates] of the Obligor;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged and in accordance with the terms and obligations set forth in the Security Agreement, the Obligor confirms the grant to the Lender of a security interest in and to the [Trade-Marks/Patents/Copyrights/Industrial Designs].

DATED at [●] on this [●] day of [●], [●].

[OBLIGOR]

Per:



Authorized Signing Officer

DATED at [●] on this [●] day of [●], [●], before me appeared the person who signed this instrument, who acknowledged that [he/she] signed it as a free act on [his/her] behalf or on behalf of the corporation identified and referred to herein as the Obligor.

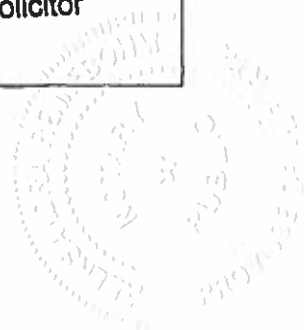
[Signature of Notary Public/Witness]¹

¹ This form contemplates that the Obligor's signature will be witnessed and/or notarized. No witnessing or notarization is required if the form is to be registered at the trademark or copyright offices at CIPO, but the signature should be witnessed (but not necessarily notarized) if you are registering in the patent office at CIPO. If you are contemplating registering the form in a foreign IP office (in the United States, for instance), the notarization requirement should be included.

EXHIBIT A
TRADE-MARKS/PATENTS/COPYRIGHTS/INDUSTRIAL DESIGNS

This is Exhibit "Y"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015


A Notary Public in and for the Province of Alberta
Aleksandra Rennebohm
Barrister & Solicitor



PACER CONSTRUCTION HOLDINGS CORPORATION
1105 - 7th Avenue SW
Calgary, AB, T2P 1B2

March 4, 2015

National Bank of Canada
600 de la Gauchetière Street West
9th Floor
Montréal QC H3B 4L2

Attention: Benoit Blais, Senior Manager
Special Loans Unit

Dear Sirs:

Re: Pacer Promec Energy Corporation

We refer to (a) the credit agreement dated as of May 23, 2014 between Pacer Promec Energy Corporation ("PPEC"), Construction Promec Inc. ("Promec"), Pacer Construction Holdings Corporation ("Pacer") and National Bank of Canada ("NBC") (the "Credit Agreement"); (b) the guarantee and subordination agreement dated as of May 23, 2014 among PPEC as borrower, Promec as guarantor, Pacer as guarantor, and NBC as lender (the "Pacer/Promec Guarantee"); (c) the demand of payment and notice of intention to enforce security under section 244 of the *Bankruptcy and Insolvency Act* dated February 18, 2015 issued to PPEC by McCarthy Tétrault LLP on behalf of NBC; and (d) the demand dated February 18, 2015 issued to Pacer and Promec by McCarthy Tétrault LLP on behalf of NBC in respect of all indebtedness of PPEC owing to NBC under the Credit Agreement (the "Pacer/Promec Demand").

Capitalized terms used in this letter have the same meaning as the same capitalized terms in the Credit Agreement.

Pursuant to the Pacer/Promec Demand under the Pacer/Promec Guarantee, Pacer will pay NBC the aggregate amount of \$26,227,046.49 plus the Per Diem Rate (as defined in Schedule "B"), if any (the "Payment"), by wire transfer to the account designated in Schedule "A", in full payment and satisfaction of all indebtedness and other claims owing by PPEC to NBC under the Credit Agreement and other Loan Documents subject to the satisfaction of the following terms and conditions:

1. Agreement from you that the representations and warranties below are true and correct as at the date of initiation of the wire transfer of the Payment to NBC (the "Closing Date") and such representations and warranties shall survive the Closing Date for a period of 24 months:
 - (a) Schedule "B" attached hereto sets forth a correct and complete description of (i) all agreements and instruments evidencing the

indebtedness under the Credit Agreement and other Loan Documents; (ii) all Loan Documents, including, without limitation, all Security, Hedging Contracts, opinions, acknowledgements, estoppel letters, intercreditor agreements, subordinations, assurances and security documents granted or issued in connection therewith; (iii) all registrations made under applicable personal and real property security legislation in respect of the Security; and (iv) the aggregate amount of all outstanding indebtedness and other amounts ("PPEC Indebtedness") owing by PPEC to NBC as at the Closing Date (whether on account of principal, interest, fees or other amounts);

- (b) National Bank has not amended or waived any provision of the Loan Documents in whole or in part or released all or any part of the property and assets subject to the Security;
- (c) NBC is the legal and beneficial owner of the PPEC Indebtedness and the Loan Documents and has the right to assign the Loan Documents to Pacer free and clear of any assignment, charge, lien, pledge, security interest, claim and any and all direct or indirect participations in favour of any other person; and
- (d) There is no legal action, suit or proceeding commenced against NBC which has been served upon it or to the knowledge of NBC pending against NBC, in any court or by or before any government agency or instrumentality which if determined adversely to NBC would adversely affect the ability of NBC to perform its obligations under this agreement or the instruments and other agreements executed pursuant hereto.

We acknowledge that the transaction contemplated by this agreement, save and except as otherwise provided in this paragraph, is on an "as is, where is" basis and that all assignments, acknowledgements and assurances delivered by you on the Closing Date shall contain no other representations and warranties except for those contained in this paragraph.

- 2. Delivery to Pacer at the Closing Date of a confirmation of assignment agreement executed by NBC in the form attached as Schedule "C".
- 3. All agreed documentation and payments occur no later than 4:00 pm (Montreal time) on March 6, 2015.
- 4. NBC confirms and agrees that upon receipt of the Payment by Pacer pursuant to the Pacer/Promec Demand in full satisfaction of all indebtedness of PPEC under the Loan Documents:

- (a) Pacer shall be, as a result of the Payment, subrogated to the rights of NBC pursuant to the Loan Documents and shall benefit from all rights, powers, advantages and remedies of NBC thereunder, including rights of contribution against Promec under the Pacer/Promec Guarantee;
 - (b) Pacer shall be entitled pursuant to its subrogation rights to record the assignment of the Loan Documents and all registrations in respect of the security interests and hypothecs created thereunder in its name; and
 - (c) NBC will have no further interest in any of the Loan Documents.
5. Delivery to NBC of a letter executed by PPEC authorizing NBC to close the following bank accounts upon receipt of the Payment:

Transit #	Account #	Currency
10251	0159722	CND
10251	0162421	CND
10251	0018460	USD

6. Notwithstanding the foregoing, Pacer recognizes that the Payment has been calculated assuming that the proceeds of all cheques or similar instruments for the payment of money (collectively, the "Cheques") that have been received by NBC and credited to PPEC's accounts with NBC are good collected funds. Pacer has undertaken and agreed to reimburse NBC for the amount of any returned Cheque provided however that any demand for such returned amount is made by NBC to Pacer within 90 days after the date of any nonpayment, claim, refund or chargeback. Pacer has recognized that the Pacer/Promec Guarantee shall continue to enure to the benefit of NBC for the sole purposes of guaranteeing the reimbursement of any such returned amounts as well as the repayment of any and all amounts which may be owing under the Mastercard facility which was duly terminated on February 4, 2015.

You may accept this offer by dating and signing the enclosed copy of this letter in the place provided below and delivering a copy, by facsimile transmission or by scanned copy by electronic mail before 4:00 pm (Montreal time) on March 5, 2015. Your acceptance of this offer in this manner shall create a binding agreement between us on the terms contained in this letter, and time shall be of the essence of the agreement. If the conditions set forth in paragraph 1 to 6 are not satisfied by 4:00 pm (Montreal time) on March 6, 2015, or such later date as you and Pacer may agree, this agreement shall immediately terminate and be of no force and effect.

This agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

[Remainder of page intentionally left blank]

Yours very truly,

**FACER CONSTRUCTION HOLDINGS
CORPORATION**

By: 

Name: Richard Pelletier

Title: President

Accepted at _____ am/pm
on March _____, 2015

NATIONAL BANK OF CANADA

By: _____

Name:

Title:

By: _____

Name:

Title:

Yours very truly,


**PACER CONSTRUCTION HOLDINGS
CORPORATION**

By: _____
Name: Richard Pelletier
Title: President

Accepted at 10:10 am/pm
on March 5, 2015

NATIONAL BANK OF CANADA

By: 
Name: Jean Gosselin
Title: Directeur principal

By: 
Name: Claude Lussier
Title: Directeur principal / Senior Manager

Schedule A

National Bank of Canada Wire Instructions

Swift Code: MT103 to BNDCCAMMINT
Banque Nationale du Canada
Montréal

Beneficiary: National Bank of Canada

600 de La Gauchetière O. 9th Floor
Montreal, Quebec
Canada
H3B 4L2

Account No.: 03-148-22

Bank Transit No.: 0001-1

Bank : 006

Reference: Full reimbursement of loans made to Pacer
Promec Energy Corporation

Schedule B

I. LOAN DOCUMENTS:

1. offer of financing dated March 17, 2014 made by NBC to PPEC and accepted by PPEC on April 9, 2014;
2. set-off and security agreement with respect to deposits dated April 9, 2014 made by PPEC to and in favour of NBC;
3. credit agreement dated as of May 23, 2014 between PPEC, Promec, Pacer and NBC;
4. guarantee and subordination agreement dated as of May 23, 2014 among PPEC as borrower, Promec as guarantor, Pacer as guarantor, and NBC as lender;
5. security agreement dated as of May 23, 2014 made by PPEC, as obligor, to and in favour of NBC;
6. hypothec on the universality of movable property dated as of May 23, 2014 granted by PPEC to and in favour of NBC;
7. ISDA Master Agreement
8. legal opinion of Borden Ladner Gervais addressed to NBC with respect to incorporation, capacity, authorization and due execution of the transaction documents by the PPEC;
9. legal opinion of Wilson Laycraft, Barristers, & Solicitors addressed to NBC with respect to incorporation, capacity, authorization and due execution of the transaction documents by Pacer;
10. legal opinion pursuant to Alberta laws addressed to NBC from Torys LLP relating to the validity and enforceability of the Security Agreement as well as the registration of the Security Agreement, attaching search reports at the Albert PPR; and
11. legal opinion pursuant to Quebec laws addressed to NBC from Lavery, de Billy, LLP relating to the incorporation, capacity, authorization and due execution of the transaction documents with respect to Promec and the validity and enforceability of the of the transaction documents as well as registration of the hypothec, attaching search report at the RPMRR.

II. SECURITY REGISTRATIONS:

Alberta:

1. Registration Number: 14041710023
Registration Date: April 17, 2014
Registration Type: Security Agreement
Expiry Date: April 17, 2024
Debtors: Pacer Promec Energy Corporation
Secured Party: National Bank of Canada
Description: All sums which are now or may in the future stand to the credit of the Debtor's account bearing number

550930425261, branch 10251 at the National Bank to secure all obligations of the Debtor to the Secured Party, present and future, direct and indirect, whether incurred by the Debtor alone or with others, as amount, with interest as of April 9, 2014 at a rate of 25% per annum.

PROCEEDS: GOODS, INVESTORY, CHATTEL PAPER, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY, INTANGIBLES AND ACCOUNTS (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT (ALBERTA), ANY REGULATIONS THEREUNDER AND ANY AMENDMENTS THERETO) AND INSURANCE PROCEEDS.

2. Registration Number: 14052332978
Registration Date: May 23, 2014
Registration Type: Security Agreement
Expiry Date: May 23, 2024
Debtors: Pacer Promec Energy Corporation
Secured Party: National Bank of Canada
Description: All present and after-acquired personal property of the debtor.

3. Registration Number: 14052332997
Registration Date: May 23, 2014
Registration Type: Land Charge
Expiry Date: None
Debtors: Pacer Promec Energy Corporation
Secured Party: National Bank of Canada
Description: N/A

Quebec:

1. Registration Number: 14-0469469-0001
Registration Date: May 28, 2014
Registration Type: Hypotheque Conventiennelle sans Depossession
Expiry Date: May 28, 2024
Debtors: Pacer Promec Energy Corporation
Secured Party: National Bank of Canada
Description: The universality of Pacer Promec Energy Corporation's (hereinafter the "Grantor") movable property, corporeal and incorporeal, present and future, of any nature whatsoever and wherever situated (hereinafter, the "Charged Property"), including, without limitation, the following universalities of present and future properties:

1. Property in Stock

All the Grantor's property in stock or inventory of any nature and kind whether in its possession, in transit or held on its behalf, including raw materials or other materials, goods manufactured or transformed, or in the process of being so, by the Grantor or by others, packaging materials, property evidenced by bill of lading, animals, mineral substances, hydrocarbons and other product of the soil as well as all fruit thereof, from the time of their extraction (hereinafter, the "Property in stock").

The Property in stock held by third parties pursuant to a lease agreement, a leasing contract, a franchise or license agreement, or any other agreement entered into with the Grantor or on its behalf, is also subject to the deed referred to in section "Reference a l'acte constitutif" (hereinafter the "Hypothec").

Property having formed part of the Property in stock which has been alienated by the Grantor in favour of a third person but in respect of which the Grantor has retained title pursuant to a reservation of ownership provision, shall remain charged by the Hypothec until title is transferred; any Property in stock the ownership of which reverts to the Grantor pursuant to the resolution or resiliation of any agreement is also subject to the Hypothec.

2. Claims, Book Debts and Other Movable Property

2.1 Claims, Receivables and Book Debts

All of its claims, debts, demands and choses in action, whatever their cause or nature, whether or not they are certain, liquid or exigible; whether or not evidenced by any title (and whether or not such title is negotiable), bill of exchange or draft; whether litigation or not; whether or not they have been previously or are to be invoiced; whether or not they constitute book debts. Hypothecated claims shall include: (i) indemnities payable to the Grantor under any contract of liability insurance, insurance of persons or subject to the rights of creditors holding hypothecs on the insured property, (ii) the sums owing to the Grantor in connection with interest or currency exchange contracts ("SWAPS") and other treasury or hedging instruments, management of risks instruments or derivative products existing in favour of the Grantor, and (iii) the Grantor's rights in the credit balance of accounts held for its benefit either by the National Bank of Canada (hereinafter the "Lender") *subject to

the lender's compensation rights) or by any financial institution or any other person.

2.2 Rights of Action

Its rights under contract with third parties as well as its rights of action and claims against third persons.

2.3 Accessories

All the securities, security agreements, guarantees, suretyships, notes and accessories to the claims and rights mentioned above and other rights relating thereto (including, without limitation, its rights in its capacity as seller under an installment sale or a conditional sale, where the claims are the result of such sale).

2.4 Movable Property

All movable property owned by the Grantor and covered by the installment or conditional sales mentioned in paragraph 2.3 hereof.

A right or a claim shall not be excluded from the Charged Property by reason of the fact that: (i) the debtor thereof is domiciled outside the Province of Quebec or (ii) the debtor thereof is an affiliate (as such term is defined in the Canada Business Corporations Act) of the Grantor (regardless of the law of the jurisdiction of its incorporation) or (iii) such right or claim is not related to the operation of the Grantor or (iv) such right or claim is not related to the ordinary course of business of the Grantor.

3. Securities

All shares, limited partnership units, trust units, warrants, bonds, debentures, debenture stock, other capital stock, equity rights, securities accounts, securities, financial assets and security entitlements (as such terms are defined in the Act respecting the transfer of securities and the establishment of security entitlements (Quebec)) (the "STA") in which the Grantor now or hereafter has an interest, and any part thereof, together with any renewals thereof, substitutions therefor and additions thereto and all certificates and instruments evidencing or representing such securities and any and all other property that may at any time be received or receivable by or otherwise distributed to or acquired by the Grantor in any manner in respect of, or in substitution for, or in addition to, or in exchange for, or on account of, any of the foregoing, including, without limitation, any shares or other securities or interests resulting from the subdivision, consolidation, change, conversion or

reclassification of any of the securities, or the occurrence of any event which results in the substitution or exchange of such interests, as well as all those which are delivered by the Grantor to the Lender or to a third party on its behalf from time to time.

4. Equipment and Road Vehicles

All the equipment, office furniture, tools, machinery, rolling stock (including road vehicles), spare parts and additions.

5. Intellectual Property Rights

All of the Grantor's rights in any trade mark, copyright, industrial design, patent, invention, trade secret, know-how, plant breeders' right, topography of integrated circuits and in any other intellectual property right (registered or not) including, if any, improvements and modifications thereto as well as rights in any action pertaining to the protection, in Canada or abroad, of any such intellectual property rights.

6. Fruits and Revenues

All fruits and revenues emanating from the above Charged Property, including without limitation equipment, negotiable instruments, bills, commercial paper, securities, monies, compensation for expropriation given or paid following a sale, repurchase, distribution or any other operation concerning any property hereby charged in favour of the Lender.

7. Records and Others

All records, data, vouchers, invoices and other documents related to the Charged Property described above, including without limitation computer programs, disks, tapes and other means of electronic communications as well as its rights to recover such property from third parties, receipts, client lists, directories and other similar property.

Where, under the terms of any of the above paragraphs, the Hypothec charges a universality of property, all property which is acquired, transformed or manufactured after the date of this agreement shall be charged by the Hypothec, whether or not such property has been acquired in replacement of other Charged Property which may have been alienated by the Grantor in the ordinary course of business, whether or not such property results from a transformation, mixture or combination or any Charged Property, and in the case of securities, whether or not they have been

issued pursuant to the purchase, redemption, conversion or cancellation or any other transformation of the charged securities and without the Lender being required to register or re-register any notice whatsoever, the object of the Hypothec being a universality of present and future property.

Amount of Hypothec: \$48,000,000 with interest thereon from May 23, 2014 at the rate of 25% per annum.

2. Registration Number: 14-0311999-0007
Registration Date: April 15, 2014
Registration Type: Hypotheque Conventiennelle sans Depeossession
Expiry Date: April 8, 2024
Debtors: Pacer Promec Energy Corporation
Secured Party: Banque Nationale du Canada
Description: The sums which now are or may in the future be to the account number 559039425261 and branch 10251 of the National Bank of Canada, this account and any other account in substitution therefor, up to the amount of 150 000.00 CAD.
- Amount of Hypothec: 180 000 CAD including an additional mortgage of 30 000 CAD

III. AGGREGATE INDEBTEDNESS:

The aggregate amount of all outstanding indebtedness and other amounts owing by PPEC to NBC as March 3, 2015 (whether on account, principal, interest, fees or otherwise): \$26,227,046.49

Per Diem Rate: From and after 4:00 pm (Montreal time) on March 4, 2015 and until the Closing Date, interest shall continue to accrue on the unpaid principal balance under the Credit Agreement at a per diem rate of \$2,385.22 per day.

Schedule C

CONFIRMATION OF ASSIGNMENT AGREEMENT

Confirmation of assignment agreement dated as of March _____, 2015 between National Bank of Canada ("NBC") and Pacer Construction Holdings Corporation ("Pacer").

BACKGROUND:

- (a) National Bank of Canada has made certain credit facilities available to Pacer Promec Energy Corporation (the "Borrower") under the credit agreement (the "Credit Agreement") dated May 23, 2014 between the Borrower, Construction Promec Inc. ("Promec"), Pacer Construction Holdings Corporation ("Pacer") and the National Bank of Canada ("NBC");
- (b) Pacer and Promec guaranteed the obligations of the Borrower under the Credit Agreement pursuant to the guarantee and subordination agreement (the "Pacer/Promec Guarantee") dated May 23, 2014 among the Borrower, Promec, as guarantor, Pacer, as guarantor, and NBC;
- (c) NBC delivered a notice of default dated November 7, 2014 addressed to the Borrower, Promec and Pacer and notices of demand dated February 4, 2015 and February 11, 2015 on Promec and Pacer, as guarantors of the credit facilities under the Credit Agreement;
- (d) On February 18, 2015 NBC terminated the credit facilities under the Credit Agreement, demanded payment of all outstanding amounts thereunder and issued a notice of intention to enforce security against the assets of the Borrower;
- (e) On February 18, 2015 NBC demanded that Promec and Pacer pay, pursuant to the Pacer/Promec Guarantee, all indebtedness of the Borrower to NBC under the Credit Agreement (the "Pacer/Promec Demand");
- (f) NBC and Pacer have entered into a letter agreement (the "Agreement") dated March 4, 2015 and accepted by NBC on March _____, 2015 respecting payment by Pacer, pursuant to the Pacer/Promec Guarantee and Pacer/Promec Demand, of the aggregate amount of \$26,227,046.49 plus any Per Diem Rate (as defined in the Agreement) owing thereafter (the "Payment") in full payment and satisfaction of all indebtedness of the Borrower to NBC under the Loan Documents as at the Closing Date; and
- (g) Upon Payment, Pacer shall be subrogated to the rights of NBC under the Loan Documents and NBC has agreed to evidence that subrogation upon the terms and conditions of this confirmation;

NOW THEREFORE in consideration of the premises and the mutual agreements contained in the Agreement and other valuable consideration (the receipt and adequacy of which consideration are acknowledged by each of the parties), the parties agree as follows.

Section 1 Confirmation of Assignment.

NBC hereby confirms that in furtherance of Pacer's subrogation rights the following assets (collectively, the "Assigned Assets") have been assigned and conveyed to Pacer upon the payment to NBC by Pacer of the Payment pursuant to the Pacer/Promec Demand and that NBC has no further interest in any of the Assigned Assets:

- (a) all of NBC's right, title and interest in and to the Loan Documents described in Exhibit "A" hereto including without limitation any and all rights and benefits of NBC under or in connection with the Loan Documents;
- (b) all right, title and interest of NBC in and to any and all other agreements, instruments and documents of every kind and description and wheresoever situate of NBC relating to the Credit Agreement and the other Loan Documents including, without limitation, any and all promissory notes, debentures, loan agreements, other evidences of indebtedness, legal opinions, certificates, postponements, subordinations, intercreditor agreements, insurance policies, hypothecs, mortgages, security interests, charges, personal and real property registrations, guarantees and indemnities entered into, granted, filed or registered in respect of the Loan Documents;
- (c) any and all rights to payment or claims of NBC (whether known or unknown) which are now or may hereafter be or become due to NBC in connection with the Loan Documents; and
- (d) any and all causes of action or claims of NBC (whether known or unknown) against any person or entity which in any way is based upon, arises out of, or is related to, any of the foregoing;

and all benefits and advantages to be derived therefrom, with power to take all lawful measures and to pursue all lawful remedies which NBC might have taken for the full enjoyment of the Assigned Assets, TO HAVE AND TO HOLD, unto and to the use of the Pacer, its successors and assigns, absolutely and forever.

Section 2 Payments Received

- (1) Subject to Section 2(2), NBC hereby acknowledges, declares and confirms that it holds any and all monies and proceeds received by NBC after the date hereof with respect to any of the Assigned Assets, in trust for the use, benefit and advantage only of the Pacer. NBC covenants and agrees to deliver to the Pacer all such monies and proceeds forthwith upon receipt thereof.
- (2) Notwithstanding the foregoing, Pacer recognizes that the Payment has been calculated assuming that the proceeds of all cheques or similar instruments for the

payment of money (collectively, the "Cheques") that have been received by NBC and credited to PPEC's accounts with NBC are good collected funds. Pacer has undertaken and agreed to reimburse NBC for the amount of any returned Cheque provided however that any demand for such returned amount is made by NBC to Pacer within 90 days after the date of any nonpayment, claim, refund or chargeback. Pacer has recognized that the Pacer/Promec Guarantee shall continue to enure to the benefit of NBC for the sole purposes of guaranteeing the reimbursement of any such returned amounts as well as the repayment of any and all amounts which may be owing under the Mastercard facility which was duly terminated on February 4, 2015.

Section 3 Financing Statements.

NBC hereby agrees, directs and authorizes the Pacer, or its counsel to prepare, execute and file on the Pacer's behalf all financing change statements as may be necessary to permit the assignment or discharge of any and all financing statements or financing change statements registered under the *Personal Property Security Act (Alberta)* or the *Civil Code (Quebec)* against PPEC, by NBC, as secured party, all of which registrations are in respect of the Assigned Assets.

Section 4 Original Documentation.

NBC covenants and agrees that forthwith after execution of this confirmation it will deliver to the Pacer executed, original copies of all Assigned Assets including without limitation of all agreements and instruments listed in Schedule "B" hereto which are in its possession.

Section 5 Insurance.

NBC covenants and agrees to cooperate with the Pacer and the Borrowers in terminating the designation of NBC, as loss payee or additional named insured on or under any and all insurance policies held by the Borrower upon which such designation appears.

Section 6 Representations and Warranties.

NBC hereby represents and warrants that the representations and warranties set out in paragraph 1 of the Agreement are true and correct on the date hereof and confirms that such representations and warranties shall survive for a period of 24 months from the date hereof.

Section 7 Further Assurances.

NBC shall from time, on every reasonable request from the Pacer, execute and deliver, at the cost of the Pacer, all such documents, deeds and instruments and do, all such acts as may be reasonably required by the Pacer, whether for more effectually and completely vesting in the Pacer the Assigned Assets transferred and assigned in accordance with the terms hereof or for the purposes of registration or otherwise preserving or perfecting the Pacer's interests in the Assigned Assets.

Section 8 Headings, etc.

The division of this confirmation into sections and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this confirmation.

Section 9 Counterparts.

This confirmation may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this confirmation by facsimile transmission or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this confirmation.

Section 10 Enurement.

This confirmation shall enure to the benefit of and be binding upon the parties, their successors or any of their respective assigns.

Section 11 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF this Agreement has been executed by the parties as of the date first above written.

NATIONAL BANK OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

PACER CONSTRUCTION HOLDINGS CORPORATION

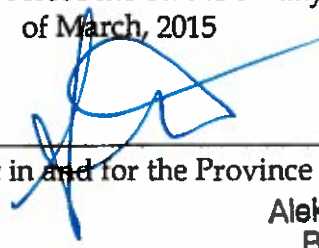
By: _____
Name: Richard Pelletier
Title: President

Exhibit "A"

I. LOAN DOCUMENTS:

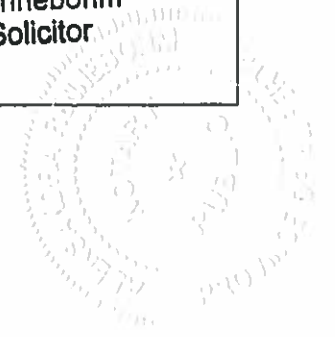
1. offer of financing dated March 17, 2014 made by NBC to PPEC and accepted by PPEC on April 9, 2014;
2. set-off and security agreement with respect to deposits dated April 9, 2014 made by PPEC to and in favour of NBC;
3. credit agreement dated as of May 23, 2014 between PPEC, Promec, Pacer and NBC;
4. guarantee and subordination agreement dated as of May 23, 2014 among PPEC as borrower, Promec as guarantor, Pacer as guarantor, and NBC as lender;
5. security agreement dated as of May 23, 2014 made by PPEC, as obligor, to and in favour of NBC;
6. hypothec on the universality of movable property dated as of May 23, 2014 granted by PPEC to and in favour of NBC;
7. ISDA Master Agreement/Hedging Contracts
8. Legal opinion of Borden Ladner Gervais addressed to NBC with respect to incorporation, capacity, authorization and due execution of the transaction documents by the PPEC;
9. legal opinion of Wilson Laycraft, Barristers, & Solicitors addressed to NBC with respect to incorporation, capacity, authorization and due execution of the transaction documents by Pacer;
10. legal opinion pursuant to Alberta laws addressed to NBC from Torys LLP relating to the validity and enforceability of the Security Agreement as well as the registration of the Security Agreement, attaching search reports at the Albert PPR;
11. legal opinion pursuant to Quebec laws addressed to NBC from Lavery, de Billy, LLP relating to the incorporation, capacity, authorization and due execution of the transaction documents with respect to Promec and the validity and enforceability of the of the transaction documents as well as registration of the hypothec, attaching search report at the RPMRR.

This is Exhibit "Z"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015



A Notary Public in and for the Province of Alberta

Aleksandra Rennebohm
Barrister & Solicitor



From: Paul Lafreniere [<mailto:plafreniere@promec.ca>]

Sent: Tuesday, March 03, 2015 2:35 PM

To: Paul DiMarco

Cc: Peter Capkun; Richard Pelletier

Subject: Re: Pacer Proposal

Mr DiMarco

Promec is not in a position to reimburse any amount to National Bank of Canada

Regards

Paul Lafreniere

Envoyé de mon iPhone

Le Mar 3, 2015 à 10:52 AM, Paul DiMarco <Paul.DiMarco@mastec.com> a écrit :

Mr. Capkun/ Mr. Lafreniere,

Currently PPEC is in financial crisis and Pacer believes that immediate steps must be taken to stabilize the situation. Unfortunately, your and National Bank's responses to our February 24 orderly wind up proposal (Proposal A) are unworkable. Pacer is left with no choice but to pay off the PPEC indebtedness owing to National Bank pursuant to the bank demands received by Promec and Pacer under the Pacer/Promec guarantee. We are in the process of clarifying with National Bank the final amounts owing by PPEC. Upon confirmation of those amounts satisfactory to us, Pacer intends to immediately pay off National Bank pursuant to the bank's demands.

As co-guarantor of the PPEC indebtedness under the Pacer/Promec guarantee, Promec is also liable to pay these amounts to the bank. Given Promec's continued refusal to provide any financial support to PPEC since November 2014, we assume you will not fund this obligation. However, if Promec's position has changed and Promec will comply with its obligation to fund its 50% share of these guaranteed obligations, please advise by close of business today. If Promec is unwilling to fund its 50% share of the guaranteed obligations, Pacer reserves all of its rights and remedies against Promec available at law.

Regards,

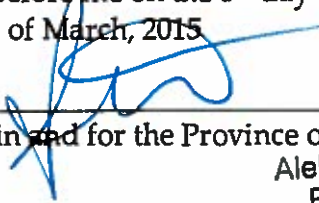
Paul DiMarco
Vice President, Corporate Finance & Treasurer
MasTec, Inc.
800 South Douglas Rd - Suite 1200
Coral Gables, FL 33134
Office: 305.406.1885
Cell: 786.512.3548

paul.dimarco@mastec.com

www.MasTec.com

Confidentiality Statement Notice: The information contained in this transmittal, including any attachment, is privileged and confidential information and is intended only for the person or entity to which it is addressed. If you are neither the intended recipient nor the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any disclosure, copying or distribution or the taking of any action in reliance on the contents of this transmittal is strictly prohibited. If you have received this transmittal in error, please contact the sender immediately and delete this transmittal from any computer or other data bank.

This is Exhibit "AA"
to the Affidavit of Richard Pelletier,
sworn before me on the 6th day
of March, 2015


A Notary Public in and for the Province of Alberta
Aleksandra Rennebohm
Barrister & Solicitor



CONFIRMATION OF ASSIGNMENT AGREEMENT

Confirmation of assignment agreement dated as of March 5, 2015 between National Bank of Canada ("NBC") and Pacer Construction Holdings Corporation ("Pacer").

BACKGROUND:

- (a) National Bank of Canada has made certain credit facilities available to Pacer Promec Energy Corporation (the "Borrower") under the credit agreement (the "Credit Agreement") dated May 23, 2014 between the Borrower, Construction Promec Inc. ("Promec"), Pacer Construction Holdings Corporation ("Pacer") and the National Bank of Canada ("NBC");
- (b) Pacer and Promec guaranteed the obligations of the Borrower under the Credit Agreement pursuant to the guarantee and subordination agreement (the "Pacer/Promec Guarantee") dated May 23, 2014 among the Borrower, Promec, as guarantor, Pacer, as guarantor, and NBC;
- (c) NBC delivered a notice of default dated November 7, 2014 addressed to the Borrower, Promec and Pacer and notices of demand dated February 4, 2015 and February 11, 2015 on Promec and Pacer, as guarantors of the credit facilities under the Credit Agreement;
- (d) On February 18, 2015 NBC terminated the credit facilities under the Credit Agreement, demanded payment of all outstanding amounts thereunder and issued a notice of intention to enforce security against the assets of the Borrower;
- (e) On February 18, 2015 NBC demanded that Promec and Pacer pay, pursuant to the Pacer/Promec Guarantee, all indebtedness of the Borrower to NBC under the Credit Agreement (the "Pacer/Promec Demand");
- (f) NBC and Pacer have entered into a letter agreement (the "Agreement") dated March 4, 2015 and accepted by NBC on March 5, 2015 respecting payment by Pacer, pursuant to the Pacer/Promec Guarantee and Pacer/Promec Demand, of the aggregate amount of \$26,227,046.49 plus any Per Diem Rate (as defined in the Agreement) owing thereafter (the "Payment") in full payment and satisfaction of all indebtedness of the Borrower to NBC under the Loan Documents as at the Closing Date; and
- (g) Upon Payment, Pacer shall be subrogated to the rights of NBC under the Loan Documents and NBC has agreed to evidence that subrogation upon the terms and conditions of this confirmation;

NOW THEREFORE in consideration of the premises and the mutual agreements contained in the Agreement and other valuable consideration (the receipt and adequacy of which consideration are acknowledged by each of the parties), the parties agree as follows.

Section 1 Confirmation of Assignment.

NBC hereby confirms that in furtherance of Pacer's subrogation rights the following assets (collectively, the "Assigned Assets") have been assigned and conveyed to Pacer upon the payment to NBC by Pacer of the Payment pursuant to the Pacer/Promec Demand and that NBC has no further interest in any of the Assigned Assets:

- (a) all of NBC's right, title and interest in and to the Loan Documents described in Exhibit "A" hereto including without limitation any and all rights and benefits of NBC under or in connection with the Loan Documents;
- (b) all right, title and interest of NBC in and to any and all other agreements, instruments and documents of every kind and description and wheresoever situate of NBC relating to the Credit Agreement and the other Loan Documents including, without limitation, any and all promissory notes, debentures, loan agreements, other evidences of indebtedness, legal opinions, certificates, postponements, subordinations, intercreditor agreements, insurance policies, hypothecs, mortgages, security interests, charges, personal and real property registrations, guarantees and indemnities entered into, granted, filed or registered in respect of the Loan Documents;
- (c) any and all rights to payment or claims of NBC (whether known or unknown) which are now or may hereafter be or become due to NBC in connection with the Loan Documents; and
- (d) any and all causes of action or claims of NBC (whether known or unknown) against any person or entity which in any way is based upon, arises out of, or is related to, any of the foregoing;

and all benefits and advantages to be derived therefrom, with power to take all lawful measures and to pursue all lawful remedies which NBC might have taken for the full enjoyment of the Assigned Assets, TO HAVE AND TO HOLD, unto and to the use of the Pacer, its successors and assigns, absolutely and forever.

Section 2 Payments Received

- (1) Subject to Section 2(2), NBC hereby acknowledges, declares and confirms that it holds any and all monies and proceeds received by NBC after the date hereof with respect to any of the Assigned Assets, in trust for the use, benefit and advantage only of the Pacer. NBC covenants and agrees to deliver to the Pacer all such monies and proceeds forthwith upon receipt thereof.
- (2) Notwithstanding the foregoing, Pacer recognizes that the Payment has been calculated assuming that the proceeds of all cheques or similar instruments for the

payment of money (collectively, the "Cheques") that have been received by NBC and credited to PPEC's accounts with NBC are good collected funds. Pacer has undertaken and agreed to reimburse NBC for the amount of any returned Cheque provided however that any demand for such returned amount is made by NBC to Pacer within 90 days after the date of any nonpayment, claim, refund or chargeback. Pacer has recognized that the Pacer/Promec Guarantee shall continue to enure to the benefit of NBC for the sole purposes of guaranteeing the reimbursement of any such returned amounts as well as the repayment of any and all amounts which may be owing under the Mastercard facility which was duly terminated on February 4, 2015.

Section 3 Financing Statements.

NBC hereby agrees, directs and authorizes the Pacer, or its counsel to prepare, execute and file on the Pacer's behalf all financing change statements as may be necessary to permit the assignment or discharge of any and all financing statements or financing change statements registered under the *Personal Property Security Act* (Alberta) or the *Civil Code* (Quebec) against PPEC, by NBC, as secured party, all of which registrations are in respect of the Assigned Assets.

Section 4 Original Documentation.

NBC covenants and agrees that forthwith after execution of this confirmation it will deliver to the Pacer executed, original copies of all Assigned Assets including without limitation of all agreements and instruments listed in Schedule "B" hereto which are in its possession.

Section 5 Insurance.

NBC covenants and agrees to cooperate with the Pacer and the Borrowers in terminating the designation of NBC, as loss payee or additional named insured on or under any and all insurance policies held by the Borrower upon which such designation appears.

Section 6 Representations and Warranties.

NBC hereby represents and warrants that the representations and warranties set out in paragraph 1 of the Agreement are true and correct on the date hereof and confirms that such representations and warranties shall survive for a period of 24 months from the date hereof.

Section 7 Further Assurances.

NBC shall from time, on every reasonable request from the Pacer, execute and deliver, at the cost of the Pacer, all such documents, deeds and instruments and do, all such acts as may be reasonably required by the Pacer, whether for more effectually and completely vesting in the Pacer the Assigned Assets transferred and assigned in accordance with the terms hereof or for the purposes of registration or otherwise preserving or perfecting the Pacer's interests in the Assigned Assets.

Section 8 Headings, etc.

The division of this confirmation into sections and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this confirmation.

Section 9 Counterparts.

This confirmation may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this confirmation by facsimile transmission or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this confirmation.

Section 10 Enurement.

This confirmation shall enure to the benefit of and be binding upon the parties, their successors or any of their respective assigns.

Section 11 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF this Agreement has been executed by the parties as of the date first above written.

NATIONAL BANK OF CANADA

By: 

Name: Jean Gosselin

Title: Directeur principal

By: 

Name: Claude Lussier

Title: Directeur principal / Senior Manager

PACER CONSTRUCTION HOLDINGS CORPORATION

By: _____

Name: Richard Pelletier

Title: President

Section 8 Headings, etc.

The division of this confirmation into sections and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this confirmation.

Section 9 Counterparts.

This confirmation may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this confirmation by facsimile transmission or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this confirmation.

Section 10 Enurement.

This confirmation shall enure to the benefit of and be binding upon the parties, their successors or any of their respective assigns.

Section 11 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF this Agreement has been executed by the parties as of the date first above written.

NATIONAL BANK OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

PACER CONSTRUCTION HOLDINGS CORPORATION

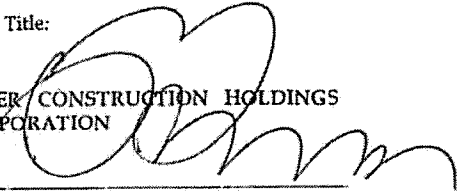
By: 
Name: Richard Pelletier
Title: President

Exhibit "A"

I. LOAN DOCUMENTS:

1. offer of financing dated March 17, 2014 made by NBC to PPEC and accepted by PPEC on April 9, 2014;
2. set-off and security agreement with respect to deposits dated April 9, 2014 made by PPEC to and in favour of NBC;
3. credit agreement dated as of May 23, 2014 between PPEC, Promec, Pacer and NBC;
4. guarantee and subordination agreement dated as of May 23, 2014 among PPEC as borrower, Promec as guarantor, Pacer as guarantor, and NBC as lender;
5. security agreement dated as of May 23, 2014 made by PPEC, as obligor, to and in favour of NBC;
6. hypothec on the universality of movable property dated as of May 23, 2014 granted by PPEC to and in favour of NBC;
7. ISDA Master Agreement/Hedging Contracts
8. Legal opinion of Borden Ladner Gervais addressed to NBC with respect to incorporation, capacity, authorization and due execution of the transaction documents by the PPEC;
9. legal opinion of Wilson Laycraft, Barristers, & Solicitors addressed to NBC with respect to incorporation, capacity, authorization and due execution of the transaction documents by Pacer;
10. legal opinion pursuant to Alberta laws addressed to NBC from Torys LLP relating to the validity and enforceability of the Security Agreement as well as the registration of the Security Agreement, attaching search reports at the Albert PPR;
11. legal opinion pursuant to Quebec laws addressed to NBC from Lavery, de Billy, LLP relating to the incorporation, capacity, authorization and due execution of the transaction documents with respect to Promec and the validity and enforceability of the of the transaction documents as well as registration of the hypothec, attaching search report at the RPMRR.